

ANNUAL REPORT 2009



MANAGING **CHANGE**

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MANAGING CHANGE

Over the past year, we have met many challenges and we have strived to overcome those challenges and continue to prosper. While we are constantly changing, now is the time for a paradigm shift in all aspects of our operations. To successfully manage change entails thoughtful planning and sensitive implementation, and not to mention, an open mind. AND WE'RE READY.

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"

Malaysia





LETTER FROM

THE CHAIRMAN



Dear Shareholder,

On behalf of the Board of Directors, it is my pleasure to enclose herewith a copy of the Annual Report and Audited Financial Statements of Malaysia Airports Holdings Berhad ("the Company" or "MAHB") for the year ended 31 December 2009. The Annual Report also contains the Notice of the Eleventh 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 KLIA, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 27 May 2010 at 11.00 a.m.

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.

In September 2009, Khazanah Nasional Berhad ("Khazanah"), a major shareholder of the Company, had pared down its stakes in MAHB by approximately 5% from 72.74% to 67.7%. Subsequently, in March 2010, Khazanah had divested a further 7.7% stake in MAHB via a private placement, reducing its shareholding to 60.0%. These moves are in line

with Khazanah's long-term commitment to progressively divest its holdings in various major government-linked companies ("GLCs") and to meet the three-fold objectives namely, to unlock the value of GLCs, free-up market liquidity and attract local and foreign investors.

For the year 2010, nine 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 14.9 sen per share less income tax of 25% for the financial year ended 31 December 2009. This is subject to the shareholders' approval at the AGM, and will be paid on 28 June 2010 to the respective ordinary shareholders who are registered in the Records of Depositors on 14 June 2010.

At the AGM, the Board is recommending the re-election of three Directors who are due for retirement, namely, Tan Sri Datuk Dr. Aris bin Othman, Datuk Siti Maslamah binti Osman and Hajah Jamilah binti Dato' Hj. Hashim, 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

proposed increase 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 according to the instructions as provided in the Form, and submit it to the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan, not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.

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

Yours sincerely,



Tan Sri Datuk Dr. Aris bin Othman
Chairman, Malaysia Airports Holdings Berhad

UNDERSTANDING CHANGE

Change is inevitable in a dynamic and volatile industry that we are in. The winds of change may bring progress or pitfalls, but therein lies the challenge. We remain sentient to changes as we understand the need for change is vital in order to revitalize our business and brand.



NOTICE OF

11th ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 11th 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, 27 May 2010 at 11.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

RESOLUTION 1

To receive the Audited Financial Statements for the financial year ended 31 December 2009 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 2009 together with the Reports of the Directors and Auditors.

RESOLUTION 2

To declare and approve the payment of a final dividend of 14.9 sen per share less 25% income tax in respect of the financial year ended 31 December 2009 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 14.9 sen per share less 25% income tax in respect of the financial year ended 31 December 2009, will be paid on 28 June 2010 to the respective ordinary shareholders who are registered in the Records of Depositors on 14 June 2010.

RESOLUTION 3

To approve the payment of Directors' Fees for the financial year ended 31 December 2009.

Explanatory Note:-

In accordance with Article 112 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of Directors' Fees totalling RM238,500.00 to the Non-Executive Directors for the financial year ended 31 December 2009.

RESOLUTION 4

To approve the proposed increase of Directors' Fees with effect from 1 June 2010 onwards.

Explanatory Note:-

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

The Ordinary Resolution proposed above is in accordance with Article 112(3) of the Company's Articles of Association, if passed, shall authorise the increase in Directors' Fees effective from 1 June 2010 to approximately RM 338,000.000 payable to Non-Executive Directors for the financial year ending 31 December 2010.

RESOLUTION 5

To re-elect Tan Sri Datuk Dr. Aris bin Othman who shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, offers himself for re-election.

RESOLUTION 6

To re-elect Datuk Siti Maslamah binti Osman who shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, offers herself for re-election.

RESOLUTION 7

To re-elect Hajah Jamilah binti Dato' Hj. Hashim who shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, offers herself for re-election.

Explanatory Note for Resolutions 5 to 7:-

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

RESOLUTION 8

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

Explanatory Note:-

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

NOTICE OF 11th ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

RESOLUTION 9

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.

NOTICE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

FURTHER NOTICE IS HEREBY GIVEN THAT

subject to the approval of shareholders at the 11th Annual General Meeting to be held on 27 May 2010, a final dividend of 14.9 sen per share less 25% income tax in respect of the financial year ended 31 December 2009, will be paid on 28 June 2010 to Depositors whose names registered in the Records of Depositors on 14 June 2010. 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 14 June 2010, in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

SABARINA LAILA BINTI DATO' MOHD HASHIM

LS 0004324

Company Secretary

Sepang

Selangor Darul Ehsan

5 May 2010

Notes to the Notice of Annual General Meeting

1. All resolutions at the Meeting will be decided on a show of hands, unless otherwise instructed.
2. A member of the Company entitled to attend and vote at the Meeting, 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.
3. The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand seal of its attorney.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
5. Please note that in order to attend and vote at the Meeting, a member must be registered in the Record of Depositors at 4.00 p.m. on 21 May 2010 in accordance with Article 48(2) of the Company's Articles of Associations. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
6. Please be reminded that the AGM is a private meeting between the directors, shareholders, proxies, duly authorised representatives and the auditors. As such, non-shareholders are barred from entering the Meeting. However, any disabled shareholder may be allowed to enter the Meeting accompanied by a person who is not a shareholder.
7. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an 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.

STATEMENT ACCOMPANYING NOTICE OF

11th ANNUAL GENERAL MEETING

Statement Accompanying Notice of 11th Annual General Meeting Made Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Details of Directors who are standing for re-election/re-appointment at the 11th Annual General Meeting as per Resolutions 5, 6 and 7 of the Notice of 11th Annual General Meeting, respectively:

Name	Tan Sri Datuk Dr. Aris bin Othman	
Age	65	
Nationality	Malaysian	
Qualification	<ul style="list-style-type: none"> • PhD. in Development Economics, Boston University, Boston, USA • Master in Political Economy, Boston University, Boston, USA • Master in Development Economics, Williams College, Williamstown, Massachusetts, USA • Bachelor (Hons) in Analytical Economics, University of Malaya 	
Position on the MAHB Board	Chairman (Non-Independent Non-Executive)	
Date first appointed to the MAHB Board	7 June 2003	
Membership of MAHB Board Committees	<ul style="list-style-type: none"> • Board Procurement Committee (Chairman) • Board Finance & Investment Committee (Chairman) • Board Risk Management Committee (Chairman) 	
Working Experience	<ul style="list-style-type: none"> • Chairman, Malaysia Design and Innovation Centre, Cyberjaya • Managing Director/Chief Executive Officer, Bank Pembangunan dan Infrastruktur Malaysia Berhad (7 June 2001 – 6 June 2003) • Executive Chairman, Bank Pembangunan dan Infrastruktur Malaysia Berhad (7 June 1999 – 6 June 2001) • Secretary-General, Ministry of Finance ("MOF") (1998 – 1999) • Deputy Secretary-General (Policy), MOF (1994 – 1997) • Executive Director (South-East Asia Group), The World Bank, Washington DC (1991 – 1994) • Deputy Secretary-General II, MOF (1989 – 1991) • Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resources) Bank Bumiputra Malaysia Berhad (now known as "CIMB Bank Berhad") (1986 – 1989) • Deputy Director-General (Macro), Economic Planning Unit ("EPU") (1985 – 1986) • Senior Director (Macro-Economics), EPU (1983 – 1985) • Director (Distribution and Macro-Economics), EPU (1978 – 1981) • Principal Assistant Director (Racial Balance, National Development Planning Committee Secretariat and Administration), EPU (1970 – 1974) • Assistant Secretary (Macro-Economics), EPU (1966 – 1969) 	
Occupation	Chairman	
Any other directorships in public companies	<ul style="list-style-type: none"> • AMMB Holdings Berhad • YTL Power International Berhad 	<ul style="list-style-type: none"> • AmlInvestment Bank 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	13 out of 13	

Name	Datuk Siti Maslamah binti Osman
Age	62
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Fellow Member of The Chartered Institute of Management Accountants (United Kingdom) • Member of The Malaysian Institute of Accountants
Position on the MAHB Board	Independent Non-Executive
Date first appointed to the MAHB Board	1 December 2003
Membership of MAHB Board Committees	<ul style="list-style-type: none"> • Board Audit Committee (Chairman) • Board Nomination & Remuneration Committee • Board Finance & Investment Committee
Working Experience	<ul style="list-style-type: none"> • Accountant General (2000 – 2003) • Deputy Accountant General (Operation) (2000) • Deputy Accountant General (Management) (1996 – 2000) • Director, Information Technology Services, Accountant General Department (1992 – 1995) • Assistant Project Manager, Unit Permodenan Perakaunan, Accountant General Department (1984 – 1992) • Finance Manager, Bank Simpanan Nasional (1981 – 1984) • Treasury Accountant, Jabatan Telekom Malaysia (1972 – 1975)
Occupation	Company 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	13 out of 13

STATEMENT ACCOMPANYING NOTICE OF 11th ANNUAL GENERAL MEETING

Name	Hajah Jamilah binti Dato' Hj. Hashim
Age	51
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> Master of Science in Physical Chemistry, University of Denver, Colorado, USA Bachelor of Arts Degree in Chemistry, California State University, USA
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	1 March 2007
Membership of MAHB Board Committees	<ul style="list-style-type: none"> Board Nomination & Remuneration Committee
Working Experience	<ul style="list-style-type: none"> Director of Strategic Management and Transformation, Boustead Heavy Industries Corporation (October 2009 – current) Director of Support Operations and Corporate Development Unit, Khazanah Nasional Berhad (February 2007 – September 2009) Director, Transformation Management Office, Khazanah Nasional Berhad (October 2006 – January 2007) Director of Continuous Improvement, Goodyear Asia Pacific Region (April 2005 – September 2006) President of Women In Leadership, Goodyear Asia Pacific Region (November 2003 – September 2006) Manufacturing Director and a member of Board of Directors, Goodyear Malaysia Berhad (April 2002 – March 2005) Production Manager, Goodyear Malaysia Berhad (1999 – March 2002) Regional Environmental, Health & Safety Manager, Goodyear Asia Region (1998) Regional Industrial Engineer, Goodyear Asia Region (September 1997 – December 1997) Business Centre Manager, Curing & Final Finishing, Goodyear Malaysia Berhad (1997) Business Centre Manager, Mixing & Component Preparation, Goodyear Malaysia Berhad (1995 – 1996) Special Projects Manager, Mixing & Component Preparation, Goodyear Malaysia Berhad (1994) Chief Chemist, Goodyear Malaysia Berhad (1990 – 1993) Compounder, Goodyear Malaysia Berhad (October 1985 – 1990) Technical Executive, Malaysia Oil Palm Growers Council (1984) Research Chemist, Solar Energy Research Institute (1982 – 1984)
Occupation	Company 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	11 out of 13

LOCATION OF THE

ANNUAL GENERAL MEETING 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 Link service can be boarded at the KL Sentral Station.

ADDITIONAL INFORMATION

Mobile Phones

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

Registration

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

CHAMPIONING IDEAS

We are continuously searching for new ways to enhance the experience of passengers and visitors on their journey. Leveraging on the unique feature, 'airport in the forest, forest in the airport', gave birth to KLIA Jungle Boardwalk as a way to champion our green idea and share this slice of nature with our customers for a positive and memorable airport experience.



KEY FINANCIAL HIGHLIGHTS

CONSOLIDATED INCOME STATEMENT YEAR ENDED 31 DECEMBER

	2009 RM '000	2008 RM '000	% Change
Revenue	1,637.1	1,435.0	14.1
Operating profit	491.6	420.1	17.0
Financing Costs	(14.2)	(0.3)	4,927.3
Share of results of Associated Companies	2.6	2.4	10.2
Profit before taxation	480.1	422.2	13.7
Taxation	(100.2)	(123.3)	(18.7)
Profit for the year from continuing operations	379.9	298.9	27.1
(Loss) / Profit for the year from discontinued operation	(1.4)	6.9	(119.7)
Profit for the year	378.6	305.8	23.8
Attributable to:			
Equity holders of the Company	377.9	305.2	23.8
Minority interests	0.7	0.6	6.7
	378.6	305.8	23.8
* Earnings per share attributable to equity holders of the Company (sen)			
- basic, for profit from continuing operations	34.5	27.2	
- basic, for (loss)/profits from discontinued operations	(0.1)	0.6	
- basic, for profit for the year	34.4	27.8	

Revenue
RM '000

'09 1,637.1

'08 1,435.0

Profit Before
Taxation
RM '000

'09 480.1

'08 422.2

Earnings
Per Share
RM '000

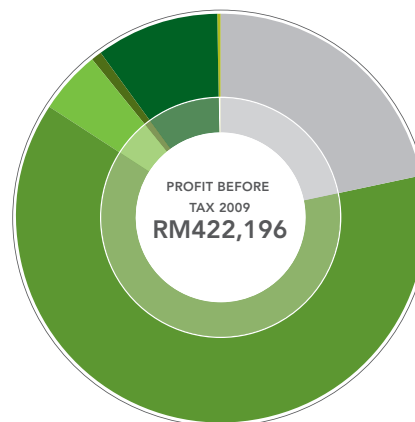
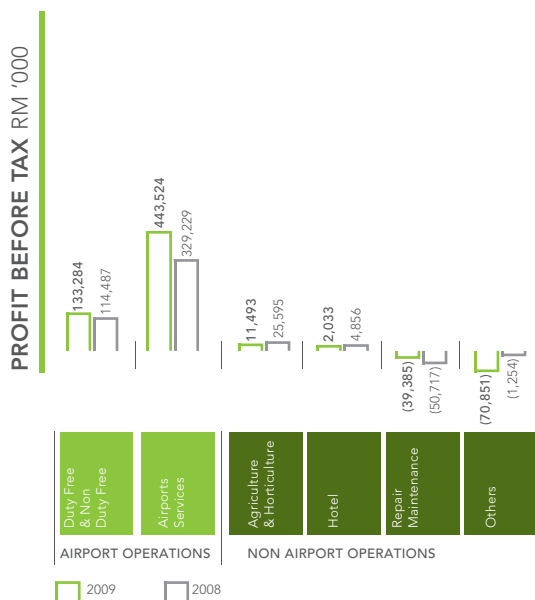
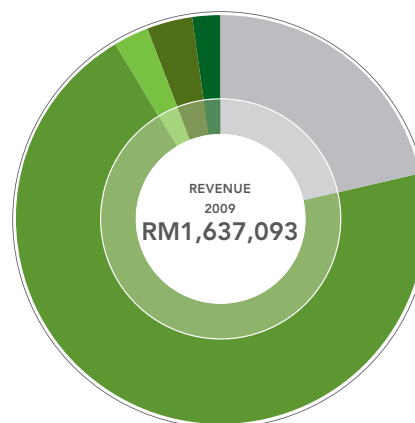
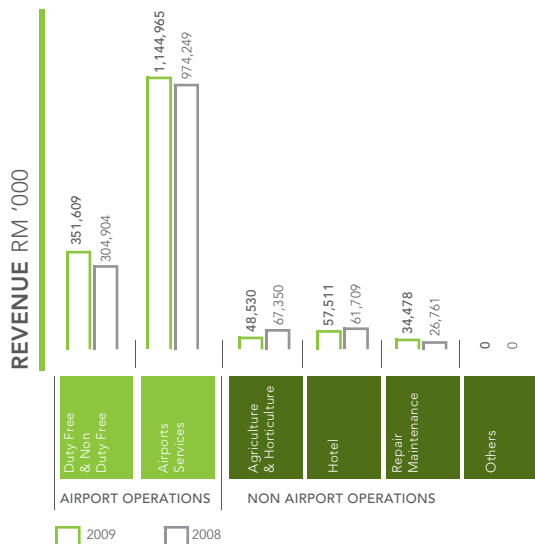
'09 34.4

'08 27.8

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

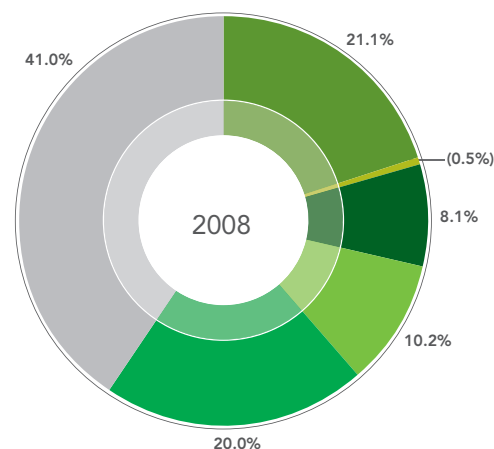
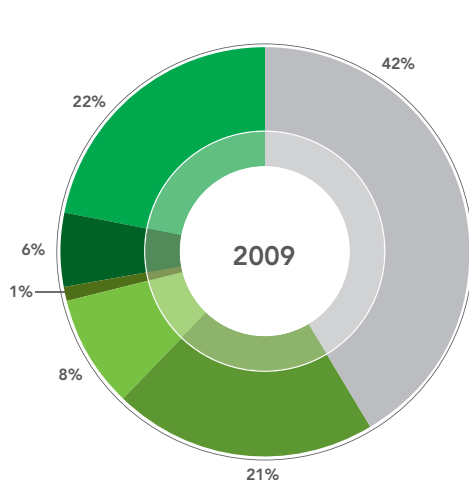
	2009 RM '000	2008 RM '000	% Change
ASSETS			
Property, plant, and equipment	2,006.0	1,977.2	1.5
Investments	435.9	364.2	19.7
Other Non - Current Assets	1,814.6	1,243.4	
Current Assets	963.1	1,403.1	(29.1)
Asset of disposal group classified as held for disposal	0.5	4.3	-
Total Assets	5,220.1	4,992.3	5.2
EQUITY AND LIABILITIES			
Share Capital	1,100.0	1,100.0	-
Share Premium	822.7	822.7	-
Retained Earnings	1,448.9	1,257.0	15.3
Exchange reserve	(2.0)	(1.2)	-
	3,369.6	3,178.6	6.0
Minority Interests	4.7	4.1	16.2
TOTAL EQUITY	3,374.3	3,182.6	6.0
Non-current liabilities	1,161.0	434.7	172.8
Current Liabilities	684.6	1,372.4	(49.6)
Liabilities of disposal group classified as held for disposal	0.2	2.7	-
TOTAL LIABILITIES	1,845.8	1,809.7	3.8
TOTAL EQUITY & LIABILITIES	5,220.1	4,992.3	5.2
Net asset per share (RM)	3.1	2.9	6.0

GROUP SEGMENTAL ANALYSIS



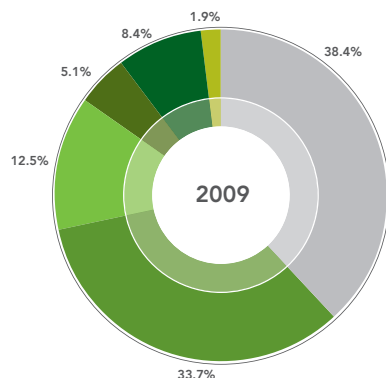
STATEMENT OF DISTRIBUTION

	2009 (in RM Million)	%	2008 (in RM Million)	%
Current income available for distribution	1,720.6		1,525.4	
Distribution :				
To supplier				
- Purchase of goods and services	719.2	42	625.4	41.0
To employees				
- Employment costs	356.7	21	322.5	21.1
Utilisation of assets				
- Depreciation	150.5	8	154.9	10.2
To Financier				
- Finance costs	14.2	1	0.3	0.0
To government				
- Taxation	100.2	6	123.3	8.1
Discontinued operation (loss for the year from discontinued operation)	1.4	0	(6.9)	(0.5)
Retained for re-investment and future growth and dividend payment <i>Current Year</i>	378.6	22	305.8	20.0
TOTAL ASSETS	1,720.6	100.0	1,525.4	100.0



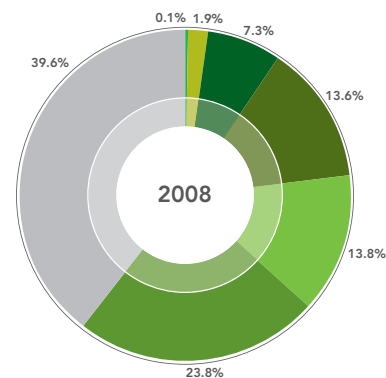
SIMPLIFIED GROUP BALANCE SHEETS

ASSETS

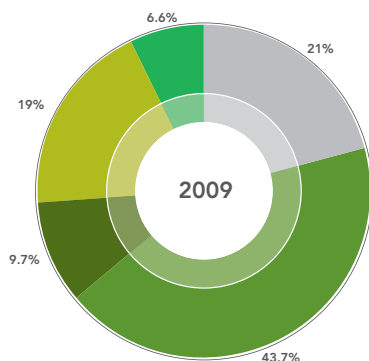


2009	2008
Property, plant, land and equipment • RM 2,006,008	Property, plant, land and equipment • RM 1,849,537
Concession rights • RM 1,758,444	Concession rights • RM 1,977,192
Trade & Other Receivables • RM 654,352	Trade & Other Receivables • RM 1,187,777
Cash and cash equivalents • RM 268,286	Cash and cash equivalents • RM 688,260
Investments • RM 435,875	Investments • RM 677,287
Other Assets • RM 96,611	Other Assets • RM 364,246
Asset of disposal group classified as held of disposal • RM 496	Asset of disposal group classified as held of disposal • RM 4,306

RM 5,220,072 Total Assets RM 4,992,287

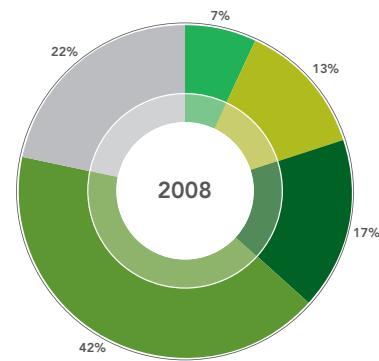


TOTAL EQUITY AND LIABILITIES



2009	2008
Share Capital • RM 1,100,000	Share Capital • RM 1,100,000
Reserves • RM 2,271,625	Reserves • RM 2,079,741
Minority Interest • RM 4,714	Minority Interest • RM 4,058
Borrowings • RM 508,140	Borrowings • RM 3,032
Concession Rights Payable • -	Concession Rights Payable • RM 826,680
Trade and Other Payables • RM 992,104	Trade and Other Payables • RM 634,809
Other Liabilities • RM 345,271	Other Liabilities • RM 342,488
Liabilities of Disposal Group Classified as Held for Disposal • RM 229	Liabilities of Disposal Group Classified as Held for Disposal • RM 2,657
Foreign Exchange Reserve • RM (2,011)	Foreign Exchange Reserve • RM (1,178)

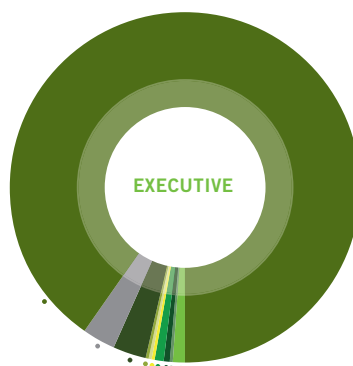
RM 5,220,072 Total Assets RM 4,992,287



STATEMENT OF WORKFORCE



Malay • 212	Brunei • 1
Chinese • 10	Kadazan • 1
Indian • 5	Others • 3
Bidayuh • 1	



Malay • 531	Brunei • 1
Chinese • 19	Iban • 5
Indian • 18	Kadazan • 3
Bidayuh • 2	Melanau • 2
Bajau • 1	Others • 6



Malay • 4935	Brunei • 14
Chinese • 86	Iban • 130
Indian • 122	Kadazan • 159
Bidayuh • 99	Melanau • 79
Bajau • 42	Others • 187

GROUP QUARTERLY PERFORMANCE

2009

In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2009
FINANCIAL PERFORMANCE					
Operating Revenue	392.2	392.9	377.36	474.71	1,637.1
Profit before tax	123.6	85.6	111.241	159.71	480.1
Profit After tax	92.1	61.6	83.5	141.42	378.6
Earnings per share (sen)	8.4	5.6	7.59	12.86	34.4

2008

In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2008
FINANCIAL PERFORMANCE					
Operating Revenue	409.4	360.3	364.543	300.77	1,435.0
Profit before tax	122.9	84.6	134.21	80.56	422.2
Profit After tax	91.7	66.5	90.065	57.60	305.8
Earnings per share (sen)	8.3	6.0	8.19	5.24	27.80

GROUP 5-YEAR SUMMARY

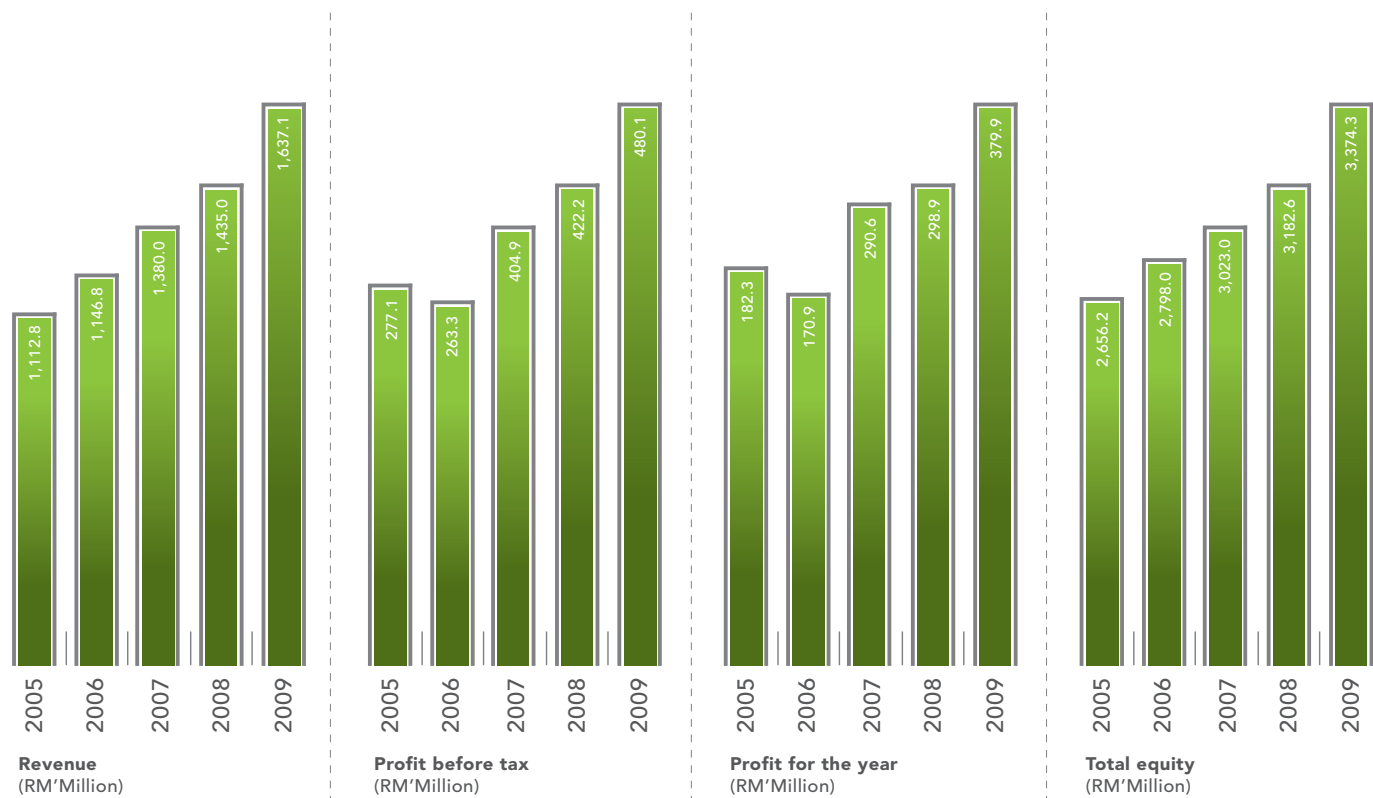
CONSOLIDATED INCOME STATEMENT (Year ended 31 December)

	2009 RM Million	2008 RM Million	2007 RM Million	2006 RM Million	2005 RM Million
Revenue	1,637.1	1,435.0	1,380.0	1,146.8	1,112.8
Profit before taxation	480.1	422.2	404.9	263.3	277.1
Taxation	(100.2)	(123.3)	(114.3)	(92.4)	(94.8)
Profit for the Year from continuing operations	379.9	298.9	290.6	170.9	182.3
Loss for the year from discontinued operation	(1.4)	6.9	(1.3)	-	-
Profit for the year	378.6	305.8	289.3	170.9	182.3
Attributable to:					
Equity holders of the Company	377.9	305.2	288.9	170.3	182.3
Minority interests	0.7	0.6	0.4	0.6	-
	378.6	305.8	289.3	170.9	182.3
* Earnings per share attributable to equity holders of the Company (sen)					
Basic, for continuing operations	34.4	27.8	15.5	16.6	11.4

CONSOLIDATED BALANCE SHEET (As At 31 December)

	2009 RM Million	2008 RM Million	2007 RM Million	2006 RM Million	2005 RM Million
ASSETS					
Non - Current Assets	4,256.5	3,584.8	3,215.5	3,143.7	3,061.0
Current Assets	963.1	1,403.1	1,239.5	1,188.0	979.3
Asset of disposal group classified as held for disposal	0.5	4.3	-	-	-
TOTAL ASSETS	5,220.1	4,992.3	4,455.0	4,331.7	4,040.3
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	1,448.9	1,257.0	1,096.7	872.1	733.5
Exchange reserve	(2.0)	(1.2)	-	-	-
	3,369.6	3,178.6	3,019.4	2,794.8	2,656.2
Minority Interest	4.7	4.1	3.6	3.2	-
TOTAL EQUITY	3,374.3	3,182.6	3,023.0	2,798.0	2,656.2
Non - Current Liabilities	1,161.0	434.7	112.0	129.2	207.1
Current Liabilities	684.6	1,372.4	1,320.0	1,404.5	1,177.0
Asset of disposal group classified as held for disposal	0.2	2.7	-	-	-
TOTAL LIABILITIES	1,845.8	1,809.7	1,432.0	1,533.7	1,384.1
TOTAL EQUITY AND LIABILITIES	5,220.1	4,992.3	4,455.0	4,331.7	4,040.3
Net Tangible Assets Per Share (RM)	3.1	2.9	2.7	2.5	2.4

5-YEAR FINANCIAL HIGHLIGHTS

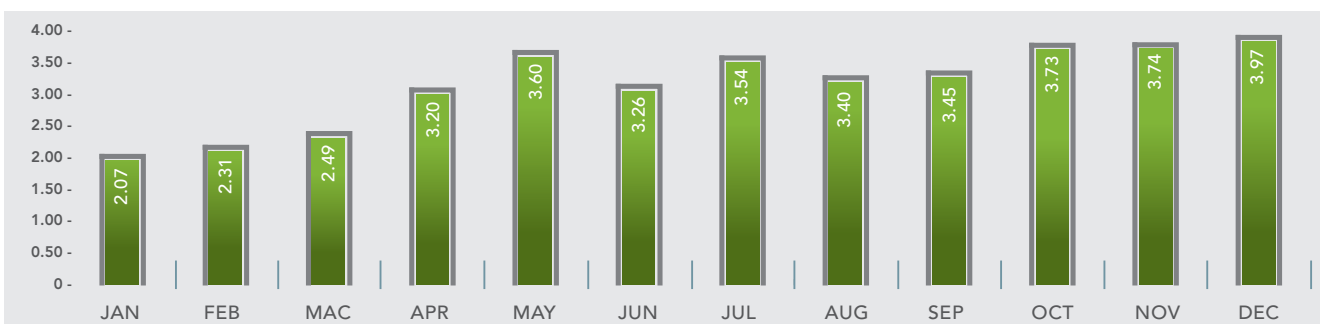


SHARE PRICE, VOLUME TRADED & MARKET CAPITALISATION

2009 MONTHLY TRADING VOLUME & HIGHEST-LOWEST SHARE PRICE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume	2,133,700	22,691,900	11,349,700	11,294,400	14,655,500	9,948,200	12,622,100	6,365,100	9,722,700	10,951,700	9,928,100	6,771,200
Highest	2.34	2.34	2.70	3.26	3.60	3.82	3.60	3.62	3.62	3.73	3.77	4.20
Lowest	1.95	1.90	2.30	2.55	3.06	3.08	3.04	3.30	3.38	3.44	3.60	3.70
Closing Price	2.07	2.31	2.49	3.20	3.60	3.26	3.54	3.40	3.45	3.73	3.74	3.97

SHARE PRICE MOVEMENT

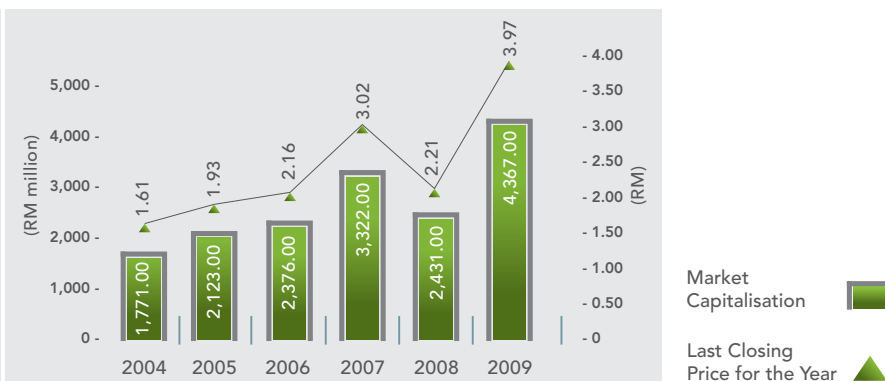




Closing Price 

MARKET CAPITALISATION & RANKING

MALAYSIA AIRPORTS HOLDINGS BERHAD
RANKING BY MARKET CAPITALISATION
ON BURSA MALAYSIA SECURITIES BERHAD

2004	▶	44
2005	▶	38
2006	▶	47
2007	▶	47
2008	▶	41
2009	▶	38



Market Capitalisation 
Last Closing Price for the Year 

GROUP FINANCIAL PERFORMANCE REVIEW

2009 HEADLINE KEY PERFORMANCE INDICATORS (“KPIs”)

FINANCIAL YEAR	2009			2008	
Measure	Headline KPI		Achievement	Headline KPI	Achievement
	Growth Assumptions				
	0% passenger growth	-5% passenger growth	8.2% passenger growth		
EBITDA	RM613 million	RM591 million	RM642 million	RM577 million	RM584 million
ROE	10.16%	9.68%	11.55%	9.75%	9.86%
Airport Service Quality “ASQ” Awards	KLIA Ranking Top 5 Worldwide		• 25-40 million passengers - Rank No. 4 • Worldwide - Rank No. 16	KLIA Ranking Top 5 Worldwide	KLIA Ranking Top 5 Worldwide

From the onset, MAHB expected a very challenging year in 2009, given the uncertainties we confronted as the aviation industry braced itself for further impact from the worldwide economic slowdown. This necessitated us to announce two sets of headline KPIs driven by the following passenger traffic scenarios:-

- a) -5% passenger growth with EBITDA of RM591 million and ROE of 9.68%
- b) 0% passenger growth with EBITDA of RM613 million and ROE of 10.16%

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

GROUP REVENUE

For the financial year ended 31 December 2009 (FY2009), revenue from continuing operations grew by 14.1% to RM1,637.1 million, compared to RM1,435.0 million recorded in the previous financial year (FY2008). This was mainly driven by the growth in the airport operations segment, which improved 17.0% year-on-year to RM1,496.6 million. The non-airport operations segment revenue saw an overall decline of 9.82% to RM140.5 million in FY2009. The growth in airport operations segment was driven by stronger

passenger movements and higher contribution from its retail and rental activities. The aeronautical revenue grew 21.1% to RM790.5 million resulting from higher passenger growth, while the non-aeronautical revenue recorded growth of 12.7% to RM706.1 million, underpinned by higher retail, rental and commercial activities resulting from the increased passenger volume.

The significant improvement through the year reflects the early signs of recovery in the aviation industry led by gradual restoration of consumer sentiments with total passenger volume growth of 8.2%, reaching 51.34 million passengers across MAHB’s 39 airports and surpassing the 50 million passengers mark. International traffic grew 9.6% to 23.07 million passengers, while the domestic sector registered growth of 7.1% to 28.27 million passengers in FY2009. Total aircraft movements grew by 8.0%, with 535,793 aircraft flying in and out of Malaysian airports. Aircraft movements in the international sector recorded a higher growth of 12.2% compared to the domestic sector which registered a 5.9% growth.

MAHB’s non-airport operations segment revenue saw an overall decline of 9.8% to RM140.5 million, attributed to reduced revenue in hotel services due to lower room rate and occupancy; and lower income from agriculture and horticulture resulting from lower total crop harvested and the decline in fresh fruit bunch price. Nonetheless, the project and repair maintenance services segment saw a 28.8% growth in revenue.

In FY2009, MAHB also recorded revenue of RM61.46 million from discontinued operations mainly attributed by Sepang International Circuit Sdn Bhd. MAHB undertook the disposal of this non-core business in conjunction with its restructuring exercise effected in July 2009.

TYPE 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, project and repair maintenance services, and other activities as described in the financial statements of the Group.

The non-aeronautical business continued to outperform the aeronautical business by contributing 51.7%, or RM846.6 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, 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 and horticulture activities, hotel operation and project and repair maintenance services. All Non-Airport Operations income is non-aeronautical revenue.

	Actual 2009 (RM'000)	Restated Actual 2008 (RM'000)	Variance (%)
I) Airport Operations	1,496,574	1,279,153	17.0%
1. Airport Services:			
- Aeronautical	790,483	652,498	21.1%
- Non- Aeronautical: (Rental and Others)	354,482	321,751	10.2%
2. Retail and F&B	351,609	304,904	15.3%
II) Non-airport Operations	140,519	155,820	-9.8%
Non-aeronautical:			
- Agriculture & Horticulture	48,530	67,350	-27.9%
- Hotel	57,511	61,709	-6.8%
- Project and Maintenance	34,478	26,761	28.8%
TOTAL REVENUE	1,637,093	1,434,973	14.1%

SEGMENTAL REVENUE

1. Airport Operations

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 17.5% or by RM170.7 million to RM1,145.0 million, largely attributed to a 21.1% or RM138.0 million improvement in aeronautical revenue to RM790.5 million resulting from higher passenger growth. The non-aeronautical revenue recorded growth of 10.2% or RM32.7 million to RM354.5 million, underpinned by higher rental derived from additional commercial space and increased spend per passenger, primarily driven by MAHB's Retail Optimisation Plan (ROP) delivered throughout 2008 - 2009.

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 15.3% or RM46.7 million to RM351.6 million, driven by the higher passenger number.

GROUP FINANCIAL PERFORMANCE REVIEW

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 lower income of RM48.5 million, representing a decline of 27.9% or RM18.8 million due to lower total crop harvested and the decline in fresh fruit bunch price in FY2009.
- b) **Hotel:** The Hotel segment manages and operates the Pan Pacific Hotel KLIA. This segment registered a 6.8% or RM4.2 million decrease in revenue to RM57.5 million due to lower room rate and occupancy rate in FY2009.
- c) **Project and repair maintenance services:** The main activities include provision of mechanical, electrical and civil engineering services and the airport business consulting, maintenance and technical services. This segment recorded revenue growth of 28.8% or RM7.7 million to RM34.5 million in FY2009.

GROUP PROFITABILITY

MAHB registered another year of record profitability in FY2009 posting a profit before tax (PBT) of RM480.1 million for the year, representing a significant improvement of 13.7% or RM57.9 million from RM422.2 million reported in FY2008. The improvement was mainly due to the overall higher revenue on the back of strong passenger growth.

Earnings before interest, tax, depreciation and amortisation (EBITDA) for FY2009 grew 9.9% or RM57.7 million to RM641.9 million, from RM584.3 million in FY2008.

SEGMENTAL PROFITABILITY

1. Airport Operations

- a) **Airport services:** Following an increase in the Airport Services revenue, the PBT for Airport Services segment in FY2009 as RM495.5 million, representing a 42.1% or RM146.9 million improvement compared to FY2008. This is in line with the increase in the segmental revenue.
- b) **Duty free & non- dutiable goods:** PBT for Duty Free and non-dutiable goods segment was RM9.2 million in FY2009, which was 74.8% or RM27.2 million lower compared to RM36.4million in FY2008. This was mainly due to lower gross profit margin (after direct labor, materials and overheads).

2. Non Airport Operations

- a) **Agriculture:** The agriculture business recorded PBT of RM9.2 million in FY2009 as compared to RM30.9 million in FY2008. The decline is due to the lower revenue resulting from lower total crop harvested and lower average FFB price.
- b) **Hotel:** The hotel business recorded loss before-tax of RM296 thousand in FY2009 as compared to profit of RM2.9 million in FY2008 due to lower room and occupancy rates in FY2009.
- c) **Project and repair maintenance services:** PBT for this segment was RM14.6 million, which was 0.2% lower than FY2008.

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 RM102.0 million for FY2009 as compared to RM115.7 million in FY2008.

DIVIDENDS

Following the Group's improved financial performance; MAHB had declared and paid an interim dividend of 8.0% less 25% taxation per ordinary share on 29 December 2008 amounting to RM66.0 million (6.0 sen net per share). The Board of Directors also proposed a final dividend of 14.90% less 25% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM123.0 million subject to shareholders approval. The total dividend payment of RM189.0 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 34.4 sen in FY2009, a 23.7% higher than 27.8 sen in FY2008. The return on shareholders' equity (ROE) also increased to 11.55% in FY2009 from 9.86% in FY2008.

2010 HEADLINE KPIs

Measure	FY2010	
	Without FRS139	With FRS139
EBITDA	RM620 million	RM620 million
ROE	9.22%	6.57 %
Airport Service Quality Awards	KLIA Ranking Top 5 Worldwide	

MAHB announced 2 sets of Headline KPIs on 31 December 2009 as per the table above due to the new requirement to comply with the adoption of Financial Reporting Standards 139 (FRS 139), in relation to Financial Instruments: Recognition and Measurement which will be made mandatory in Malaysia. Effective 1st January 2010, all financial instruments (in particular, non current amount) have to be stated at fair value.

Our initial assessment indicates that the effects of FRS 139 are mainly in relation to the fair value accounting of our residual payment to the GoM under the Operating Agreements and the present value of installment payments for the concession payable of our associate company in Istanbul, Turkey. With FRS 139, MAHB expects a decline in ROE from 9.22% to 6.57%.

Despite the expected decline in ROE as explained above, MAHB still expects to maintain its past record of dividend payments to its shareholders.

AIRPORT PERFORMANCE BENCHMARK

Performance indicators generally involve some measure of input and output while for the airport, inputs include capital investment, staff cost and operational overheads. The physical output of an airport is usually considered to have three measurable components: air transportation movement as measure of airside output, the number of passengers as a measure of terminal output and the volume of air freight.

The relationship between input and output 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 in the Group.

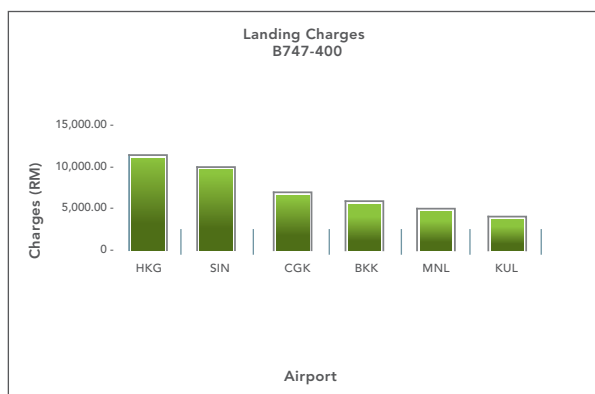
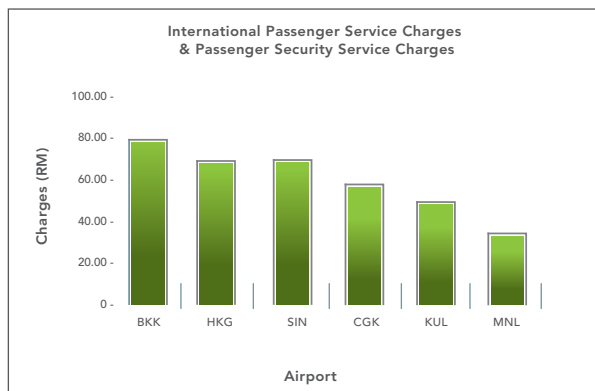
Airport benchmarking is receiving increasing attention by airports, airlines, government, industry analyst and academic researchers. The existing commercial and business pressure being placed on most of the airports cause airports to focus on measures of productivity and efficiency. Recognising the complex nature of airports, airport benchmarking is not an easy task 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 costs;
- Physical characteristic of airports;
- Forms of ownership and management;
- Differences in development financing;
- Varying regulatory framework.

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

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



Source: IATA Airport Charges Monitor

On the passenger traffic side, preliminary traffic data released by Airports Council International ("ACI") shows that KLIA registered good growth in the region in 2009 despite the world economic slowdown. The traffic performance of the related airports is as follows:

AIRPORT	2009	% Change
Hong Kong International Airport (HKG)	45.56 million	↓ 4.8
Suvarnabhumi Airport Bangkok (BKK)	40.5 million	↑ 4.9
Changi Airport Singapore (SIN)	37.2 million	↓ 1.3
Ninoy Aquino International Airport Manila (MNL)	23.95 million	↑ 9.1
Soekarno Hatta International Airport Jakarta (CGK)	36.47 million	↑ 13.3
Incheon International Airport Seoul (ICN)	28.68 million	↓ 4.9
KL International Airport (KUL)	29.68 million	↑ 7.8

Source: ACI (preliminary)

There is intense competition among major airports in this part of the world, each aiming to become key traffic hubs for air transportation. Apart from airport performance benchmark, some airports are now having new terminals, improved connectivity and expanding their capacity in order to accommodate the rapidly growing air traffic demand and secure an advantage over other competitors in the region .

DIVIDEND POLICY

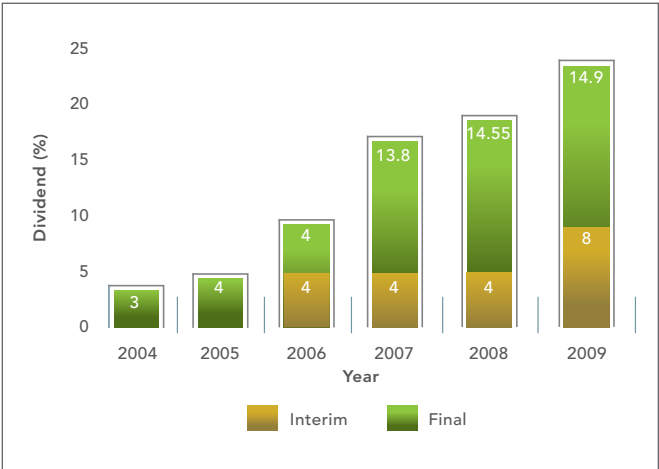
Dividend policy is one of the most important financial policies, not only from the viewpoint of the company, but also from that of shareholders, employees and regulatory bodies.

Dividend policy is an important aspect to be considered before investors decide to invest in a company and an established dividend policy will provide a guide to long-term investors of sustainable earnings and good return on capital invested. As for companies, it will be able to maintain an efficient structure and ensuring sufficiency of funds for future growth. The disclosed dividend policy will reflect good corporate governance with due care to shareholders’ interest.

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 ended 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 summary of dividends declared and paid to the shareholders of MAHB for the financial year ended 31 December 2004 to 2009 are tabulated below:



Source: Malaysia Airports Holdings Berhad

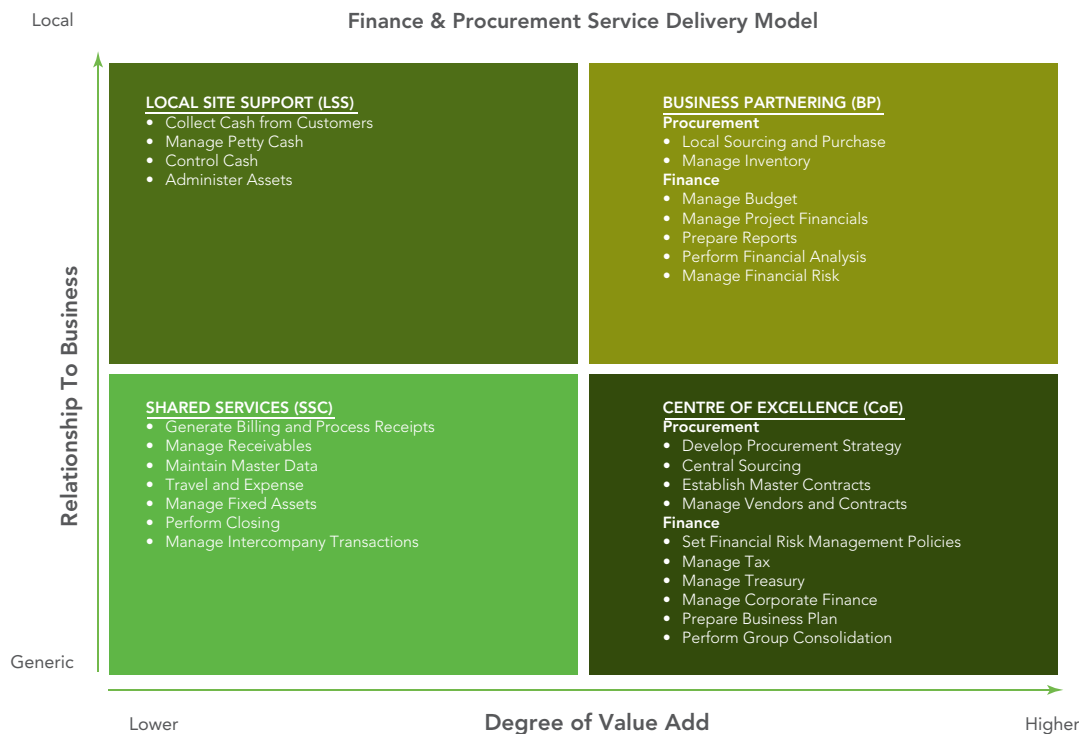
The graph above shows that the company has been able to maintain a higher dividend level resulting from the improved earnings by the company.

The dividend increase signals management’s expectation of good further earnings as well as commitment to shareholders.

FINANCE & PROCUREMENT SERVICE DELIVERY MODEL

MAHB has embarked on centralising the majority of its finance tasks within the Group to a Shared Services Centre and Centre of Excellence, based on the design of its Finance and Procurement Service Delivery Model. The transformation to a single finance function allows a standardised adoption of best practices to support the rapid growth and expansion of MAHB. The new structure provides an avenue for MAHB to leverage on the skills and knowledge of the best people of MAHB to benefit the entire Group. Enhanced focus is achieved with the finance teams through business partnering where it counts. In working towards becoming a world class finance function, we

also aim to provide financial leadership in determining strategic business direction and aligning financial strategies. Key benefits of the new Finance and Procurement Service Delivery Model can be seen through the Shared Services Centre which will drive savings with critical mass in transaction processing and governance. The centre enables the standardisation of current processes and existing systems to support the growth of the business over the next five years. Notwithstanding, with the reduced transactional workload in the business units finance teams, greater focus can be placed on decision support.



FINANCIAL CALENDAR 2009

12/02/09

Announcement of the Government approved corporate and financial restructuring of the Company.

25/02/09

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

26/03/09

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.

22/04/09

Announcement of the proposed disposal of non-core assets and businesses.

05/05/09

Issuance of notice of the Tenth Annual General Meeting, notice of book closure for payment of final dividend for the financial year ended 31 December 2008.

12/05/09

Issuance of notice of Extraordinary General Meeting for the proposed disposal of ordinary shares held by MAHB in the share capital of NECC Sdn Bhd and Sepang International Circuit Sdn Bhd to the Minister of Finance (Incorporated).

28/05/09

Announcement of Extraordinary General Meeting, Tenth Annual General Meeting and unaudited consolidated 1st quarter results for the three months ended 31 March 2009.

15/06/09

Book closure for determining the entitlement of the final dividend of 14.55 sen per share less income tax of 25% on 1,100,000,000 ordinary shares for the financial year ended 31 December 2008.

29/06/09

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

27/08/09

Announcement of the unaudited consolidated 2nd quarter results for the six months ended 30 June 2009.

25/11/09

Announcement of the unaudited consolidated 3rd quarter results for the ninth months ended 30 September 2009.

04/12/09

Issuance of notice of book closure for payment of interim dividend for the financial year ended 31 December 2009.

22/12/09

Book closure for determining the entitlement of the interim dividend of 8 sen per share less income tax of 25% on 1,100,000,000 ordinary shares for the financial year ended 31 December 2009.

29/12/09

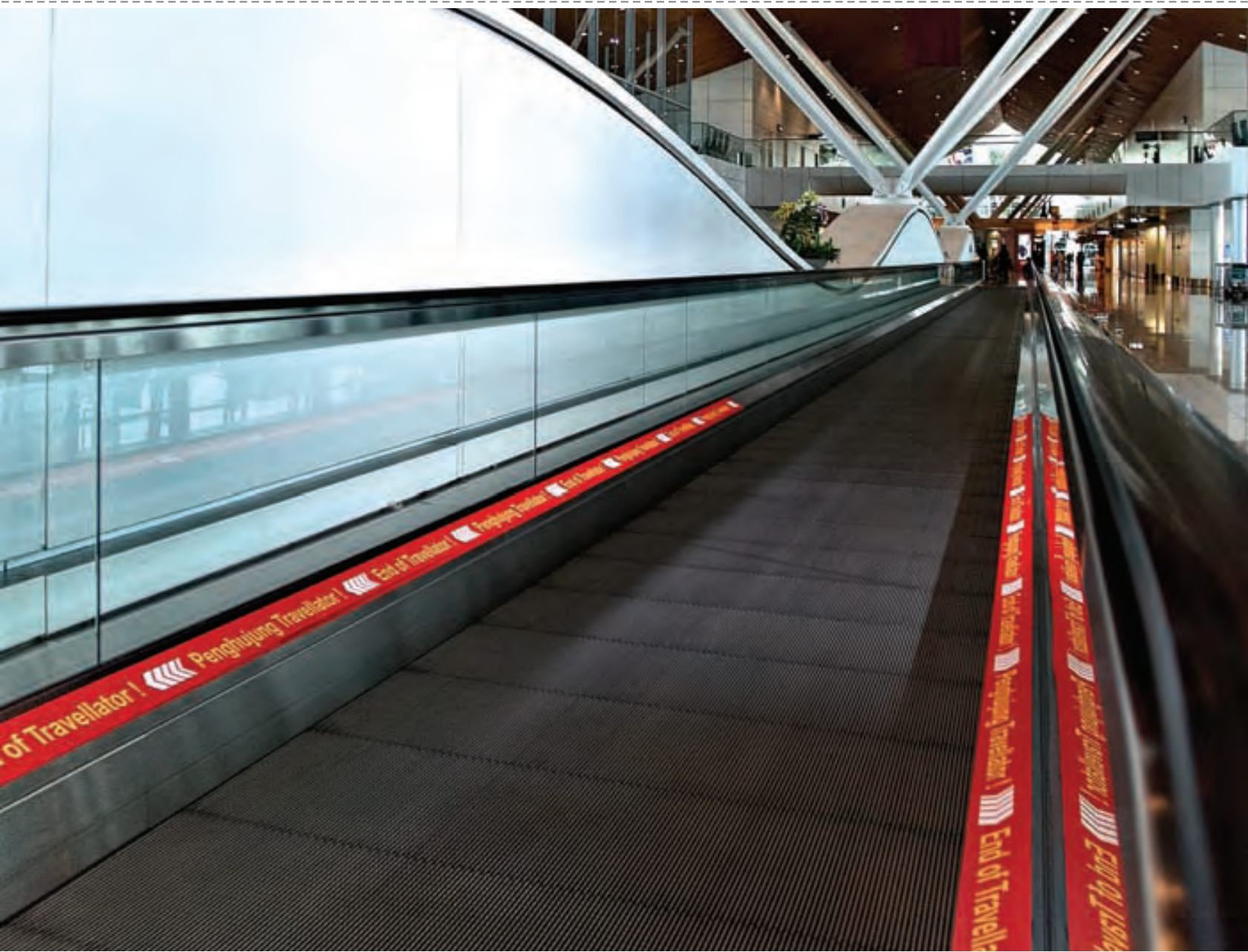
Date of payment of the interim dividend for the financial year ended 31 December 2009.

31/12/09

Announcement of the Headline Key Performance Indicators for the financial year ending 31 December 2010.

24/02/10

Announcement of the unaudited consolidated 4th quarter results for the twelve months ended 31 December 2009.



IMPLEMENTING STRATEGIES FOR SUCCESS

The waves of change are often fast-paced and demanding. We are constantly innovating ourselves, implementing strategies and leveraging on our strengths and capabilities to stay ahead of the curve.



CHAIRMAN'S STATEMENT

TAN SRI DATUK DR. ARIS BIN OTHMAN

Chairman



In a year of far-reaching changes, the most significant is the unveiling and implementation of the long-awaited restructuring exercise which has placed MAHB on a firmer financial footing, enabling it to set off on a more dynamic business direction.

DEAR SHAREHOLDERS,

Against the backdrop of a challenging operating environment, Malaysia Airports Holdings Berhad (MAHB) turned in a performance that exceeded most, if not all our expectations. For the Financial Year 2009 (FY2009), MAHB was again able to surpass its headline financial Key Performance Indicators (KPIs). Earnings before interest, tax, depreciation and amortisation (EBITDA) was posted at RM641.92 million and return on equity (ROE) of 11.55%, against our headline KPIs of RM613.0 million and 10.16% respectively.

In a year of far-reaching changes, the most significant is the unveiling and implementation of the long-awaited restructuring exercise of MAHB. The finalisation of the new Operating Agreements with the Government in February last year has placed MAHB on a firmer financial footing, enabling it to set off on a more dynamic business direction.

The exercise coincided with a myriad of changes sweeping across the global aviation industry. Increasing turbulence in the global economy had severe repercussions for the industry, which was exacerbated by rising fuel

costs, outbreak of A(H1N1) pandemic and heightened security fears. The aviation industry also had to cope with increasing competition, rising operating costs, technological changes, new and larger aircraft such as the Airbus A380, environmental concerns and the growing expectations of a more discerning flying public. The beginning of the ASEAN Open Skies Agreement has also changed the structure of the air travel industry in the region. For MAHB, a pressing issue was the advent of the low-cost carrier business and the need to accommodate its extraordinary growth.

It is therefore appropriate that this year's Report is about 'Managing Change'. Incidentally, MAHB's new corporate headquarters was designed with the theme 'Winds of Change'. The forward-looking design, with its clean flowing lines, wide expanse of glass and a hint of Zen, is symbolic of the company's recent restructuring and the new business direction it is taking.

In a dynamic environment in which we operate, change has always been a constant to be reckoned with. Over the years, MAHB has inculcated the

CHAIRMAN'S STATEMENT



right spirit of adapting to the rhythm of change and taking challenges in its stride. In FY2009, our success in embracing and managing change was manifested not only in financial and operational performances, but also in the multiple awards and accolades received, many of which were bestowed on MAHB for the first time. MAHB was also accorded the Distinction Award in the Malaysian Corporate Governance Index 2009, a meteoric rise from the lowly ranks of number 40 in 2006. This latest award speaks volumes about what the Group stands for and the way we conduct our business.

Thanks to the restructuring exercise and other initiatives launched during the year, a new and invigorated MAHB is emerging. All our people have fully embraced the changes of the past year and there is a palpable sense of excitement and anticipation throughout the Group. While guided by a Vision to be a World-Class Airport Business, we remain mindful of our obligations to our people, customers and stakeholders, which are the cornerstone of 1Malaysia, a concept put forth by the Government placing emphasis on 'People First, Performance Now'. Renewed with a sense of national mission and purpose, we face the future with confidence.

It is with great pleasure that I present this Annual Report and audited Financial Statements of Malaysia

Airports Holdings Berhad at the Group and Company levels for the financial year ended 31 December 2009.

FINANCIAL PERFORMANCE

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

Revenue from on-going operations increased to RM1.64 billion, an increase of 14.09% or RM202.12 million higher than the RM1.44 billion recorded the previous year. The record turnover, achieved for the seventh consecutive year, was attributed mainly to the growth in the airport operations segment, driven by stronger passenger movements and higher contribution from retail and rental activities. MAHB also recorded revenues of RM61.46 million from discontinued operations, contributed mainly by Sepang International Circuit Sdn.Bhd. (SIC) which was divested as a non-

core business following a restructuring exercise undertaken in July 2009.

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

During the year, revenue generated by our airport operations segment improved by 17.0% to RM1.50 billion, largely attributed to a 21.15% increase in aeronautical revenue to RM790.48 million resulting from higher passenger traffic. With the completion of the Satellite Retail Optimisation Plan (SROP), non-aeronautical revenue grew by 12.68% to RM706.09 million, underpinned by higher rental derived from additional commercial space and increased spending per passenger. MAHB's own retail business grew by 15.32%, mainly due to higher retail and F&B income resulting from the increase in passenger volume. Revenue derived from rental of space, advertising and other commercials rose by 10.17%, resulting mainly from increased rental and royalties from the ROP initiatives as well as the appointment of new

CHAIRMAN'S STATEMENT

operators at Penang, Kota Kinabalu, Kuching, Miri, Terengganu and Langkawi airports.

However, MAHB's revenue from its non-airport operations segment fell by 9.82% to RM140.52 million. This was because of reduced revenue from the hotel business as a result of lower room and occupancy rates, while the agriculture and horticulture businesses suffered from lower crop yields and a fall in the price of fresh fruit bunches. Fortunately, despite the drop in the revenue from non-airport operations segment, revenue from project and repair maintenance services increased in FY2009.

MAHB's latest financial numbers are reflected by its strong showing on Bursa Malaysia. Despite the volatile market conditions, MAHB's counter has demonstrated its strong defensive nature to consistently outperform the benchmark FBM KLCI (FTSE Bursa Malaysia KLCI has replaced the Kuala Lumpur Composite Index effective 6 July 2009) in FY2009. MAHB's share price has increased significantly since the restructuring exercise and closed the year at RM3.97, which is a hefty growth of 79.64% from the closing price of RM2.21 for the previous year. For this and other factors, MAHB's counter has caught the attention of many analysts and research houses.

DIVIDENDS

MAHB remains committed to enhancing shareholder value and we have a dividend payment policy of at least 50% of the Group's profit after tax and minority interest, subject to the availability of distributable reserves. At the current share price, our dividend yield is even better than the fixed deposit rates offered by banks.

For FY2009, the Board has announced an interim dividend of 8% less 25% taxation amounting to RM66.0 million, which was paid on 29 December 2009. A final dividend of 14.9% less 25% taxation has been proposed for the approval of shareholders at the coming AGM.

CORPORATE DEVELOPMENTS

Without doubt, the most important corporate development of the year involved MAHB's restructuring exercise, which was approved by the Government on 23 December 2008. On 12 February 2009, the Government and MAHB signed a new Operating Agreements to pave the way for the implementation of the restructuring plan.



Arising from the Operating Agreements, MAHB has divested its stakes in two non-core wholly-owned subsidiaries, the proceeds being used to settle outstanding amounts owed to the Government. The divestment of the companies, NECC Sdn.Bhd. and Sepang International Circuit Sdn.Bhd., was finalised on 30 June 2009 and 10 July 2009, respectively.

In September 2009, Khazanah Nasional Berhad (Khazanah) pared down its stakes in MAHB by 5% to 67.7%. Then, in March 2010, Khazanah divested a further 7.7 % stake in MAHB via a private placement, reducing its shareholding to the present 60.0%. These moves are in line with Khazanah's long-term commitment to progressively divest its holdings in various major government-linked companies (GLCs) and to meet the three-fold objective to unlock the value

of GLCs, free-up market liquidity and attract local and foreign investors.

In July 2009, MAHB realigned its organisation structure to focus on four key areas : Operations; Commercial; Finance and Planning. Accordingly, four new senior positions reporting directly to the Managing Director have been created. The primary objective of the exercise is to support MAHB's vision to be A World-class Airport Business. The new structure has been benchmarked against other international airports to ensure that the organisation remains competitive.

In addition to these four new positions, MAHB has also instituted changes to a number of key senior positions over the past year or so. Without an infusion of new blood, an organisation can become insular and introspective and

MAHB cannot progress and reach its full potential if we are constrained by old ways of thinking and doing things. These new appointees are playing the role of change agents, driving the Group's ongoing transformation.

OPERATIONAL HIGHLIGHTS

The 19th Century naturalist Charles Darwin said that it is not the species with the greatest strength, nor the one with the highest intelligence that survives, but the one that is most adaptable to change. Darwin's theory on the survival of the fittest may just as well apply to businesses as it does to living things. It is again a testament to the adaptability, dedication and professionalism of our management and

We have arrived at an important chapter in the ongoing development of MAHB's corporate history. Even as the paragraphs and pages are being written, it has set the organisation up for the next chapter – Taking Off.

CHAIRMAN'S STATEMENT

staff that so much was accomplished during FY2009 in spite of the profound changes in the operating environment and within MAHB itself.

TRAFFIC GROWTH. The International Air Transport Association (IATA) has reported that the global airline industry ended the year 2009 with the largest ever post-war decline. Bucking the trend, total passenger volume across MAHB's 39 airports grew by 8.19% to reach 51.34 million passengers in FY2009. Thanks largely to a significant contribution from the low cost travel sector, international traffic grew by 9.57% to 23.07 million passengers, while the domestic sector registered growth of 7.10% to 28.27 million passengers. Total aircraft movements increased by 7.96%, with 535,793 aircrafts flying in and out of Malaysian airports. Needless to say, we could have done even better if not for the anticipated prolonged downturn and fears about the A(H1N1) pandemic.

INFRASTRUCTURE UPGRADING.

The Sultan Abdul Aziz Shah Airport, Subang was redeveloped into an aerospace centre and a hub for general aviation and corporate jets. In line with this MAHB has moved into its new corporate headquarters in November, located in the vicinity of the KL International Airport (KLIA).

With such a large airport portfolio, there are always upgrading and development activities underway. The year in review saw the completion of the LCCT-KLIA Phase 2 project in November 2009. The RM170.0 million new wing has expanded the total floor area of LCCT-KLIA by 103% to 64,067 square metres (sqm) with a handling capacity of 15 million passengers per annum (mppa). Fully operational since March 2009, the total airport experience has been enhanced, giving passengers a new level of comfort, more retail and F&B outlets as well as other amenities. As the existing LCCT has no more space for further expansion, MAHB has started the construction of a new and permanent LCCT (hereafter referred to in this report as 'new terminal'), which is located approximately 1.5 kilometres west of the existing KLIA Main Terminal Building. The new terminal is expected to be completed by the end of 2011.

Meanwhile, the redevelopment of Pulau Redang Airport and Melaka Airport (formerly known as the Batu Berendam Airport) were completed during the year.

SATELLITE RETAIL OPTIMISATION PROJECT (SROP).

The SROP has taken more than a year to come to fruition, but the results are well worth the wait, not to mention the hard work and effort invested in the project. The Satellite Building, which houses the international



departure and arrival gates, has been given a major make-over and through the SROP, the Satellite Building has been transformed to enhance the overall passenger experience. It is not just the pleasing ambience or the visual impact of the new spacious surroundings, but travellers are also spoilt for choice with a wider range of retail, service and F&B offerings, spread over two levels of the Satellite Building. Another attraction is the restful dose of green therapy made possible by a circular walkway around, and a path through, the forest reserve at the focal point of the Satellite Building, which is a distinct and unique feature of KLIA.

ACI 19TH WORLD GENERAL ASSEMBLY.

Following our success in hosting the World Route Development Forum in 2008, MAHB again played



host to another international aviation meeting. The 19th Airports Council International (ACI) World General Assembly held in November brought together more than 500 airport representatives and aviation business partners. One of the biggest and most important airports meeting on the calendar, the two-day conference was scheduled around official and regional ACI Board and committee meetings.

MAHB continued to play a very dynamic role in the international airport arena through its involvement in ACI. The Company, through the Managing Director's representation deliberated airport industry's concerns of the region at the highest decision making level in the ACI Asia-Pacific Regional and World Board meetings. We are also honoured by his nomination

to the position of Acting President of ACI Asia-Pacific region, effective from 1 January 2010. ACI Asia-Pacific represents the interests of 97 members operating over 460 airports in the region.

AWARDS AND ACCOLADES. We have always endeavoured to do our best, hence it is always gratifying when our efforts are recognised by some of the foremost players in the industry. Apart from the Distinction Award in the Corporate Governance Index 2009, conducted by the Minority Shareholder Watchdog Group and Nottingham University Business School (Malaysia Campus), MAHB was the recipient of no less than ten awards in recognition of operational efficiency, customer satisfaction and corporate responsibility.

Frost & Sullivan, a non-profit institute, bestowed several awards on the Group in the 2009 and 2010 Frost & Sullivan Asia Pacific Aerospace & Defence Awards. Penang International Airport (PIA) was named the Airport of the Year in 2009. For 2010, KLIA was awarded the title of Asia Pacific Airport of the Year, while MAHB was named the Airport Investment Company of the Year.

In the Skytrax 2010 World Airport Awards, KLIA won two awards for Best Airport Immigration Service and also Staff Service Excellence in the Southeast Asia category. For the world's top 25 rankings in the world, KLIA improved its position with fifth placing, from seventh in 2009. The World Airport Awards are an acknowledgement of product and service quality across the world's airport industry, assessing front-line customer service and general airport customer facilities.

MAHB also secured the prestigious Community Engagement Award in the Asia Responsible Entrepreneurship Awards (AREA) in 2009. AREA acknowledges the best of Asian businesses for championing sustainable and responsible entrepreneurship in four categories, community engagement being one of them. In March 2010, MAHB bagged two awards at the StarBiz-ICR Malaysia Corporate Responsibility Awards 2009 in the Environment and Community categories.

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At the 23rd Annual Asian Freight & Supply Chain Awards (AFSCA), KLIA was recipient of the Best Green Airport award while Penang International Airport was named Best Emerging Airport. Organised by a leading transport and logistics newspaper, the AFSCAs are widely regarded as the most authoritative and prestigious awards for the Asian freight industry. KLIA was also awarded the Brand Laureate for Best Brand in Transportation (Airports) category in 2008/09.

Since the inaugural award in 2004, Malaysia Airports has received recognition in the National Award for Management Accounting for two times. The latest, Malaysia Airports received the Best Practice Award for Public Listed Companies in 2009 in acknowledgement of its fully implemented management accounting system that set new standards or introduced new innovations to the workplace.

Most satisfyingly, Malaysia Airports also received the Eagle Award for Best Airport from the International Air Transport Association (IATA) in recognition of outstanding performance in customer satisfaction, cost efficiency and continuous improvements. MAHB was cited for its leadership in service levels, industry and environmental initiatives, operational improvements and cost efficiency with a strong

customer focus. The Eagle Award is a highly-prized recognition and is different from the others in that it comes from the airline industry itself.

Our subsidiaries also received their share of awards during the last financial year. MAHB's own retail arm, Malaysia Airports (Niaga) Sdn Bhd better known as ERAMAN Malaysia, won the coveted award for the Best New Confectionery & Fine Foods Store for its Kidz Smart Tunnel at the Duty-Free News International 2009 Awards. Despite experiencing a fall-out from the economic recession, the Pan Pacific Kuala Lumpur International Airport (PPKLIA) reprised its success as Asia's Leading Airport Hotel and World's Leading Airport Hotel in the world travel awards 2009. PPKLIA was also awarded the Brand Laureate for Product Branding under the Airport Hotel category. These achievements are a testament to PPKLIA's unwavering commitment to provide the highest standard of services and facilities, even during economically trying times.

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

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

OVERSEAS VENTURES. MAHB is committed to the fundamental objective of long-term growth. With carefully planned investments today, they will enable our shareholders to capture the benefits to come. Globalisation is re-casting the business landscape and MAHB is increasingly looking to the international marketplace for the businesses of tomorrow. This is the kind of forward thinking we need to stay ahead.

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

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

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

Under a Trust Management Agreement (TMA), MAHB provided assistance in managing the Astana International Airport (AIA), Kazakhstan for a period of two years. During this period, the AIA received an award for 'The Best Airport of Commonwealth of Independent States in 2007' from the Moscow-based Airport of Civil Aviation Association. MAHB and AIA have agreed to the mutual termination of the TMA with effect from 4 June 2009.

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

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

MANAGING CHANGE

At MAHB, our philosophy is to expect change as a constant aspect of carrying out our business. The inexorable march of change is reshaping the entire aviation industry and the clock cannot be turned back. Rather than fear change and the uncertainty it can bring, we have come to embrace change because we feel it is intrinsically necessary. In this regard, we have learnt to gain mastery over change, driving it to shape the future of MAHB to reach its full potential.

Managing change is one of the most demanding tasks in today's volatile business environment simply because it has permeated almost every aspect of the aviation industry business. Age and obsolescence of facilities, equipment and technology are all part of the change process. Passengers also expect more in terms of total airport experience, and this has put new

demands on what we can offer. Public perceptions continue to evolve and we need to reshape services and business models to provide even greater value to travellers. The ever increasing need for security and safety is the new reality of the airport business.

Organisations are dynamic entities; people come and go, and structures, processes and systems will need to be replaced. Fresh demands for change are constantly placed on the Group, and the onus is on us to transform these challenges into opportunities. Wherever possible, the burden of managing change must be shared across the entire industry value chain. It calls for creative thinking, adaptability, new parameters, paradigm shifts, new priorities and the carving out of new relationships between airports and airlines, industry and government, in a spirit of cooperation and joint problem solving.

What I have presented is only a microcosm of some of the major changes that MAHB has to come to grips with, en route to its journey to be World-Class Airport Business. It is beyond the scope of my message to address all the initiatives MAHB has embarked upon to manage change, and this will be taken up more fully in the Managing Director's review of operations.

CHAIRMAN'S STATEMENT

AIRLINE RECOVERY PROGRAMME.

To encourage continued passenger growth and to support our partners in the airline industry, MAHB launched the Airline Recovery Programme (ARP) on 18 October, effective retrospectively from 1 January 2009. The ARP provides cash incentive to both existing and new airlines operating from Malaysian airports. New airlines also enjoy additional privileges, such as a waiver of landing fees and free office rental.

The ARP complements the Government's Economic Stimulus Plan for Airlines and was launched, notwithstanding the fact that our airport charges are among the lowest in the world. In fact, it may interest you to know that landing and parking charges in Malaysia have remained the same for the last two decades. However, it has always been MAHB's objective to make its airports an attractive proposition to all airlines. By building on the principle of partnership with the airlines, we have earned their loyalty and respect, and they are appreciative of our efforts. That is one of the reasons why the number of airlines operating from KLIA remained at a commendable level of 59 at 2009 financial year-end, compared to 56 the previous year.

REVENUE GENERATION. MAHB has been very prudent in managing costs. Whilst revenue has grown on average by about 10.0% annually, our costs only

grew by half that of revenue growth. Nevertheless, the events of the past have put into fresh focus the long-term objective of MAHB to grow its non-aeronautical business, especially the commercial segment, in order to diversify its revenue base. Under the SROP, retail and F&B space were increased by almost 50 % within the Satellite Building. The SROP has already lived up to expectations and it can only get better with its first full year results in FY2010. MAHB's own retail arm, ERAMAN Malaysia, has also grown its businesses, benefiting from the newly refurbished open concept lifestyle malls and the introduction of avant-garde lines and innovative retail concepts.

The expansion of the LCCT-KLIA has increased the floor space for commercial activities by more than 400%. From only 12 initially, there are now 37 retail and F&B outlets. As a result, the contribution from LCCT-KLIA's commercial activities to MAHB's revenue has increased five-fold.

MAHB has a diversified revenue base and continues to generate revenue from its hotel business, consultancy, information technology, engineering and maintenance services, as well as the oil palm plantations surrounding the KLIA.

GLC TRANSFORMATION PROGRAMME. The foundations

for the transformation of MAHB into a world-class entity were laid many years ago, but the process began to gain momentum when the company embarked on the Government's initiative to elevate GLCs into world-class organisations. This is a challenging journey that will take time and perseverance to see to completion, and will involve elements of strategic, operational and cultural changes.

Under the GLC Transformation Programme, a total of 70 transformation initiatives were launched as a series of coloured books. Some of the more important initiatives include the implementation of Lean Management and an in-depth Regulatory Organisational Assessment to establish the Group's regulatory management practices as benchmarked against industry best practices. Another key element of our transformation programme is the introduction of transformation philosophies such as cross functional budget challenge, value management and even some very innovative procurement initiatives under the Red Book guidelines. Fulfilling its role as a responsible corporate citizen, MAHB has designed comprehensive and structured corporate responsibility programmes based on the Silver Book Guideline. The Group's Financial Services embarked on Business Process Improvement project in mid-2009 to integrate all finance functions into one

single unit known as the Finance & Procurement Service Delivery Model (FPSDM) to achieve economies of scale.

SIMPLIFYING THE BUSINESS.

IATA's Simplifying the Business (StB) programme is an industry-wide change programme that began in 2004. It focuses on a mutually beneficial approach for everyone involved in the aviation business. Through StB, airports, airlines, air cargo industry as well as passengers can all enjoy seamless processes, greater efficiency and more control over the choices and options available.

Implementing the StB programme has also given MAHB a head-start on lowering costs and improving customer service. MAHB and Malaysia Airlines Berhad have taken a leadership role in driving StB initiatives in Malaysia, with KLIA being one of the few airports to have implemented the majority of the StB initiatives.

OUR COMMITMENT TO

SUSTAINABILITY. Now more than ever before, corporations are in the limelight and answerable to an increasingly critical public for the way they conduct their businesses. The keyword is corporate sustainability and going beyond the Green Corporation, it covers a broad spectrum of areas, including environmental, social, ethical and governance issues.

Sustainability is central to the way we think, conduct ourselves and the approach we adopt to perform our day to day business. This has now been formalised in MAHB's Sustainability Policy. We believe that the successful implementation of this policy will enhance MAHB's reputation, engender customer loyalty, enhance passenger experience and create long-term value for our stakeholders. MAHB is also involved in an international effort led by the Global Reporting Initiative (GRI) in developing a sustainability reporting supplement for airports. At the same time, we are planning to come up with our own sustainability report to communicate our efforts in this key area to all stakeholders.

It will require concerted global action to achieve the lofty goals of sustainable development. But we are determined to play our role in at least putting Malaysia on the path to sustainability. In the future, it may well be the only way to do business.

CHARTING OUR CARBON

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

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

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

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

Aside from the carbon emission exercise, MAHB has also embarked on an Energy Savings Programme. This was kicked-off with an awareness campaign among our employees and airport

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users. In July 2009, we began installing energy saving devices at KLIA's distribution networks. It is estimated that savings of up to 20% of energy consumption can be achieved through this initiative.

HUMAN CAPITAL TRANSFORMATION.

Since its incorporation in 1992, MAHB has undergone several critical growth phases. Over this span of time, MAHB's operating model has evolved from an airport operator to an airport business.

The new business model demands a shift in the mindset and culture of MAHB. Accordingly, the management has embarked on a human capital transformation journey (HCTJ) to best equip its people for the tasks ahead.

MAHB's HCTJ started in 2007 with the review of roles to ensure that the complexity of the new business model is reflected in the job demands. A salary review was also carried out to ensure that a competitive and performance-driven compensation model was in place. In mid-2009, MAHB embarked on the next phase of the HCTJ by profiling its leadership talent pool in order to get a gauge of its talent bench strength within the organisation and the key developmental gaps of its talent pool.

The profiling exercise was executed in two phases, involving a total of 194 participants comprising Senior General Managers, General Managers, selected

Senior Managers and Managers. The entire exercise is anchored around MAHB's competency model, which consists of eight competencies segregated into two clusters – managing self and managing others. An assessment centre model is also an integral part of the exercise to assess multiple candidates behaviourally using multiple assessment tools, including multiple assessors, to ensure that all perspectives are captured.

SAFETY AND SECURITY. The twin issues of safety and security are moving targets, with the bar being continually raised. Since 2008, after robbery incidents at two airports, there has been a seminal change in the airport security landscape, with the PDRM (Polis DiRaja Malaysia) General Operations Force responsible for security on the landside areas, including public access areas at all international airports.

During the year, MAHB continued to enhance security measures across its airports. These measures include more stringent hold baggage screening, new airport passes incorporating holographic images and an ultra-violet magnetic stripe, and investment in computer-based technology to enhance the professionalism of airport security x-ray screeners. Malaysia is also the pilot country for the implementation of Secure Freight Programme, the objective being to secure cargo early in the supply chain, so as to avoid the need for a 100%





inspection at the airports uplift.

Global aviation security systems were again put on alert after a terrorist attempted to detonate a bomb on a US-bound flight from Amsterdam Airport Schiphol. At our airports, all US-bound passengers were subjected to more stringent body and luggage checks. This latest incident is a reminder that as far as airport security is concerned, there can be no complacency.

In the safety arena, besides the Safety Management System and Aerodrome certification programmes, MAHB carries out all safety drills and simulation exercises deemed mandatory by the ICAO and DCA. These include full-scale exercises at least once every two years, partial exercises at least once a year and tabletop exercises bi-annually.

ASEAN OPEN SKIES AGREEMENT.

In the past year or so, there has been a marked change in the structure of the air travel industry in the region. Member countries of the Association of Southeast Asian Nations (ASEAN) have signed agreements to liberalise the industry. As a result, we now have an industry that operates in a more competitive and expansive regulatory environment. More change is in the air as the industry is moving towards a unified ASEAN aviation market by the year 2015.

The new era of liberalisation means that airlines from ASEAN member states can now fly across each other's territory, make stops for refuelling, and pick up passengers at one location en route to the final destination. Regional carriers are also permitted to make unlimited flights between the region's capital cities. The aim of the ASEAN open skies initiative is to drive tourism and economic development within the region and bring in more investment into the air travel industry.

Even though it is still early days, MAHB is already seeing positive changes as a result of the open skies pact. For example, there are many more airlines now operating on the Kuala Lumpur-Singapore route, with the likes of Jet Star, Silk Air and Tiger Airways adding services. We are also beginning to see increased flights from our regional airports to regional destinations in other countries.

These changes have brought about more choices and competitive fares for passengers, and resulted in obvious enhanced growth in the newly opened sectors. It provides us with the impetus to hone our competitive edge so that we can continue to provide for and attract customers to KLIA and other regional airports.

CORPORATE RESPONSIBILITY.

Corporate responsibility (CR) today is more than passing a hat around

CHAIRMAN'S STATEMENT

or writing a cheque in support of a worthy cause. Governments, stakeholders, pressure groups and the public at large are demanding more out of corporations in terms of their accountability and responsibilities towards the betterment of humanity.

Guided by our own moral compass, MAHB has always been aware of its responsibilities to the communities it serves, and society at large. Taking our direction from the Silver Book guidelines and Bursa Malaysia's CR Framework for Malaysian public listed companies, MAHB's CR programmes rest on four main pillars: Community Development; Workplace Development; Marketplace Development and Environmental Sustainability. In many tangible and indelible ways, we have made an impression and they are all part of our enduring legacy.

A TURNING POINT

The finalisation of MAHB's restructuring plan and signing of the New Operating Agreement marked a turning point in MAHB's corporate history. To lend some perspective, the need for a restructuring plan arose out of MAHB's inability to meet the financial obligations of the KLIA concession.

MAHB was listed in November 1999, but by 2003 when I came on board, the company was practically insolvent, with RM830.0 million in financial obligations owed to the Government. Although we worked tirelessly to try to put our financial house in order, we were hamstrung by these obligations which had ballooned to RM1.4 billion by March 2008. Clearly, there was a need to restructure MAHB's debt obligations and to conclude new operating agreements with the Government.

Coming up with a viable plan was a long and tedious process, as it had to take into consideration the interests of the many stakeholders. The Government finally approved MAHB's restructuring plan on 23 December 2008, paving the way for the signing of New Operating Agreement on 12 February 2009. Essentially, the restructuring involves an innovative and unique public-private partnership arrangement that utilises innovative financial structures to provide suitable incentives and rewards for both MAHB and the Government. The new operating agreements will run for 25 years, with the Government having the option to renew them for another 25 years.

The restructuring plan has four key thrusts:





- **Clarification of airport operator and airport development roles**

The restructuring clearly defines the respective roles of MAHB as airport manager and operator, and the Government as asset owner and the party responsible for the national airport development policy.

- **Impose revenue sharing as payments**

The concession/lease payment obligations have been replaced by a revenue sharing mechanism known as the User Fee that reduces high operational leverage and improves MAHB's financial metrics.

- **Introduce Marginal Cost Support (MARCS)**

MAHB will be entitled to some form of restitution (MARCS) from the Government whenever its ability to operate commercially is compromised.

- **Establish a framework for passenger service charge (PSC) and aeronautical tariffs.**

There is now a proper framework for determining airport charges based on inflation, market competition as well as performance.

The new Operating Agreements clearly delineate MAHB's role as the operator of 39 airports in Malaysia. They also provide a clear mandate for MAHB to

focus on its core business as an airport operator, thereby allowing us to create greater value for all stakeholders.

With the restructuring, MAHB has largely settled its financial obligations owed to the Government from its operational cash and minimal bank borrowings. The restructuring also involved the disposal of non-core assets such as the Sepang International Circuit Sdn.Bhd. and the NECC Sdn.Bhd. Another subsidiary that was previously involved in the auction business was liquidated.

CRAFTING THE FUTURE

The restructuring plan places MAHB on a stronger financial footing, from where we can focus on building our businesses on a clean slate. It has also given us a clear direction for moving forward, pointing the way to improve operational efficiency, enhance service levels for customers and airlines, increase profitability and most important of all, enhance long-term shareholder value. In charting the Group's future direction, we have at our disposal various strategies and blueprints for crafting success.

NATIONAL AIRPORT MASTER PLAN STUDY (NAMP). In July 2007, MAHB initiated the NAMP study to set the

CHAIRMAN'S STATEMENT

direction for the orderly development and construction of airports and aviation infrastructure in the country until the year 2056. When the study was completed in December 2008, a total of 22 Master Plan Documents was produced for the five international airports, 15 domestic airports and four STOLports. After considering various possibilities, the study has concluded the location for the new terminal at KLIA.

KLIA NEXT GENERATION HUB.

MAHB is repositioning KLIA as the Next Generation Hub (NGH), where all routes, airlines and terminals will connect seamlessly, making us the first in the world to bring together an award-winning airport and a low cost carrier terminal all in one. KLIA is ideally positioned as a NGH as it offers both the largest volume of routes and traffic carried by LCCs, making it a market leader in this sector in the Asia Pacific region and indeed globally. The NGH caters to a growing breed of a new, media savvy and technologically-connected generation of travellers, giving them the choice of unlimited connectivity, boundless travel options and smooth transfers.

AIRPORT POSITIONING &

BRANDING. Apart from KLIA, MAHB has also developed strategies to 'sell' the other international airports, capitalising on their respective strengths. For example, we are

positioning the Langkawi International Airport as a resort destination, focusing on in-bound leisure markets from India, China and Russia as well as long-haul charter opportunities from Europe.

To meet its objective of increasing revenue, our Commercial Services Division has developed Airport Commercial Models (ACM) as a tool for the transformation of commercial practices and activities in accordance to airport classification and customer profile. Four distinct ACMs have been developed – Lifestyle Airports, Leisure Airports, Community Airports and Corporate Responsibility Airports – and the pilot airports have already been identified. When fully implemented, the ACM initiative is expected to increase commercial revenue at each airport by about 30% to 50%.

RUNWAY TO SUCCESS. In crafting MAHB's future, we have developed a blueprint that we call 'Malaysia Airports Runway to Success (2010-2014)'. It lays out the current state of our business, the direction we should be heading and the road-map that will get us to our objective of Building A World-Class Airport Business.

The Runway to Success blueprint has identified three main thrusts in moving forward:

• Traffic Growth

While MAHB will be impacted by changes in the global economy and aviation industry, we are fortunate to be in a region that will continue to enjoy tremendous growth opportunities. Asia-Pacific's diversity, dynamism and potential are the key drivers for expanding traffic growth. According to IATA, the intra-Asia-Pacific market has already eclipsed North America as the world's largest aviation market. Because of its central location, KLIA and MAHB's other regional airports are well-positioned to be key hubs for the Southeast Asian region. KLIA is often compared with airports in our neighbouring countries, but there is empirical data to indicate that KLIA has outpaced the annual growth of these airports since it was completed in 1998. Moreover, Malaysia is served by two excellent airlines: AirAsia, the largest LCC in Asia and MAS, a five-star airline, which is stronger than before, having successfully turned around its business.

• Service Excellence

As competition increases among airports, an important differentiating factor will be service excellence. Operational excellence and superior customer service are central to our business. MAHB

aspires to be a leader in airport innovation, providing new experiences and world-class services to all our customers, so that they will consciously choose to use our airports. Our focus will be improving operational processes and efficiencies, implementing conditions of use contracts with airline customers and developing our people to meet standards that are nothing short of excellent.

- **Commercial Development**

Commercial development will be the most important driver to increase profitability for MAHB over the next five years. In this regard, we have already implemented plans to revolutionise the retail experience and drive new income streams. We have revamped the product mix and renovated the layout at KLIA and selected regional airports to enhance the shopping experience at our airports. Soon to be taken off the drawing board are plans to create value on surrounding airport land by developing hotels, shopping malls, offices, business parks and other similar facilities to increase commercial and rental revenue. In the medium term, the major contributor will be the new terminal at KLIA, which has been planned to provide travellers with a shopping and dining experience unmatched in Asia.

LOOKING FORWARD

On the economic front, early signs point to a brighter outlook for the coming financial year. The growing signs of recovery in the global economy are expected to firm up in 2010, with emerging and developing countries, particularly Asia, leading the rebound. The International Monetary Fund has revised upwards its forecast for growth in the global economy to 4.2%, bouncing back from negative territory in 2009. After registering a negative growth of 0.6% in 2009, the Central Bank of Malaysia projected that the Malaysian economy will grow by between 4.5% and 5.5% in 2010. The Government has taken new measures to make Malaysia more competitive regionally and globally with the recent unveiling of the New Economic Model (NEM). Launched on 30 March 2010, the NEM will position the nation towards attaining developed nation status by 2020.

The favourable economic outlook is good news for the aviation industry, and already we are beginning to see an improvement in passenger demand for international travel. According to IATA, Asia and Latin America are driving the recovery. Malaysia is expected to benefit from increased passenger and aircraft movements, as airlines expand

capacity and continue to deliver new routes and services. Overall passenger traffic in 2010 is conservatively expected to grow by 3% to 4% while freight traffic is expected to emerge from a negative 13.8% to record a positive 12% growth. Lately, the traffic performance has been promising and as such these growth rates can be considered very conservative with the current optimistic industry trend in the country and worldwide.

Accordingly, we are confident that aeronautical revenue will continue to improve in tandem with traffic growth. Non-aeronautical revenue from our commercial activities will significantly benefit from the first full-year contribution of the SROP. Our non-airport operations are also expected to contribute positively to group revenue.

On the operational front, we have our work cut out for us in the coming year. Heading the list of priorities is the development of the New Terminal at KLIA. Site clearing works have already been completed in readiness for construction to begin. The scope of work for the new terminal includes the development of a runway, taxiway, parking bays, terminal, control tower, fire station and related facilities like a hotel, retail shops and F&B outlets.

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The expansion of the Penang International Airport as an important component of the Government's fiscal stimulus package and the Northern Corridor Economic Region blueprint will soon get underway with the appointment of a consultant. Works are scheduled to begin in June 2010, with completion expected by the end of 2011.

KLIA's spurline project, mentioned in last year's report, is progressing as scheduled. The project calls for the construction of a new elevated guideway leading from Satellite A to the operation, maintenance and storage facility building located in a greenfield area. A new 3-car train set will also be delivered to dovetail with the targeted completion of the project in July 2011.

A master-plan has been developed to transform 2,730 acres of land around KLIA into what is dubbed KLIA Aeropolis. We are already in talks with potential property investors/developers and industry players on the possibility of their participation in the development. Meanwhile, Sultan Abdul Aziz Shah Airport at Subang is being transformed into the Malaysia International Aerospace Centre (MIAC). This development is being realised by MIAC Sdn.Bhd., a wholly-owned subsidiary of MAHB established on 20 April 2007. MIAC Sdn.Bhd. was tasked to manage the development of MIAC and facilitate the industry players interested in establishing their businesses in MIAC. Through all these projects we have identified, MAHB is committed to play a role in helping the Government achieve the goals set out

in the New Economic Model (NEM).

We have arrived at an important chapter in the ongoing development of MAHB's corporate history. Even as the paragraphs and pages are being written, it has set the organisation up for the next chapter – Taking Off.

APPRECIATION

A seminal change is taking place across MAHB, and in this time of revitalisation and preparing for the next thrust forward, our people are the ultimate source of competitive advantage. I commend them for their positive attitude, dedication and professionalism and I cannot emphasise just how much this has contributed to MAHB's success.



We also owe our gratitude to the various government ministries, in particular the Ministry of Finance and the Ministry of Transport, for their cooperation and understanding of all that MAHB is trying to achieve. Their support has led to the conclusion of the new Operating Agreements, setting MAHB on a fresh path to profitable growth.

It would be remiss of me to miss out the millions of customers whom we are proud to serve, as well as our stakeholders. Our shareholders deserve special mention for their loyalty and patience in standing by us through the long process of working out MAHB's restructuring plan.

In a challenging year, my fellow members on the Board have been very

supportive and generous with their insights and wise counseling. Puan Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin (alternate director to Puan Dyg Sadiyah binti Abg Bohan) resigned with effect from 27 April 2009. Her contributions are much appreciated and the Board wishes her success in her future undertakings.

I thank all of you.



**TAN SRI DATUK DR. ARIS BIN
OTHMAN**
Chairman



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Change is always a challenge to any organisation. Yet the ability to change and adapt to rapidly shifting demands is central to the very success of an organisation. A key to success, therefore, is effective change management.



HIGHLIGHTS OF FY2009

- Record profit after tax of RM378.58 million, an increase of 23.79% from FY2008
- Record turnover for seventh consecutive year of RM1.64 billion, a 14.09% increase from FY 2008
- Surpassed headline financial Key Performance Indicators, posting EBITDA of RM641.92 million and ROE of 11.55%
- MAHB won 12 awards and accolades, including the Distinction Award in the Malaysian Corporate Government Index 2009
- MAHB received IATA's prestigious Eagle Award for Best Airport 2009
- Government approval of MAHB's restructuring plan paved the way for the signing of new Operating Agreements on 12 February 2009
- Airline Recovery Programme established to assist airlines operating at airports managed by MAHB in Malaysia
- MAHB hosted the 19th Airports Council International (ACI) World General Assembly from 2-4 November 2009

- Launch of KLIA as the Next Generation Hub on 18 November 2009

The year under review ended 31 December 2009 (FY2009) was another year of record revenue and profitability. Malaysia Airports Holdings Berhad (MAHB) also continued to surpass its headline financial Key Performance Indicators in terms of EBITDA and return on equity. Despite these impressive financial numbers, MAHB could have done better were it not for unfolding developments in the global economy and aviation industry. These developments came at a time when a great deal of hard work and collaborative efforts were coming together to produce the desired results. Thus, even though we achieved higher numbers in terms of passenger traffic and airline movements, these were achieved in spite of the global recession, higher fuel costs and outbreak of the H1N1 virus, all of which had a dampening effect on the aviation industry and ultimately, our bottom-line performance. For all these compelling reasons, I feel that we could and should have achieved much more.

In an industry characterised by its dynamism, FY2009 was exceptional in the myriad of changes that were

TAN SRI BASHIR AHMAD BIN ABDUL MAJID
Managing Director



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

forced upon the aviation industry and MAHB. The global economic downturn has resulted in poor yields for the airlines and this was a major factor in driving industry losses. At the same time, operating costs are increasing as airports strive to meet the demands of a diverse constituency – airlines, stakeholders, communities, passengers, public at large and not least of all, our employees. Safety and security remain at the top of the list of priorities, but as always, there are sobering reminders never to give way to complacency. As passengers become more savvy and flexible in their travel patterns, they are demanding facilities and services to meet their needs.

The ASEAN Open Skies programme has changed the structure of the air travel industry in the region, heralding a new era of liberalisation. The phenomenon of low cost travelling is another change the industry has to contend with. While there is no disputing the fact that Malaysia has benefited from cheap fares, it calls for a fine balancing act to suit the business model of low cost carriers (LCCs) and meet the expectations of travellers. On the one hand, LCCs demand no-frills facilities, but passengers expect a full suite of terminal operations and facilities. We need to provide a greater value that travellers are willing to pay for and this can often mean doing more with less.

By and large, the aviation industry has proven itself resilient and capable of taking the challenge of change in its stride. It has experienced the fall out of 9/11 and the Bali bombings, the SARS (Severe Acute Respiratory Syndrome) crisis, and the unprecedented hike in oil prices in 2008 when it soared to a peak of USD150 a barrel. Each time, the industry has rebounded and responded with a raft of measures and initiatives to become stronger and more resilient.

Fortunately, MAHB has an array of strategies and measures at its disposal, many of which have already been put in place. Foremost among these is the Government initiated Government-Linked Companies (GLCs) Transformation Programme. The multi-layered, multi-pronged transformation programme was designed to elevate GLCs like MAHB into world-class organisations. MAHB has also adopted various cost-cutting measures, including the introduction of a Lean Management Programme, aimed at trimming any wastage as well as identifying and acting upon areas of potential savings for the benefit of MAHB, our airline partners and ultimately, our customers. We have also adopted International Air Transport Association's (IATA) Simplifying the Business (StB) programme as a unified approach to finding the efficiencies that airport business needs to help build a sustainable future.

Among the more important outcomes of change is the dimension of relationships, which have evolved for the better. Aviation is a responsible industry and recent events have encouraged a new collaborative approach in tackling common problems of safety and security, improving efficiency and productivity, as well as addressing the environmental imperative. We see new relationships being forged between ourselves as an airport operator with the airlines, the respective aviation agencies, our various public and indeed our most important stakeholder, the Malaysian Government. The approval of MAHB's restructuring plan cleared the path for the signing of new Operating Agreements with the Government on 12 February 2009, and this has opened a new chapter for MAHB.

Post-restructuring, one of the most positive aspects of change within the group has been behavioural and attitudinal. The plan has put to rest the uncertainties that have plagued the Group for almost as long as the Company was incorporated. With our financial obligations to the Government largely settled and with a clear business direction of where the group is heading, we see people bringing passion and sheer positive energy to the workplace, pulling together to achieve tangible, lasting results. This comes from inspired leadership, and this too is an outcome of the organisational restructuring that



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

was instituted in MAHB, resulting in a much more streamlined and intensely-focused entity.

Guided by a vision to become a World Class Airport Business and a roadmap that will get us there, MAHB is fired up and simply raring to go. I am confident that, barring any more unforeseen circumstances, FY2010 will be a year of achieving more.

OPERATING ENVIRONMENT

In 2009, the global economy showed early signs of emerging from the worst recession since the 1930s. What started off as an American financial crisis in late 2008 quickly morphed into a synchronised recession that spread to the major economies. However, massive fiscal and monetary interventions adopted by a number of Governments helped mitigate the effects of the financial crisis. As a result of these unprecedented and concerted actions, there were already signs of revival in the United States and the Eurozone by the second half of 2009. For the whole year, the global economy was projected to contract at 0.6%, buoyed by the better-than-expected performance of Asian economies, led by its two economic power-houses, China and India.

As an open economy dependent on exports, Malaysia was not spared the contagion effects and in November 2008, the Government announced the first stimulus package of RM7.0 billion. However, as the recession continued to deepen, a second and more comprehensive fiscal stimulus package was unveiled in March 2009 to cushion the impact of the downturn. Reinforced by the stabilisation of the global economy, speedy and effective implementation of the RM60.0 billion 'mini-budget' as well as monetary easing, led to an improved domestic economic outlook by the second half of the year. Consequently, the Malaysian economy experienced a negative growth of 1.7% in 2009, compared to an earlier forecast of between -4% and -5%. Despite the challenges of 2009, Malaysia's economic fundamentals remain intact.

AERONAUTICAL OPERATIONS

TRAFFIC GROWTH. The fall-out from the global economic recession has left the aviation industry floundering in its wake. According to data released by IATA, the airline industry ended 2009 with the largest ever post-war decline. Although the global economy showed signs of emerging from the recession, people remained wary of spending and

travel budgets were slashed. Airline passenger traffic was also constrained due to the impact of influenza A(H1N1) fears during the second and third quarters.

Airports Council International (ACI) in its latest release of World Traffic Report (preliminary) has reported a worldwide negative 2.7% for passengers and a negative 8.2% for cargo movements for 2009. The results were less depressed than larger declines originally anticipated. Asia Pacific Region was one of the regions that recorded positive growth for passengers at an approximate of 3.2%.

MAHB has proven to be resilient to the prevailing headwinds in the global economy. Across the 39 airports operated by MAHB, total passenger volume grew by 8.19 %, breaching the 50 million benchmark to reach 51.34 million in FY2009. International traffic grew by 9.57% to 23.07 million passengers, while the domestic sector registered a growth of 7.1% to 28.27 million passengers in FY2009. A significant contribution to international traffic came from the low cost sector, and this was reflected in a remarkable 47.49% increase registered by LCCT-KLIA. Further analysis of the data suggest that while business travel declined, this was more than compensated by the growth in tourist travel.

Total aircraft movements grew by 7.96%, with 535,793 aircraft flying in and out of Malaysian airports. Aircraft movements in the international sector recorded a higher growth of 12.21%, while the domestic sector only registered a growth of 5.85%. The increase in aircraft movements was driven by ASEAN liberalisation and continuing demand consolidation in the Middle East sector. In addition, tourism initiatives promoted by the Government, coupled with the aggressive fare promotions by Asian and Middle Eastern airlines to promote travelling to this part of the world further helped in increasing airline capacity offering to Malaysia. Other contributing factors include additional frequencies by AirAsia, Firefly and MASwings as well as the commencement of new international routes by AirAsia, Silk Air, Tiger Airways and Jetstar Airways.

However, cargo movements contracted by 13.78% in tandem with the global economic downturn, with both the international and domestic sectors registering a negative growth of 14.6% and 9.69% respectively.

In terms of bottom-line results, the year in review saw a 21.15% or RM137.99 million increase in aeronautical revenue to RM790.48 million. This was attributed mainly to higher passenger and aircraft movements recorded during the year.

As at end of 2009, there were some 59 airlines operating from KLIA compared to 56 the previous year. We are pleased to welcome Air Astana, Air Zimbabwe and United Airways to KLIA's fraternity of airlines and we are hopeful that the numbers will continue to grow. Regional airlines such as Tiger Airways, Silk Air and Jetstar Asia have also added Pulau Langkawi and Penang to their flight schedules, while Firefly's inaugural flight from Singapore has revived air services into Ipoh. These are only some of the new routes to Malaysian airports that have opened up with the Open Skies initiative.

AIRLINE RECOVERY PROGRAMME.

With the unfolding and deepening of the global economic crisis, Malaysia was quick to respond to the difficulties faced by the airline industry. In March, in line with the Government's Economic Stimulus Plan, MAHB launched the Airlines Support Programme for airlines offering a 50% rebate on landing charges for all airlines operating from Malaysian airports for a period of two years, effective 1 April 2009.

Following this, even though there were already signs of recovery and traffic had stabilised, we felt it was prudent to support our partners in the aviation fraternity to promote traffic growth and speed up the recovery process. Thus, on 18 November, MAHB further complemented the Government's

stimulus plan with the launch of its Airline Recovery Programme (ARP), effective 1 January 2009, for a period of three years. Under the ARP, new airlines flying into airports with a strong market base such as KLIA, LCCT-KLIA and Sultan Abdul Aziz Shah Airport in Subang, will receive an incentive payment of RM10 per inbound passenger for the first 12 months of operations. A higher incentive payment of RM25 per international inbound passenger will be given to all new airlines on international routes flying into all other airports as a measure to help promote tourism in the other states of Malaysia. These new airlines also enjoy a waiver on landing fees for three years for each new service operated. Also included is free office rental at the airport for six months.

Existing airlines are also entitled to incentive payments under the ARP. Using 2008 passenger load volume as a base, a tier-based incentive scheme offers RM10.00 per passenger for the first 10% growth, RM12.50 per passenger for the next 8% growth and RM15.00 for all additional passengers above 18%.

MARKETING ACTIVITIES. It has always been an important part of MAHB's marketing strategy to make its airports an attractive proposition for all airlines. We have worked extremely hard to keep our cost base low so that airlines can enjoy some of the lowest airport

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

charges such as landing and parking fees, in the region, if not the world. At the same time, we continue to work closely with the offices of Tourism Malaysia and our embassies abroad to jointly market Malaysia as a tourist destination. Our marketing teams have also been busy presenting proposals, inclusive of route analysis, to targeted country missions and airline offices all over the world. We continue to maintain a high profile through aggressive media and advertising campaigns in the leading trade publications such as KL Lifestyle, Airport World magazine, Official Airline Guide (OAG) and the official publications of the World Route Development Forum (Routes) and ACI World Airport Directory.

Our participation at the various aviation conferences and meetings continued to be fruitful, proving to be useful avenues to network and explore potential market opportunities. After hosting the highly lauded Routes KL 2008, MAHB hosted another prestigious event, the Airports Council International (ACI) World & Asia Pacific Conference and Exhibition, held in Kuala Lumpur from 2 – 4 November. Dubbed the Voice of the World's Airports, ACI is the only worldwide association of airports, and serves to represent the interests of airports and promote professional excellence in airport management and operations. Some 600 representatives from 67 countries attended the meeting, which served as a platform

to discuss and debate prospects and strategies.

MAHB also participated in the 15th edition of World Routes held in Beijing, China. The Malaysian exhibition pavillion, set up in a collaborative effort with the Sabah Tourism Board and KLAS, attracted its fair share of visitors. MAHB was also represented at the regional Routes meetings held in Hyderabad, India and Prague in the Czech Republic. We also formed part of the delegation led by Tourism Malaysia to participate in the World Travel Mart 2009, the world's biggest trade and consumer travel show. MAHB also had an exhibition booth at the IATA Schedules Conference, and held a series of meetings with various airlines to discuss the northern summer schedules and explore new route opportunities.

Moving forward from the corporate restructuring exercise, MAHB is taking a more proactive approach in its business development pursuits and airline customer relationships. We are taking a more aggressive stance to uncover route development opportunities and maintain a high profile in the marketplace, notably in the global aviation community. With the changing aviation landscape and proliferation of the low-cost travel segment, we are responding to the new market dynamics with a raft of strategies and initiatives, among which includes the launch of a travel portal and the repositioning of KLIA and the other airports.

AIRPORT POSITIONING & BRANDING.

As an integral part of the group's marketing strategy to 'sell' Malaysian airports to the world, we are reinforcing the positioning and





branding of our international airports, building on their respective strengths and their unique offerings.

For KLIA, we are banking on its route development potential by focusing on linking the new generation airlines to the network carriers. Targeted routes include the Chinese, Indian, Middle Eastern and Southeast Asian markets where there are still a number of unserved markets.

With its combination of history and magnificent beaches, the resort island of Langkawi needs no introduction, being touted as one of the most beautiful islands in the world. MAHB is focusing on its key strengths to tap into high potential inbound leisure markets from India, China and Russia. We are also looking into long-haul charter opportunities from Europe.

As a tourist destination, Penang is already well known to the world as the 'Pearl of the Orient'. By exploiting its already high traffic flow, the Penang International Airport is ideal to provide higher frequency to other regional destinations, serving both the leisure and business market sectors as well as domestic and international routes.

Our strategy for the Kuching International Airport (KIA) is to improve its network by gaining access to more hubs, and exploring new domestic route opportunities intra Sarawak and

Sabah as well as Peninsular Malaysia. We are also focused on developing new international routes, with an eye on the Australian market in particular.

We aim to develop the Kota Kinabalu International Airport (KKIA) into a regional hub. To achieve this, we will focus on new air services from Australia and North East Asia, specifically Japan, Korea and China. By virtue of its geographical location, KKIA is well positioned to tap into the Philippines and Indonesian markets, where there is a huge traffic of foreign workers seeking employment within the region. By developing direct services to these destinations, we can establish KKIA as another regional hub.

LCCT-KLIA EXPANSION. To set the record straight, the LCCT-KLIA was built as a temporary facility to accommodate the requirements of AirAsia. The design of the terminal was also based on AirAsia's business model that required no aerobridges, no bussing facilities, dedicated check-in counters and dedicated baggage system. At 31,601 square metres (sqm), the original LCCT-KLIA was designed with a capacity to handle 10 mppa, which according to AirAsia's projection, would only be reached by around 2010.

However, three important developments have since altered this earlier projection. Firstly, AirAsia managed to secure more international

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

rights than initially expected. Secondly, the routes rationalisation exercise provided the low-cost carrier with more domestic routes. Thirdly, AirAsia expanded its business model to include wide-body aircraft for its long-haul operations, which was not in the original plan in designing the terminal.

To accommodate AirAsia's accelerated growth of over 10 mppa by 2008, expansion plans for the temporary terminal were brought forward three years ahead of schedule at a cost of approximately RM170.0 million. With the completion of the expansion programme in November 2009, the total floor space has been expanded by 103% to 64,067 sqm, reducing the problem of congestion and improving the ambiance and total airport experience for passengers. The expanded terminal has the capacity of handling up to 15 mppa. Allocation was also made to increase the area allocated for commercial activities, thereby increasing the range of shopping and food and beverage offerings to travellers.

To alleviate the problem of congestion, MAHB has appealed to AirAsia to open up more check-in counters and to provide additional ground staff to take charge of baggage handling as there are now six carousels at the arrival hall instead of only two previously.

AIRPORT DEVELOPMENT PROJECTS.

The airport on the popular island resort of Pulau Redang has reopened for operations on 16 April 2009 after undergoing development works to accommodate the new ATR-72 aircraft fleet. The scope of work included the extension of the runway and parking apron and construction of a temporary terminal building.

The Batu Berendam Airport at Melaka, now known as the Melaka Airport, underwent a RM131.5 million redevelopment project to construct a new terminal building catering to 1.5 mppa, extension of the runway to 2,135 metres to accommodate larger aircrafts, widening of the parking apron and construction of other related facilities. It resumed operations on 5 May 2009 and was officially launched by Y.A.B Prime Minister on 4 February 2010.

FACILITIES UPGRADING. Hampered by age and obsolescence, the CCTV system at KLIA is being upgraded in stages to cater to the operational needs of the airport as well as for enhanced security coverage. When fully implemented by October 2011, the new system will support over 2,000 CCTV cameras installed at high-security areas, which includes the Main Terminal Building (MTB), Contact Pier, Satellite Building, area reserved for VIPs, short-term car park, runways and control towers, to name a few examples.

Besides being used to boost security, the new CCTV system will form an integral part of the total airport operation. It will be utilised to monitor both incoming and outgoing flight movements, passenger flow at the terminals, crowd control and baggage operations. The system will also serve multiple users such as the Security Operation Centre (SOC), Back-up SOC, Airport Operation Centre, Flight Operation Centre, Immigration, Customs and Police departments.

Apart from increasing coverage, the new system also incorporates new functions such as surveillance analytics that enable incidents to be automatically detected by cameras, thereby alerting the operators. A combination of digital video and digital real time recording will help ensure 100% performance regardless of the location of the devices. The recorded video can also be stored for at least 45 days.

To provide more value-added services to travellers, MAHB has introduced a Flight Information Speech System (FISS) called 'KLIA 1Touch'. The number is 03-8776 0888. This is a self-service interactive voice response facility to provide callers with flight information. In another initiative, about 3,100 units of landside and 830 units of airside baggage trolleys at KLIA have been purchased, while 880 more of the

airside trolleys have been purchased. While this may seem too trivial to be included in this report, we believe that it is not only the big things that matter, but also the small details that can go a long way towards making a difference.

A MEASURE OF OUR SUCCESS. In striving to be world-class, MAHB has settled for nothing short of excellence in all spheres of its business. During the year, MAHB received no less than 12 awards in recognition of operational efficiency, customer satisfaction, corporate responsibility and corporate governance.

Particularly rewarding is the Distinction Award bestowed on MAHB in the Malaysian Corporate Governance Index 2009. Investors in Malaysia are increasingly embracing the importance of good corporate governance. Foreign institutional investors, in particular, place a premium on this. I believe that the steady improvement in our corporate governance ranking was instrumental in the increase in our foreign shareholding from just 2% in 2004 to almost 9.98% as at 17 March 2010.

Another award that we particularly cherish is the Eagle Award for Best Airport received from the International Air Transport Association (IATA). The award was given to MAHB in recognition of its outstanding

performance in customer satisfaction, cost-efficiency and continuous improvements. The award also acknowledged the role MAHB has played as a key partner to the airlines in helping alleviate the impact of the economic downturn on the airline industry, through its rebate and incentive programmes. We are especially proud of this award as IATA is the largest association of airlines, accounting for about 90% of the world's passenger market.

CERTIFICATIONS. As MAHB continues to expand in terms of meeting the challenge of ensuring a safe and healthy work environment, consideration must be given not only to the well-being of its employees, but also to the general public using its facilities as well as the thousands of contractors and their workers who collectively make our system of airports a source of pride to the nation. This is also fully in line with 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.

MAHB has adopted the Safety Management System (SMS) as a systematic and comprehensive approach to reduce threats to aviation safety. This is in line with the directive of the Department of Civil Aviation (DCA) for all Malaysian airports to

implement the SMS as required by the International Civil Aviation Organisation (ICAO). In October last year, all five international airports were SMS certified, making them the first in Asia to adopt the SMS. The SMS certification is a testimony to our commitment to ensure the highest level of safety across our system of airports in full compliance with the ICAO requirements. The focus has now shifted to our domestic airports, whereby the Bintulu, Sandakan, Limbang, Sibu and Alor Setar Airports have all been identified for certification by 2010.

MAHB continued to make progress in obtaining Aerodrome Certification by the DCA. The five international airports have already been awarded Aerodrome Certification, but MAHB aims to have all its domestic airports certified as well. During the year, the Kuala Terengganu and Ipoh airports received their certification from the DCA.

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

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MAHB is one of the pioneers amongst airports in supporting the green movement. From its conception, KLIA has been designed as an eco-friendly airport. Our commitment to environmental sustainability is manifested in KLIA's certification to Green Globe since 2004, the premier global certification for the travel, tourism and hospitality industry. Green Globe has three levels of certification: Bronze (benchmarked), Silver (certified) and Gold. After meeting the prerequisite five continuous years of certification, KLIA has been elevated to the Gold level.

During the year, MAHB strengthened its resolve to go green with the accreditation of KLIA to MS ISO 14001:2004, the internationally recognised certification of an Environmental Management System (EMS) in place. The three international airports at Penang, Kuching and Langkawi have started the process to obtain Occupational Health & Safety Advisory Services (OHSAS) and EMS certification. The auditing stages have been successfully completed, and the airports expect to receive their certification by early 2010.

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

safety at the workplace.

Various training programmes were conducted throughout 2009, inclusive of OHSAS awareness training, OHSAS internal audit training, Hazard Identification, Risk Assessment and Risk Control (HIRARC) training, Legal Requirement training, First Aider Advanced training, Competent First Aid Trainer training, Incident Notification and Investigation training, Personal Protective Equipment training and Basic CPR & First Aider training.

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

AIRPORT EMERGENCY EXERCISES.

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

period when a full-scale exercise is held. During the year, a total of seven airports conducted full-scale exercises while another 12 airports conducted partial-scale exercises. In the lead-up to LIMA '09, the Langkawi International Airport successfully carried out a full-scale exercise on 28 October.

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

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



AIRPORT SERVICE QUALITY (ASQ)

PROGRAMME. The ASQ programme is the world's largest airport customer satisfaction benchmarking programme, with over 130 airports in more than 45 countries surveying their passengers every month of the year.

The programme is tailored for airports of all sizes and provides insights and comparisons of service performance of participating airports from all over the world.

Under this programme, KLIA was picked as the World's Best Airport under the 15 to 25 mppa category for three consecutive years, beginning 2005.

In 2008, we participated in the ASQ programme under a higher passenger category, but if you recall, it was decided by mutual consent that KLIA's results be excluded from the annual ranking, as its scores could not be replicated in the ASQ results.

The 2009 results have placed KLIA fourth in the 25 to 40 mppa category. The lower scores assigned to KLIA in the 2009 survey as compared to earlier years were mainly due to the lower rankings received for the LCCT-KLIA. As explained earlier, the original LCCT-KLIA was constructed to suit the no-frills business model of the low-cost carriers and predictably, its comfort level was lower than that of KLIA's main terminal. Improvement and expansion works have since enhanced the ambiance and

comfort level and this has been borne out by the results of the survey, which show the higher scores assigned to the LCCT-KLIA in the post expansion survey.

I would also like to point out that KLIA is the only airport in the world that has included its LCCT as part of the ASQ survey programme. Our LCCT is also one the largest in the region, and handles about 44.1% or KLIA's total passenger traffic. Passengers surveyed do not take all this into consideration nor the fact that LCCT as the name suggests, are designed to suit a particular no-frills business model.

By contrast, the IATA Eagle Award was specifically instituted to honour airports and air navigation service providers that provide quality service and value for money, to their airline customers. Winners are selected by a neutral and independent panel of experienced individuals who come from the aviation industry. Under the ASQ programme, KLIA's service performance is evaluated by passengers based on their personal perceptions and experiences.

COMMERCIAL OPERATIONS

It has always been MAHB's objective to grow the non-aeronautical sector of its business activities so as to maximise

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revenue. Non-aeronautical revenue grew by 63.40% over the past five years, and now constitutes 51.71% of our revenue base. This has enabled us to offer airlines operating out of our airports the best value in terms of aeronautical charges, which are among the lowest in the region, if not the world. In getting more in terms of commercial revenue, we take the view that if we can get 50 million passengers or so who used our airports in FY2009 to spend just RM1.00 extra at our airport shops and food outlets, our revenue would have increased by more than RM50.0 million. This is more than what we can get if we were to increase the passenger service charge by RM1.00.

COMMERCIAL SERVICES DIVISION (CSD). Translating this assumption into reality has been a primary responsibility of CSD, whose bigger picture is to transform KLIA into the region's preferred shopping hub. This is encapsulated in CSD's mission statement, to be a 'Regional leader of airport commercial model as a lifestyle destination and/or commercial hub while ensuring sustainability and improving stakeholders value'. In fulfilling its mission, CSD is always guided by the adage that 'The journey begins and ends with customers in mind, delivering the best end-to-end customer experience while building capabilities and revenue'.

Consisting of Commercial Business and Commercial Operations, CSD is the main driver for retail and F&B offerings as well as banking, lounges and hospitality services. The division is also responsible for the marketing of advertising space, and the management of events and campaigns to build awareness among travellers, for the myriad of offerings available across MAHB's system of airports. To achieve the objective of increasing the average spend per passenger, CSD has to ensure that the products and services provided meet, if not exceed customer expectations so as to remain competitive, and ultimately, build a profitable and sustainable business.

COMMERCIAL STRATEGIC PLANNING (CSP) AND COMMERCIAL OPERATING PLAN (COP). Every aspect of commercial offerings has been dissected and refined under the two plans, which will serve as CSD's blueprint for development from 2009 to 2013. These plans have identified five strategic thrusts towards excellence:

- **Customer experience** – To provide the best end-to-end customer experience by solidifying all aspects that touch the customers throughout their journey
- **Products** – To provide the best product range at the right place and at the right value, depending on the demographics of each airport

- **Partners** – To create a comprehensive and well-managed relationship value chain with all important stakeholders
- **Airport Commercial Model** – To provide the basis for formulating the best commercial solutions to be applied at the relevant airport for business profitability and sustainability
- **People** – To craft an optimal structure and career passage for commercial excellence

The CSP and COP have identified three distinct phases of development for CSD over a two-year period. The focus will be on driving a customer-centric approach in strengthening internal and revenue generating capabilities, ultimately leading to improved efficiencies and higher revenue.

The following key initiatives will be implemented under Phase I:

- Map and manage five key processes to achieve total customer satisfaction
- Build and strengthen business intelligence and customer experience management capabilities through systems engineering and loyalty programmes

- Strengthen service element by coupling 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 engagement with strategic business partners
- Establish clear segregation of functions between business and operations to optimise workforce expertise and experience
- Establish airport commercial model in selected airports as pilot projects, to assess model viability

The effective implementation of these key initiatives will lead to an increase in productivity and revenue, while balancing Minimum Guaranteed Payment (MGP) with royalty, ultimately elevating the overall customer experience.

SATELLITE RETAIL OPTIMISATION PROJECT (SROP).

One of the most important initiatives in getting more out of our commercial activities has been realised through the Satellite Retail Optimisation Project (SROP). MAHB's SROP is premised upon several basic facts and assumptions. The time that

passengers spend in airport terminals is actually increasing, and a good retailing environment can go a long way to enhance the passenger experience and increase satisfaction. According to a passenger research study conducted by a retail consultant, some 95% of passengers agreed that shops add 'colour' and 'atmosphere' to airports. Over 60% of passengers planned in advance to use the shops and/or food and beverage outlets. Passengers surveyed also said that they would feel 'cheated' if there was a poor selection of shops. The survey also covered areas such as what contribute towards a positive shopping environment. These sentiments were mirrored in our own surveys conducted by CSD.

Before giving the Satellite Building a complete make-over, it was also important for us to understand how much retail space was required and identify the best locations. In this regard, it was important to have a clear understanding of passenger flows. Ideally, we would try to ensure that all passengers pass through 100% of the commercial facilities, particularly those located at the airside. We looked at the MTB and realised that a passenger could quickly check-in, immediately go down the escalator, pass through immigration and security screening, hop on to the aero-train and be at the boarding gate in the Satellite Building within 15 to 20 minutes. Given this

scenario, a large commercial space at the MTB was left idle and represented a lost opportunity to generate revenue, as the passenger flow was diverted down the escalator. Then we looked at the Satellite Building and discovered that by changing the layout and utilising the mezzanine floor, we were able to add an additional 3,000 to 4,000 square feet of commercial space. Finally, we also looked at the LCCT-KLIA. At the pre-expansion 10 mppa capacity, only 5% of the terminal area was allocated for commercial activities. Post-expansion, 10% of the terminal area has now been allocated for shops and F&B outlets. Translating these plans into reality required substantial sums of monies, but the results indicated that the money invested has been well spent. The enhancement and expansion of commercial space at the Satellite Building has already boosted commercial revenue by 12.68%.

After 17 months of renovation works and a complete make-over, the Satellite Building now sports a definitive new look that is both contemporary while remaining distinctively Malaysian. Overall retail and F&B space has been expanded by 50% spread over the passenger and mezzanine levels, paving critical paths for avant-garde lines and products, promoting better accessibility and the introduction of an entire new range of world renowned brands. These enhanced features encourage travellers

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to explore the four wings of the Satellite Building, thus improving sales opportunities.

The passenger level houses several spacious outlets selling a merchandise mix consisting of duty-free items, perfumes, cosmetics, fashion and accessories. There is something to tempt every traveller – from the basic to high fashion brands, with offerings from the likes of Cuffz, Axzezz, Hugo Boss and Bvlgari. Travellers are also spoilt for choice browsing through a compelling display of various products that include chocolates, confectionery, handicrafts, books, magazines and souvenir items. All these are available at very attractive prices to have a real impact on passenger spend levels.

Much innovation and creativity has gone into the transformation of the mezzanine floor through the ingenious use of floor slabs to expand the F&B floor area. Travellers have an array of delectable selections to choose from, sticking to international staples such as Coffee Bean & Tea Leaf, O'Brien's, Starbucks, The Olive Tree and Burger King. The alternative is authentic local cuisine offered by the Satay Club, Malaysian Recipe Café, Kopitiam and Malaysian Street Food @ Jalan Alor.

The range of facilities includes a Bureau de Change, movie lounges and a reflexology centre. And for those who cannot be tempted into shopping or

dining, there is a jungle trail located at the focal point of the Satellite Building. This presents a rare opportunity for overseas and even local travellers to experience first-hand what it feels like to be in the midst of a tropical rain forest.

SHOPPING & PROMOTIONAL CAMPAIGNS. Advertising and promotions are integral to the shopping experience, and MAHB is expending a great deal of effort in making our campaigns memorable. The KLIA Shopping Campaign 2008/2009 featured a unique combination of three shopping contests within an ultimate contest, when the grand prize of a luxury car worth RM420,000 was up for grabs. A total of RM2.7 million worth of prizes were offered during the year-long campaign. The campaign drew an overwhelming response of more than 150,000 entries, 55% more than the projected numbers at the start of the campaign.

Adding to the excitement was the launch of iStyle KLIA, an innovative way of showcasing the best of what is available at KLIA. The fashion showcase and competition was a first for MAHB, and served as a platform for participants to show off their creativity by designing a desired look using fashion products available at KLIA. Six teams were selected from 33 group applications of young designers, studying at local fashion and design



institutions in the Klang Valley, to vie for this chance of fashion glory. MAHB is very appreciative of the involvement of some of Malaysia's fashion icons, who as consultants or judges, or by their mere presence, helped make iStyle KLIA the success it was.

In other airports, the Kota Kinabalu Airport (KKIA) kicked-off the year with the inaugural launch of KKIA Shopping Campaign on 20 January. Themed 'KKIA Spend & Win', retailers and F&B operators supported the campaign with special offers and attractive discounts. Shoppers at the brand new airport also stood the chance to win the grand prize of RM30,000. More than just a physical change, MAHB is changing the overall passenger experience at the KKIA. Shopping campaigns are definitely here to stay, helping to transform KKIA into a shopping and dining destination not only for travellers but also town folks.

ERAMAN MALAYSIA. MAHB's own retail arm, ERAMAN Malaysia, continued to maintain a significant presence in the airport retailing business with more than 30 outlets distributed across the Group's five international airports and the Labuan Airport. For FY2009, revenue generated by ERAMAN Malaysia grew by 15.32% mainly due to the higher passenger traffic. The commencement of operations of the new duty free emporiums at the departure and arrival halls of the LCCT-KLIA also provided

a healthy boost to turnover. ERAMAN Malaysia's first full scale F&B venture has also come into fruition, when the popular homegrown fast-food franchise, Marrybrown, commenced operations on 13 March. As a measure of its success, ERAMAN Malaysia was proclaimed the winner of the Best New Confectionery & Fine Foods Store category at the Duty-Free News International Awards 2009. The award was in recognition of the innovative Kidz Smart Tunnel located at the Contact Pier.

AN AGENDA FOR CHANGE

Change is always a challenge to any organisation. Yet the ability to change and adapt to rapidly shifting demands is central to the very success of an organisation. A key to success, therefore, is effective change management. MAHB's Continuous Improvement Programme (CIP) and GLC Transformation Initiatives focus on two perspectives: those implementing the change and the recipients of change.

Empathy and support from top management and perseverance are some of the critical elements required in managing change effectively. At MAHB, these critical elements are evident in the willingness of management to assign capable personnel to fully concentrate on implementing the

initiatives, and also in the time allocated by management to review the progress and provide the money needed to implement the improvement effort.

Effective communication is another factor for managing change effectively. We believe that clear and frequent communication is the key to dissipate uncertainty and fear, which is natural in environment undergoing change. We removed what could be stumbling blocks by encouraging our employees from all levels to share their ideas in the process of finding potential improvement opportunities. In this way, we also engendered a sense of ownership in the change programme.

GLC TRANSFORMATION JOURNEY.

MAHB is now into Phase 2 of its transformation journey, which is focused on building capabilities and sustainable results. In 2009, a total of 70 strategic transformation initiatives under the Yellow, Silver, Red, Blue, White and Orange Books were implemented. Phase 2 also saw Lean Management adopted throughout the group in early 2009 as the most appropriate tool to ensure long-term sustainable improvements. Lean Management, simply known as Lean, is a fusion of Japanese and American management principles focusing on the reduction of waste, inventory and customer response time. Under the CIP, a total of 41 Lean initiatives were successfully carried out, generating total savings

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of RM10.7 million. Of this amount, 84% was generated within KLIA's operations. Apart from the monetary gains, we have also observed a significant process and behaviour change among employees since the implementation of Lean improvement initiatives. This is all part of the change process as employees rid themselves of old ways and embrace the new. Encouraged by the results obtained so far, some of the best initiatives from the pilot Lean project at KLIA have been replicated in the other international airports.

In April 2009, MAHB set up a Lean Operation Centre located at KLIA, with 14 full-time Lean practitioners to inculcate the Lean culture throughout the company. We started out by first ensuring that all our employees fully comprehend the importance of Lean at work and in their daily lives. They were also taught how the application of Lean principles could impact the company in terms of profitability, viable cost savings and continual process improvements. Lean activities initiated during 2009 included the launch of Lean bulletins to promote awareness, knowledge sharing sessions facilitated by Lean practitioners, participation at the innovative creative circle attended by representatives from organisations that apply Lean principles in their culture, and a visit to SIRIM for a first-hand account of its Lean journey.

The Lean concept in the CIP and GLC transformation programme has adopted the Six Sigma approach in the DMAIC (Define, Measure, Analyse, Improve and Control) phase. As a first step, planning and implementation teams are formed; leaders and a chairman are then appointed to mobilise acceptance and to implement and sustain improvement. Aligning the business goals across the group will be the next step. This will ensure that MAHB and its subsidiaries are all moving together in the same direction. Then, we identify or create consistent measures to track aligned business goals and to gauge the effectiveness of the CIP programme. The last step of the programme will be to align the CIP activities to the group's vision and mission.

Inculcating a culture of continuous improvement and proactive change will not happen overnight. It calls for perseverance, diligence and hard work. But look at how far MAHB has come over the years. The awards and accolades we have received speak volumes. From just an operator of airports within national boundaries, we have spread our wings to the international marketplace. To have achieved all these whilst we are still on the transformation journey indicates the bright future that lies further down the road for MAHB.

COST CONTROL INITIATIVES.

Another key initiative that was launched is Value Management (VM). It is a systematic approach to improve value and optimise the cost of facilities, systems, procedure and project without compromising its functions and performance. It has proven to be a powerful management tool in optimising capital expenditure planning. In 2009, a total saving of RM32 million was achieved through this methodology.

Other tools at our disposal include value creation procurement practices that focus on cost savings and more efficient cycle times. Through the implementation of value creation procurement practices including e-bidding, we have achieved savings of almost 10.0% of operational expenditure. E-bidding facilitates online bidding for price competition but it has to be followed up by negotiations to obtain better contractual terms other than purely monetary gains. The year in review also saw the implementation of the Corporate Purchasing Solution. Known simply as the P-card, it was initially introduced for the centralised purchase of stationery items for the Group. This has reduced the cycle time of the end-to-end process by about 50% - 70%. Other areas that we looked into include the reduction of overtime and more efficient airside trolley management. By improving productivity

and operational efficiency in these two areas, we have generated cost savings of RM2.15 million and RM2.60 million respectively.

SIMPLIFYING THE BUSINESS (StB).

Sponsored by IATA, StB is an industry-wide change programme that began in 2004, its primary objectives being to lower costs, save time, increase accuracy and improve customer service. The changes introduced by StB are exactly what the industry needs to respond to a more competitive operating environment. It allows airports, airlines, air cargo industry, as well as passengers to enjoy seamless processes, greater efficiency and greater control.

MAHB and Malaysia Airlines have taken a leadership role in driving StB initiatives in Malaysia having signed a Memorandum of Understanding with IATA. KLIA is one of the few airports to implement the majority of the StB projects, namely, e-ticketing, bar coded boarding passes (BCBPs), baggage improvement programme (BIP) and e-freight, an initiative more relevant to the airlines.

One of the StB's earliest initiatives, electronic ticketing has consigned the paper ticket to history. In June 2008, the industry moved to 100% e-ticketing. Aside from substantial cost savings for the industry, passengers also benefit in

terms of not having to worry about lost tickets and itinerary changes can be made more easily.

BCBPs offer more choice for passengers in managing the check-in process. Passengers can opt for conventional check-in, or use the common-use self-service kiosks at KLIA or access off-site check-in facilities using airlines' systems via the Internet or mobile devices. Four Malaysian airports – KLIA, Penang International Airport, Kota Kinabalu International Airport and Kuching International Airport have been awarded platinum status by IATA for the implementation of BCBPs.

The BIP addresses all causes of baggage mishandling, introducing solutions that can cut industry-wide mishandling by 50% by the end of 2012. KLIA was one of the pilot participants in BIP.

INNOVATION THROUGH

COLLABORATION. Technology and in particular Information Technology (IT) will continue to play a vital role in shaping the future of the aviation industry. No one wants to miss out on a good thing and we are as enthusiastic as can be on technology. Technology is the main change agent and the great leveller in today's competitive environment and it would be a serious oversight on our part not to take advantage of technological advances

where it suits our needs. In this regard, we are continually optimising the cost and quality of our IT services, aligning IT activities with the Group's business strategies. Working as a partner to the aviation industry, MAHB has implemented various IT-based initiatives such as BCBP and Common Use Terminal Equipment (CUTE). The CUTE system has been commissioned at Kota Kinabalu International Airport and Kuching International Airport to expedite the check-in process.

IT has also been harnessed to facilitate process improvements across the group:

- **HR Shared Services.** Shared services functions are being implemented for the Human Resource Division to deliver better values to MAHB employees.
- **Business Intelligence (BI).** The BI function is being introduced to CSD to provide better insights to the business to enhance revenue for the group.
- **Security Surveillance.** MAHB is in the process of upgrading its surveillance system to enhance security at the KLIA. The video analytics and increase in the number of CCTV cameras will provide better coverage and visibility.

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- **Improved Operational System.**

The Operational Information System (OIS) has been upgraded to enhance the operational services. The OIS has been developed using a Services Oriented Architecture that interfaces with the multiple systems in the Total Airport Management System.

- **Baggage Improvement Services.**

In line with the recommendations of IATA, we have embarked on the BIP that will see improvements in baggage tracking, system availability and operational efficiency.

- **Passenger Data Statistics System.**

MAHB has initiated a data collection system to capture passenger data statistics in order to project trends and passenger traffic growth at airports across Malaysia.

AIRPORT COMMERCIAL MODELS.

MAHB has developed Airport Commercial Models (ACMs) 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. Five ACMs have been developed and matched with airports to be pilot projects.

LIFESTYLE AIRPORTS : A unique destination.

KLIA's MTB Retail Optimisation Project (MTB ROP) and the KKIA would fall under this classification. At KLIA, plans are underway to provide travellers with a brand new airport experience. Under Phase 1, from now until 2011, the focus will be on the refurbishment and rebranding of outlets as well as the sourcing of new strategic partners and brands. The appointment of the interior designer, M&E consultant, contractors and partners are currently ongoing. Phase 2 will commence from 2012 and is divided into three stages so that airport and business operations will not be disrupted. This phase mainly comprises renovation works and commencement of new retail, F&B and service outlets. The completion of the MTB ROP is expected to boost commercial revenue from the MTB by 36%.

KKIA is Malaysia's second busiest airport in terms of passenger traffic. In order to meet the demands of today's discerning travellers and accommodate the growing numbers in passenger movements, extensive renovation works have been carried out at Terminal 1 in two phases.

Phase 1 has been completed and operations have commenced as of 19 August 2008. This phase has seen the introduction of various shopping and dining outlets offering duty-free goods,

chocolates and confectionery, perfumes and cosmetics, accessories, books and magazines and even dried and frozen seafood which are the speciality of Sabah. On the F&B front, the offerings include Asian Delights, Starbucks, McDonalds and the uniquely Malaysian Kopitiam-restaurant.

The focus is now on Phase 2 and plans have been set in motion to mould KKIA into a lifestyle destination. The existing commercial area will be given a makeover, with the new look showcasing open concept shopping areas, high-end boutiques, and family and service-oriented designated areas. When Phase 2 is completed by mid 2010, it will also double the number of the existing retail, F&B and services outlets.

LEISURE AIRPORTS : Vibrant Hubs.

This would include the new terminal or permanent LCCT at KLIA as well as the Miri Airport in Sarawak. Plans have been in progress for the development of the commercial area within the new terminal with the aim of creating an 'Airport Within a Mall'.

From what was once a small backwater airport, the planned transformation of Miri Airport will result in improved occupancy of vacant lots as well as enhanced presentation and product offerings. The transformation plan include refurbishment, rebranding

and enhancement of core products, while blending international brand with local flavours. When completed, the commercial space at Miri Airport will be increased by 15% and commercial revenue contribution will grow by 30% to 50%.

COMMUNITY AIRPORTS : Going Beyond Passengers. Alor Setar Airport has been categorised as a Community Airport and a different development approach is required. Apart from the enhancement of retail and F&B offerings within the terminal, the focus will also be transforming the airport into a service magnet, thereby drawing the surrounding community to the airport.

CORPORATE RESPONSIBILITY AIRPORTS : Enriching Society.

As Mulu Airport is already a tourist destination, its commercial development will focus on meeting customer baseline needs and enhancing the customer experience. This is expected to increase commercial revenue at the airport by 32%.

The development of commercial models at Miri, Alor Setar and Mulu airports is expected to be completed by April 2010. In 2010, MAHB will focus on the transformation of the Penang and Kuching International Airports into Lifestyle Airports; Langkawi International Airport and Sibul Airport into Leisure Airports; and Bintulu and Labuan Airports into Community

Airports. Quick wins and business development initiatives introduced in the past year at Labuan Airport have helped propel Labuan into the Community Airport category. Since these initiatives were launched, there was a 64% increase in retail and F&B sales, while sales per passenger rose by 86%, as compared to the previous year.

NEXT GENERATION HUB. In 2008, MAHB commissioned a survey to look into KLIA's strategic direction in light of the structural changes to the airline industry. From the more than 14,500 respondents it was clear that passengers saw KLIA as a connecting hub. We further redefined the hub concept to keep up with current travel trends and cater to a new generation of technology-savvy travellers.

Today's passengers are presented with numerous options from full service carriers, LCCs, various routings, prices and so on. The best option could be a combination of a full service carrier and an LCC. However, selecting the best combination of carriers, routing and pricing was not easy as there was no single portal available to travellers. MAHB has changed all that with the launch of the world's first Next Generation Hub (NGH) on 18 August, which among others, empowers passengers with the capabilities to plan a flexible itinerary according to their individual needs.



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KLIA's positioning as an NGH will empower passengers to choose their travelling options to fly through KLIA. In turn, this will increase the potential for passenger growth, at KLIA and also the 'spoke' regional airports in Malaysia. When the NGH programme is fully implemented, passengers will be able to connect seamlessly with all types of carriers, including full service carriers and low-cost carriers to all destinations served from KLIA.

KLIA is well positioned to be an NGH as it offers the biggest volume of routes and traffic carried by the 'new generation' airlines that include the LCCs, making it a market leader in this sector within the Asia-Pacific region, if not globally. Furthermore, KLIA was designed and built to facilitate traditional hub operations, serving the network and alliance based carriers.

For a start, MAHB has launched www.flyklia.com, a web portal which provides an itinerary builder that integrates all airline schedules and fares. The portal empowers travellers with the ability to generate multiple itineraries from the various combinations of flights and fares from both full-service and LCCs at the touch of a button. Being easy to navigate, the portal takes away all the hassles of planning a trip.

The portal will be continually enhanced and MAHB is already looking at adding other features for the next phase of development. This will include a hotel booking engine that will compare prices for hotels inside and outside Malaysia and an Airport Frequent Connector Loyalty programme, aimed at rewarding frequent travellers of KLIA.

MAHB is branding the Next Generation Hub as 'The New Way to The World'. In a world of change, MAHB is blazing a trail, showing travellers a new way to explore KLIA, Malaysia and the rest of the world.

DOWN THE ROAD

RUNWAY TO SUCCESS. In the post-restructuring phase, MAHB has developed the strategic business direction document called 'Runway to Success : Building A World-Class Airport Business 2010-2014' to chart the group's business direction and goals in moving forward. The document defines the corporate vision, mission, strategic focus and targets set over the next five years. It will be reviewed annually and further distilled into detailed business plans and annual targets to be achieved by the respective business units within the company.

Over the next five years, until 2014, the strategic focus of MAHB will be on three key areas:

- **Traffic Growth.**

There are still excellent growth opportunities due in part to the continued high growth expected within the Asia-Pacific region and the growing demand for low-cost travel. Malaysia is the hub for AirAsia, a market leader in the low-cost travel industry. Traffic growth will also benefit from the Open Skies initiative and strong government support in developing tourism. The recent launch of the NGH programme will be a key driver in route development.

- **Service Excellence.**

Discerning travellers look for the little extra a key differentiating factor that sets an airport apart from others, and the extra element is more often than not, associated with the level of service provided. MAHB's ultimate aim is to provide a high level of service to all airport users at a reasonable price with minimal impact to the environment. In this respect, facilities and infrastructures are developed to accommodate the changing needs of airlines and passengers.

MAHB will continue to implement initiatives to achieve operational

efficiency and for the comfort and convenience of passengers. Some of the key initiatives include harnessing technology to reduce passenger processing time enhancing security and safety and enabling easy access to and from our airports.

- **Commercial Development.**

Commercial development is a key profit driver and strategies are in place to revolutionise the retail experience and drive new income streams over the next five years. KLIA generates 84% of the company's commercial revenues and holds the key to future growth of the commercial segment. However, other international airports of a similar size are showing stronger performance. MAHB has therefore established detailed plans to address all aspects of the shopping experience to increase average spend per customer by 2014.

NEW TERMINAL AT KLIA. MAHB has taken on the responsibility to build and bear the cost of the new terminal that will be located at KLIA to accommodate the requirements of the LCCs. The site was selected based on the recommendations of the National Airport Master Plan, which sets out a strategic framework for the orderly development of airports in Malaysia for the next 50 years. The study also considered the development of KLIA with the inclusion of an LCCT.

We have given a great deal of thought into the planning and design of the new terminal. We have looked into all aspects of building the new terminal, with inputs from potential airlines that will be using this facility. We focused on efficient layout plans, with ample allowance made for concession areas where commercial activities will be carried out. Attention was also given to the transfer areas to facilitate ease of connections. The new terminal will be integrated with the current infrastructure at the Main Terminal Building for seamless connectivity.

With a floor space of 242,000 sqm, the terminal has been designed to accommodate up to 30 mppa, with capacity for expansion of up to 45 mppa. Congestion will no longer be an issue, as allowance has been made for each passenger to enjoy a comfort level of 30 sqm per peak hour passenger. The new terminal will also house a multi-storey car park, with parking bays for 6,000 cars and an integrated transport hub for buses and taxis.

The location of the new terminal enjoys excellent landside connection with KLIA's MTB as the two terminals will only be 1.5 kilometres apart. The two terminals will also be linked via an Express Rail Link (ERL) service. On the airside, sufficient aircraft parking bays will be constructed. MAHB will also invest in the construction of a third runway for operational efficiency.

Clearing works on site have already been completed. When operational, it will help ensure the competitive growth of KLIA to emerge as a significant hub in the region by capitalising on the two reasonably developed market segments, namely full service and an LCC.

PENANG INTERNATIONAL AIRPORT EXPANSION. The Penang International Airport will be expanded as part of the Government's RM60.0 billion fiscal stimulus package. The expansion of the airport is an important component of the Northern Corridor Economic Region blueprint and is expected to boost the island state's economy by attracting more tourist arrivals.

The RM250.0 million expansion programme comprises the extension of the domestic wing, departure and arrival corridors as well as the departure curb side. The allocation will also allow for façade improvement, installation of an in-line baggage screening system, and the upgrading of airside and landside facilities. This upgrading project is expected to begin in June 2010 for targeted completion by end of 2011.

THE MAKING OF AN AEROPOLIS.

KLIA sits on 22,156 acres of land, of which 6,000 acres have already been developed for existing runways, terminal buildings and other support facilities. The remaining 16,000 acres

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

have been earmarked for future airport expansion programmes, commercial development, recreational activities, or set aside as green areas and buffer zones.

With so much undeveloped land at its disposal, MAHB has embarked on a land development strategy to increase KLIA's non-aeronautical revenue. The development blueprint is set to transform KLIA into an Airport City and a major regional aviation hub for the Asia-Pacific region. We envision KLIA to be more than just an airport, but also a destination, an international meeting place, a magnet for manufacturing services and people-attraction activities. The development will take the shape of a well-balanced, self-sustaining, multi-functional development that we call KLIA Aeropolis.

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

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

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

MALAYSIA INTERNATIONAL AEROSPACE CENTRE (MIAC).

Malaysia International Aerospace Centre (MIAC) is a key Government initiative to fulfill the aspiration for transforming Malaysia into a global aerospace nation by year 2015. The National Aerospace Blueprint launched in 1997 identified Sultan Abdul Aziz Shah Airport in Subang as a strategic location to develop the aerospace industry through the establishment of an international aerospace park. MAHB was tasked by the Government to manage the development of MIAC leading to the establishment of MIAC Sdn. Bhd. on 20 April 2007 as a wholly-owned subsidiary of MAHB to spearhead the project.

The development of MIAC gathers the aerospace industry's users and manufacturers into clusters with six main core activities:

- Maintenance, Repair and Overhaul
- Helicopter Centre
- General Aviation Centre
- Aerospace Training Centre
- Aerospace Technology Centre
- Commercial Support

Since its launch, MAHB has received numerous applications from various

aviation related companies to establish their aerospace business facilities at MIAC. However, in view of the heavy demand and constraints on suitable space, MAHB was only able to initially accommodate the fully established and operational companies.

There are already 10 aircraft hangars established at the centre that caters to the MRO activities. Other companies established in the MIAC are engaged in a range of aviation-related activities including aircraft components assembly, avionics maintenance repair and overhaul, helicopter sales and refurbishment and corporate jets operations and maintenance. There are also various other international and local companies operating in collaboration with MAS and AIROD which are also part of MIAC.

Amongst the achievements of MIAC are the redevelopment of Terminal 3 named Skypark Terminal as a corporate jet and general aviation hub which is also used by Firefly and Berjaya Air to connect Sultan Abdul Aziz Shah Airport to various domestic and regional destinations. Other initiative include the establishment of Spirit Aerosystems' first aircraft components and aero structure assembly facility outside USA and Europe, and MIAC assisted entry and growth of flying schools in the country. The future development plan of MIAC that includes a helicopter centre, light aircraft parking and

operation centre and the establishment of an aeronautical training institute is on track and shows a strong promise to be an international aerospace hub in the near future.

ACHIEVING MORE

The coming financial year already holds the promise of being a better year. I remain optimistic about the prospects of the aviation industry and MAHB for the following reasons:

- Malaysia enjoys a strong inbound tourism market and a well-travelled domestic population of 28 million
- The country is strategically located at the heart of the ASEAN region, with a fast growing population and propensity to fly owing to regional integration. Both regional and long-haul markets are served by our airports, and this provides a good balance in times of economic weakness
- Malaysia's low cost carrier offers lower fares and attracts more passengers from across the region because its cost structure is amongst the lowest in the world
- Malaysia Airlines Berhad has made a turnaround, thus becoming a very competitive airline that attracts passengers to fly with them

- ASEAN Open Skies programme and liberalisation of the travel industry will increase point-to-point traffic throughout the region, and our smaller airports will benefit from this development

FY2010 is already shaping up to be a promising one. The global economy is on the road to recovery and this will have a positive impact on the aviation industry. Early figures suggest that globally, both passenger and cargo traffic are picking up. With improving domestic and external demand, the Malaysian economy is expected to grow by between 4.5% and 5.5% in 2010. All this translates into a year of achieving more for MAHB.

It has been an exhilarating journey so far, but MAHB has still some distance to go. With the Runway to Success pointing the way, and if we all continue to work together in the spirit of 1Malaysia, we are well on our way to becoming a World-Class Airport Business.

ACKNOWLEDGEMENTS

The past year has tested the professionalism, perseverance and mettle of our management team and staff. Despite these trying times, our people have proven they are up to the challenge of managing change and they are to be commended.

We also attribute MAHB's success over the years to the good relationship we have established with all our partners at the airport like the airlines, retail and F&B operators, ground handlers, customs, immigration, police and many more. They were instrumental in our efforts to bring MAHB to where it is today.

The immense and complex task of MAHB's corporate restructuring exercise was the result of a great deal of hard work, commitment and understanding by the various parties involved. We thank the Government and the various ministries and agencies with whom we worked so hard and so closely together so that we might bring this plan to its happy conclusion.

Last but not least, I thank our shareholders and the millions of customers who pass through our airports, for their loyalty and recognition of all our efforts. It has been a privilege to serve them.

Please accept my sincere gratitude and appreciation.



TAN SRI BASHIR AHMAD BIN ABDUL MAJID
Managing Director

CORPORATE RESPONSIBILITIES



THE FOUR PILLARS

Over the years, Corporate Responsibility (CR) has changed in meaning as well as practices, and MAHB has responded to the new imperative through action and deeds. In this age of a new consciousness, corporations are expected to do more than maximise shareholder value. It is also about doing it in a responsible and sustainable manner to meet today's needs, without harming future generations. Corporations are now expected to perform well in non-financial areas such as human rights, employee welfare, customer service, business ethics, environmental policies, corporate contributions and community development.

Our dedication to sustainable business practices is now enshrined in the Group's Sustainability Policy. Taking our directives from the Silver Book Guiding Principles, our CR objective is to be a functioning part of the community in which we operate. In this regard, the Group's CR initiatives rest on four main pillars: Community Development; Marketplace Development; Workplace Development and Environmental Sustainability.

COMMUNITY DEVELOPMENT.

MAHB has long realised the importance of planting roots deep into the various communities in which we operate. Through our various outreach programmes and donations to worthy causes and charitable organisations, we have touched the lives of millions of Malaysians. This spirit of caring and sharing has cascaded down throughout the Group, with many of our subsidiaries having their own community development programmes. Malaysia Airports (Sepang) Sdn. Bhd., for example, has donated to various orphanages and mosques in the country, and to victims of natural disasters in China and Myanmar. PPKLIA has also participated in a wide range of community projects, from donating provisions for those living at the fringes of society to providing medical services when and where it is needed. At festive occasions, we have also taken care to ensure that the orphans, aged and other less privileged members

of society are not forgotten. The MAHB 'Open Houses' have become a regular fixture on our corporate calendar of events, with the Chairman and Managing Director personally hosting these events. But more than just material goods or money, our people have also given generously of their time and energy to participate in 'gotong-royong' or self-help community projects. They have also turned up in force at blood donation campaigns that are organised from time to time.

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

the end of 2009, MAHB will move on to adopt other schools providing the same opportunities for young minds to discover their true potential and explore a world of possibilities.

Looking at the bigger picture, certain aspects of MAHB's community development efforts must be viewed in the context of serving the nation's interest. The 18 Short Take-Off and Landing Airports (STOL ports) that are in operation serve as vital lifelines for the rural communities in the hilly and remote areas, mostly located in Sabah and Sarawak. For many of these communities, the STOL ports provide the fastest access (in some cases, the only access) to the major towns, which would otherwise take several days' journey along jungle tracks or by the river. STOL ports are also necessary to bring medical supplies and assistance via the Flying Doctors, fuel, provisions and increasingly, the tourist dollar. Although small and fairly basic, STOL ports have never been an economically viable proposition, and indeed requires considerable investment to set them up and keep them running. But we see them as a vital contribution to the nation and its people.

It is always gratifying when we are acknowledged for our efforts. In the Asia Responsible Entrepreneurship Awards 2009, MAHB was honoured with the prestigious Community Engagement Award. In March 2010, MAHB won two awards at the StarBiz-

ICR Malaysia Corporate Responsibility Awards 2009 in the environment and community categories.

MARKETPLACE DEVELOPMENT.

Many important stakeholders are found in the marketplace, and these range from members of the airport community, media, business, government agencies, suppliers, customers and many others. We invest time and effort to develop a friendly and collegial relationship with the various groups.

In 2006, MAHB introduced the KLIA Awards to honour airlines and service providers at the KLIA for outstanding achievements in various categories. The collective and unrelenting efforts of the KLIA community have been a pillar of success for KLIA throughout its 11 years, and these awards are a gesture of our appreciation. More than 500 guests attended the 2009 KLIA Awards Ceremony. Meanwhile, MAHB's Media Explore Hunt has become bigger and better with each passing year. Now into its seventh year, the 2009 annual treasure hunt set a new record with 65 participating teams, and 260 media representatives. This is MAHB's way of thanking the media for the continual support and the good partnership we have shared through the years.

MAHB remains committed to helping entrepreneurs further develop their businesses at all our airports under

the Vendor Development Programme (VDP). When it was first launched in 2007, kiosks were located for budding entrepreneurs at KLIA and LCCT. Since then, we have refined and broadened the programme further, with an objective to give stable, resilient and competitive vendors an opportunity to participate in MAHB's procurement activities. Through the VDP, vendors benefit by developing niche expertise and a strong track record in the airport business, which can be built upon as they expand into other related activities.

WORKPLACE DEVELOPMENT. The CR issues addressing the workplace are wide-ranging and significant, but basically it comes down to how employees are treated at the workplace. By practising and using CR as a key tool in leveraging the company's most valuable asset, it can bring about a sense of belonging in the organisation, and at the same time inspire feelings of loyalty, encourage job satisfaction and success amongst staff.

Providing a healthy, safe and secure work environment is one of the tenets upheld in the Group's Sustainability Policy, and this comes within the portfolio of our Occupational Safety and Health Department (OSHD). Although the seeds for a Safety, Health and Environment (SHE) culture have been sown, this has to be reinforced from time to time by the SHE Committee. This committee meets

CORPORATE RESPONSIBILITIES

once every three months to discuss matters related to SHE issues so that corrective and preventive actions can be adopted. In compliance with regulatory requirements, workplace inspections are carried out on a regular basis to ensure compliance with safety standards, detect and rectify unsafe acts and conditions, as well as to measure overall safety performance. Several SHE audits were carried out in 2009 as part of an ongoing continual improvement programme.

No less than nine safety awareness campaigns were conducted throughout 2009 at all MAHB's international and domestic airports. A Health Promotion programme was also launched for KLIA to instil a sense of health consciousness among staff. All these campaigns were complemented by a series of training programmes covering a range of areas that included OHSAS Internal Auditing, Hazard Identification, Risk Assessment and Risk Control (HIRARC), Incident Notification and Investigation and Basic CPR, among others. A comprehensive First Aid Training Programme has been developed and 16 employees have received their Competency Certificates after passing the assessment tests. They will form the nucleus of a pool of trainers, who will in turn train and equip front-line and uniform staff with the essential knowledge in first-aid to cope with an emergency. The training modules have been developed for this purpose and will be rolled-out in early 2010.

MAHB continued to work closely with the government regulatory authorities such as the Department of Occupational Safety and Health (DOSH) and the Ministry of Human Resource to ensure full compliance with the OSH Act 1994. During the year, DOSH officers visited the KLIA, LCCT and the Kuching and Kota Kinabalu International Airports to carry out their inspection duties.

MAHB will continue to press ahead to improve SHE matters at the workplace. A number of initiatives are in the pipeline, including a new emphasis on reinforcing the SHE culture not only among MAHB staff but to all contractors who work within the compounds of our airports. We are also looking into the implementation of a Safety Passport System (SPS). The SPS offers an assurance that our employees and contractors have a basic knowledge of health and safety matters, enabling them to work more safely with lower risks to themselves and others.

ENVIRONMENTAL SUSTAINABILITY.

Almost every major corporation attempts to walk the green path these days, but we take pride in the fact that MAHB was among the pioneers in environmental stewardship. Our green credentials begin with the KLIA, which was designed as a green airport, built along the concept of an 'airport in the forest, forest in the airport'. However, our commitment did not stop there, and

over the years it has been manifested in our certification programmes to ISO 14000, an international specification that addresses the various aspects of environmental management. KLIA has also been awarded the Green Globe (GG) certification since 2004, and has now achieved the Gold Status.

With traction gaining for the green agenda, we have set our vision higher. It is our intention to meet, if not beat the targets set by Airports Council International (ACI) to achieve carbon neutral growth by 2020 and carbon emissions below 2005 levels by 2050. A project to map KLIA's carbon footprint was completed by the end of 2009, and this will enable us to identify areas in our operation where we can lower our carbon emissions. This exercise will eventually be extended to all our other airports.

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

We are also looking at other initiatives to incorporate environmental conservation elements into our business. Green measures will be incorporated into all future projects, including the new terminal at KLIA. As part of our Energy Savings Programme

(ESP), we are creating awareness among our employees and airport users to encourage them to optimise energy use. In July 2009, we started installing energy saving devices in KLIA's distribution networks, the objective being to save up to 20% of energy consumption. Other airports will follow suit.

Being green is not a trend. We believe it is, perhaps, the most important challenge of our time. GG has enriched our awareness of how each of us can make a difference. What businesses and individuals do really matters. MAHB is committed to making the difference.

MISSION CRITICAL : THE PEOPLE FACTOR

MAHB has a vision and a road-map that will get us there, but ultimately it is the will, discipline and commitment of our people at all levels who will determine the destiny of the Group. Our people are the heart and soul of the Group's success, and we have every confidence in their collective talents, experience and demonstrated abilities to bring the Group to greater heights. That is why MAHB has always been attentive to the career needs of its employees, providing a conducive work environment to bring out the best in our resources. We have

inculcated a culture of excellence, one that thrives on meritocracy, rewarding individuals based on their knowledge, experience, capabilities and contributions to the Group.

The continued growth of our business at home and overseas provides an unsurpassed platform for the development of our people. It is our responsibility to train and develop them so that they reach their fullest potential in fulfilment of organisational and personal goals. A key to our human resource development efforts is flexibility; our curriculum is constantly reviewed to ensure it is both relevant and cost-effective to the requirements of MAHB and the aviation industry. The success of our training programmes can be gauged by our growing external client-base, many of whom have returned for additional programmes.

For FY2009, the human capital development emphasis was in the area of certifications and in-house programmes. Under our education assistance scheme, MAHB has made it possible for four employees to pursue their undergraduate and Master's degrees in various fields related to airport management. Our training curriculum included a total of 142 internal programmes conducted by our own expert trainers at a cost of RM5.8 million. Some 4,875 employees benefited from these programmes, which were conducted at our three training centres and work sites. These training centres at KLIA and Penang are managed by the Human Resource Department (HRD) and consist of modern seminar rooms, training laboratories for automation and technical handling, a resource centre and supporting offices. MAHB's training



CORPORATE RESPONSIBILITIES

centre in Penang has been officially accredited by ICAO as a Regional AVSEC (Aviation & Security) Centre in 1991 and ACI GTH in 2007.

Airport management has been recognised as a specialised profession in its own right, and organisations like MAHB are turning to professional bodies to equip staff with the tools to deal with the complexities of today's more demanding operating environment. Specialised training courses launched in FY2009 include the Executive Diploma in Management for Sarawak Region (30 participants) and programmes offered by the Chartered Institute of Management Accountants (33 participants) and the Association of Chartered Certified Accountants (1 participant). In addition to these, the aviation industry itself has drawn up its own programmes to increase the professional knowledge and experience of airport management staff. These include the Airport Management Professional Accreditation Programme that 15 MAHB staff participated in. During the year, a total of 20 participants also successfully completed the First Aid Trainer Competency Certification programme. These 20 participants will form a team of trainers who will serve as future facilitators and field personnel.

The Malaysia Airports Training Centre (MATC) in Penang is ISO 9001:2000 QMS certified by SIRIM QAS Sdn Bhd and UKAS credited bodies since

December 2003. During the year, MATC Penang successfully trained 182 Airport Fire & Rescue Services (AFRS) and another 200 AVSEC recruits. In the continuing efforts to keep abreast of developments in the of AFRS and AVSEC, a total of 254 staff members attended local training programmes, while another 23 were sent overseas to gain additional knowledge and exposure. Such overseas stints are important to establish a collaborative network for the exchange of ideas and for our people to achieve their optimal potential. HRD has conducted a number of collaborative programmes; including nine ICAO programmes at MATC KLIA, attended by 54 participants worldwide.

Since 2008, MAHB has provided customised training programmes in airport operations for the staff of Delhi International Airport Limited (DIAL). Following the signing of a Training Agreement on Technical and Operation Services with DIAL on 16 March 2009, MAHB agreed to provide training programmes in airport rescue and fire fighting (ARFF). A total of 154 DIAL staff attended the ARFF training programmes spread over seven sessions throughout the year. These programmes were conducted at MATC KLIA and were successfully concluded in September 2009. MATC KLIA also organised and conducted two training modules in Ground Handling and Basic Passenger Services for 46 staff members from the Phnom Penh and Siem Reap International Airports in Cambodia.

SECURITY & SAFETY : UPPING THE ANTE

The aftermath of the 9/11 attack has necessitated a more expansive view of the threats to airport safety and security. The response by major airports around the globe has been swift and focused. In managing the twin threats, airports have resorted to a multiple-layered approach that included an increased deployment of manpower, enhanced threat detection and deterrence capabilities, collaborative efforts with other agencies, and investment in new equipment and technologies. While these have led to a significant improvement, security nightmares still crop up from time to time, reminding us that passenger security and safety must remain at the very top of our priority list. While some of the measures adopted by MAHB are highly visible, there are others that are more discreet and indirect, such as the use of surveillance cameras and the increasing deployment of biometric technology that extend to all high-risk areas of the airport.

When the stakes are so high, MAHB has adopted a professional approach to managing airport security and this is reflected in the quality of our people involved in these critical areas. We have

a pool of highly trained and qualified AVSEC international instructors who provide their expertise not only to our employees but trainees from across the Asia-Pacific Region. MAHB also has one ICAO-certified auditor who has been accredited by ICAO to conduct auditing activities at airports all over the world. To be an ICAO-auditor, one has to meet stringent requirements that include education, work experience, training and auditing experience and an ability to demonstrate a satisfactory level of competence in a broad spectrum of areas. Besides our own airports, our auditor has conducted audits at airports in Sri Lanka, Fiji, Cambodia, Indonesia, Myanmar and Laos. In addition, three of our AVSEC officers have been certified as AVSEC Professional Managers by ICAO, having successfully gone through one of the most advanced security programmes being offered today. The certification authorises our three officers to use the AVSEC Professional Manager (PM) designation, which is highly respected throughout the Asia-Pacific aviation security industry. Following the security threat on board a US-bound aircraft on Christmas Day last year, all airports across the globe were again put on high alert. MAHB stepped up security measures, where all US-bound passengers were subject to 100% checks on their persons and carry-on luggage.

One of the more recent initiatives is our participation in the Secure Freight Programme (SFP), which aims to resolve

the multitude of problems faced by the air cargo industry. IATA is committed to addressing these problems by developing an integrated global supply chain approach under the SFP, using baseline cargo security requirements. By securing cargo early in the supply chain, it precludes the need for a 100% inspection of cargo at the airport's uplift area. Malaysia is the first pilot country for the SFP, which will be implemented at KLIA. MAHB is working closely with the Department of Civil Aviation as well as IATA on this project, which is nearing completion.

Airport Fire & Rescue Services (AFRS) continued to play a pivotal and complementary role to AVSEC in ensuring the safety and security of Malaysian airports. Owing to the nature of their work, it is important that AFRS personnel are always up to the mark in discharging their duties in aircraft rescue and fire fighting operations. To this end, MAHB has established a personnel operational competency programme known as AFRS rating. The AFRS survey was conducted at all our airports in August 2009 and achieved a very commendable success rate of 99.04%.

To shore up our staff strength, a recruitment drive was launched, whereby 176 firemen were consequently taken into service. After undergoing intensive training, these new recruits were deployed to various airports throughout the country. We are also

purchasing five new fire-fighting vehicles as part of an asset replacement programme to retire vehicles aged 15 years and above. Airport Emergency Exercises are an integral part of AFRS' calendar of events. Full-scale, partial and table-top exercises are conducted as per the schedule set forth by regulatory bodies such as ICAO and DCA. MAHB has also initiated a Fire Safety Awareness programme aimed at reinforcing a safe work culture within the airport community. This programme will help ensure that airport staff, agencies and concessionaires are capable of handling minor fires and know their roles in helping evacuate travellers and visitors from the airport in the event of an emergency.

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

SUBSIDIARIES REVIEW OF OPERATIONS



MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN.BHD. (MACS)

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

The activities of MACS are undertaken by three operating divisions : Airport Consultancy, Strategic Alliance and Service Monitoring Divisions.

Airport Consultancy. On 1 June 2009, MACS was appointed by KLIA Consultancy Services Sdn Bhd (KLIACS) to provide technical consultancy services for the proposed new development of a Low Cost Carrier Terminal (LCCT) and associated works at the KLIA. As of year-end, MACS has assigned 11 engineering and operations experts to work with KLIACS on the project.

The highlight of the year was the official launch on 31 October 2009 of the new Istanbul Sabiha Gokcen International Airport (ISGIA) by the Prime Minister of Turkey. Located on the Asiatic side of the bi-continental city, the ISGIA has a capacity to cater to up to 25 mppa. AHB has a 20% equity interest in the Istanbul Sabiha Gokcen (ISG) International Airport Investment, its other partners being India's GMR Infrastructure Ltd and the Limak Group, a Turkish conglomerate. The ISG consortium has been given the task of developing, managing and operating the new airport. Prior to the opening of the new terminal, MACS provided Operational readiness and transfer (ORAT) services to ISG to ensure a seamless transition of operations from the old to the new terminal.

MACS continued to pursue unfolding opportunities in the development, operation and management of airports overseas. On 12 February, the company entered into a Joint Venture Agreement (JVA) with SOOJ International for Developing Economic Cities (SOOJ) to develop airport-related projects in the Kingdom of Saudi Arabia (KSA). This paved the way for a joint-venture company to be incorporated on 9 November under the name of the Malaysian Administrative and Operational services Co Ltd. (MAOS). The newly established joint-venture will bid for and undertake projects in the KSA.

MACS is also exploring the possibility of business opportunities in Nepal and Yemen. An Expression of Interest (EoI) was submitted to the Aviation Authority of Nepal (CAAN) on 21 September to provide consultancy services to upgrade the Tribhuvan, Simikot, Rara and Lukla airports in Nepal. Following an invitation by the Ministry of Tourism and Civil Aviation of Nepal to assist in managing the Tribhuvan airport, MACS is planning to send a team to Nepal in 2010 to undertake assessment studies. International Airport.

On 24 November, MACS submitted a bid to the Civil Aviation and Meteorology Authority of the Republic of Yemen to manage the Sana'a and Aden International Airports. Other

potential airport development projects are in the Philippines and Maldives..

Strategic Alliance. MACS is a strategic partner to ADB Siemens, a world leader in aeronautical ground lighting and Rapiscan Systems for X-ray machines. As a strategic partner for these proprietary systems, MACS also provides added-value services to end-users for the care and maintenance of these highly specialised equipment.

In 2009, MACS was successfully awarded several projects for the supply of RAP baggage X-ray machines for the Langkawi International Airport; supply and delivery of Rapiscan spare parts for KLIA and other MAHB airports; supply of airfield ground lighting systems to Tentera Udara DiRaja Malaysia (TUDM) in Gong Kedak, Pusat Latihan Udara Unit Polis in Ipoh as well as the Sultan Abdul Aziz Shah Airport in Subang and the Miri Airport.

Service Monitoring Division. The division has been providing consultancy services to KLIA for the Airport Service Quality (ASQ) benchmarking programme since 2002. MACS also provides consultancy services to MAHB's four other international airports in monitoring the service level standards, under the Airport Customer Satisfaction Performance Programme. This is similar to the ASQ programme at KLIA, which benchmarks the service

levels at the four airports against the top ranking airports in the world.

In 2009, MACS was appointed by MAHB to conduct a research survey of inter-terminal transfer between the Main Terminal Building and the LCCT. The objective of the study was to determine the ease at which the two terminals could be connected and to assess passenger demand for logistical and operational integration, in the run-up to the launch of KLIA as the Next Generation Hub.

Apart from consultancy services, MACS also undertakes fieldwork studies for an independent international marketing research agency and the International Air Transport Association (IATA) for the Global Airline Performance Programme (GAP). This is customer satisfaction benchmarking programme for airlines operating long-haul routes, and a survey has already been carried out at KLIA.

In response to the changing operating environment and in line with MAHB's vision to a world class airport business, MACS will continue to focus on developing its human capital, maximising results, and increasing its expertise in its areas of specialisation.

SUBSIDIARIES REVIEW OF OPERATIONS



URUSAN TEKNOLOGI WAWASAN SDN. BHD. (UTW)

A certified ISO 9001:2008 company, UTW is a Total Facility Management provider with a proven track record of having provided comprehensive operation and maintenance (O&M) services to some of the nation's most iconic and prestigious infrastructures and landmarks. These includes KLIA, Sepang International Circuit, Bursa Malaysia, KLCC, KL Sentral, Perbadanan Putrajaya and the Port of Tanjung Pelepas.

UTW's growing customer base attest to its good financial standings, capabilities and reputation for meeting clients' expectations through people, process and technology.

Among the new contracts it has secured include one from Spirit Aerosystem to undertake facility management at the Malaysia International Aerospace Centre, and another for the non-comprehensive maintenance of the plumbing system in KLCC. The company has also embarked on several refurbishment projects at KLIA and Penang International Airport. During the year in review, it also undertook facility auditing for several government buildings.

Like the rest of the Group, UTW is committed to the objective of increasing overall revenue. In this respect, UTW has diversified its customer base, that is doesn't rely too heavily on internally-generated businesses. This strategy has paid off, as in FY2009, some 21% of UTW's revenue was generated by external businesses.

Behind the scenes, UTW continues to play an important role in ensuring KLIA remains a first-class facility. It has proven its reliability as an O&M service provider by ensuring a 99.99% system service availability in KLIA for the past seven consecutive years. To gain an edge over its competition, UTW has developed its own technology, E@Works system, a Computerised Maintenance Management System as part of its integrated solution in the Total Facility Management concept.

UTW also offers value added services to its clients via a Predictive Maintenance Programme that includes vibration analysis and thermography inspection to prolong assets life span.

UTW's subsidiary, Airport Automotive Workshop Sdn Bhd (AAW) provides repair and maintenance services for light, commercial and specialised vehicles such as runway sweeper, fire trucks and maintenance cradles. Since commencing operations, it has already established a niche market for its services.

To support MAHB's objective of generating more revenue from its non-aeronautical operations, UTW is exploring the possibility of diversifying its portfolio by venturing into Integrated Facility Management Services and as an Energy Saving Company.

SUBSIDIARIES REVIEW OF OPERATIONS



MALAYSIA AIRPORTS TECHNOLOGIES SDN.BHD. (MA TECHNOLOGIES)

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

MA Technologies has successfully earned recertification to OHSAS 18001:2007 and ISO 9001:2008 and surveillance to ISO/IEC 27001:2005 for the year 2009. To meet the high quality standards of the industry, MA Technologies is working towards launching the Integrated Management System (IMS) to streamline various controls, processes and deliverables. Relatively new in Malaysia compared to other management systems, the IMS is a management system that integrates all the networks of an organisation and procedures into one complete framework. It combines ISO 9001:2008 (Quality Management System), OHSAS 18001:2007 (Occupational Health and Safety Management System), ISO/IEC 27001:2005 (Information Security Management System) and ITIL (Information Technology Infrastructure Library) best practices.

KLIA is the first airport in the world to have implemented a Total Airport Management System (TAMS), and it is a constant challenge to MA Technologies to manage the state-of-the-art technologies in the TAMS in the most efficient manner. Passengers and airlines are demanding better services of airports and MAHB is meeting this challenge through ICT, while achieving greater cost effectiveness through increased operational efficiency and productivity. MAHB is continually improving and upgrading the ICT

system and infrastructure in its airports to ensure their relevance well into the 21st Century.

Among the new projects rolled out in FY2009 is the Operational Information System and an Airport Operational Database (OISAODB) system for KLIA operations. This system has been developed using the latest technology that allows for future expansion and scalability, and can be easily integrated with other systems. It has many intrinsic advantages in that it is paperless and can improve operational efficiency by minimising the data entry points and by centralising operational data.

MA Technologies continues to improve its deliverables to customers. Improving MA Sepang Engineering Unit's business process via the SAP PM Module has facilitated better organisation and planning of spare parts movements for maintenance activities. MA Technologies was also involved in the Finance Business Process Improvement project for MAHB. Its other accomplishments include the Business Warehouse enhancement project and the HR Employee Self service module.

MA Technologies also established klia.com which resulted in it being awarded MSC-status in April 2009 and it paved the way for more research and development activities. For MA

Technologies, this development signals a breakaway from being just another system integrator and aligns it as the developer of core airport products such as operational information systems and Airport Operational Database and Flight Information Display Systems. Using in-house capabilities, MA Technologies can extend these systems to airports not only within the Group, but is also able to export them to overseas markets.

SUBSIDIARIES REVIEW OF OPERATIONS



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

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

To this end ERAMAN Malaysia has embarked on a number of initiatives. With the realisation of the Satellite Retail Optimisation Plan, ERAMAN Malaysia has been assigned seven retail outlets, which includes two duty-free emporiums and fashion outlets featuring high-end brands such as Burberry, Lacoste, Mango (MNG) and Tie Rack. The company is also moving away from outlets specialising in just one brand to a multiple-brand concept. ERAMAN Malaysia's makeover showcases a new and more contemporary perspective on the aviation retail business. The emporiums now feature wider aisles to allow passengers to manoeuvre their trolleys unimpeded, while a great deal of creativity has gone into the store displays, all designed to tap even further into the tourist dollar.

The new duty-free emporiums at the Departure and Arrival Halls of the LCCT-KLIA, have also provided a significant improvement to commercial revenue. Like regular-fare passengers, travellers who opt to fly low-fare and budget airlines, share the same passion for shopping. This is by no means confined to the run-of-the-mill duty-free staples, as LCCT travellers who are also cigar aficionados can now choose from a range of premium hand-rolled cigars. For those with a sweet tooth, the high end Godiva brand of chocolates is now available, while another well-

known Swiss brand, Lindt, has made its debut at the KLIA. At the Kuching International Airport, ERAMAN Malaysia is stepping up its programme of change and renewal. A new outlet featuring an in-house label has opened, offering travellers greater fashion choice.

The year under review also saw a number of new and exciting developments for ERAMAN Malaysia's fledgling Food & Beverage Division. The popular fast-food home-grown restaurant franchise, Marrybrown, commenced operations on 13 March, marking the launch of ERAMAN's first full-scale F&B venture. ERAMAN Malaysia also operates the cafeteria at MAHB's new corporate headquarters, offering employees and business clientele top-notch quality food and beverages at very reasonable prices. These two developments serve as an important launch pad for ERAMAN Malaysia to venture into and exploit the vast opportunities of F&B operations.

It has been a full and busy year, but all the efforts have paid off. A milestone was reached in December 2009 when ERAMAN Malaysia chalked up a significant 23.5% increase in sales over the previous corresponding month in 2008. For the year 2009, the company achieved an impressive 15% overall revenue growth for its core product merchandising segment. They say that nothing breeds success

like success, and this holds true for ERAMAN Malaysia. Topping off what was already a successful year, the icing on the cake came at the Duty-Free News International Awards 2009 when ERAMAN Malaysia emerged the winner in the Best New Confectionery & fine Foods Store category for its Kidz Smart Tunnel located at the Contact Pier. What better way to end the year, but we firmly believe this is only a taste of better things to come. You can expect more from us!

SUBSIDIARIES REVIEW OF OPERATIONS



MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. (MA(P))

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

The main activities carried out in 2009 included the upgrading of the SCAF, which involved repainting of the building, renovation of a prayer room and upgrading of the toilet facilities at the bus station. MA(P) also undertook the renovation of MAHB's home stay facilities at the Genting Permai Resort and at Pangkor, where it has 14 apartment units. Total cost of renovation and upgrading works was close to RM660,000.

As part of a Group that subscribes to the highest quality standards, MA(P) has initiated procedures to obtain ISO 9001 certification. The first-stage audit was carried out in 2009, and MA(P) is expected to earn ISO certification by mid-2010.



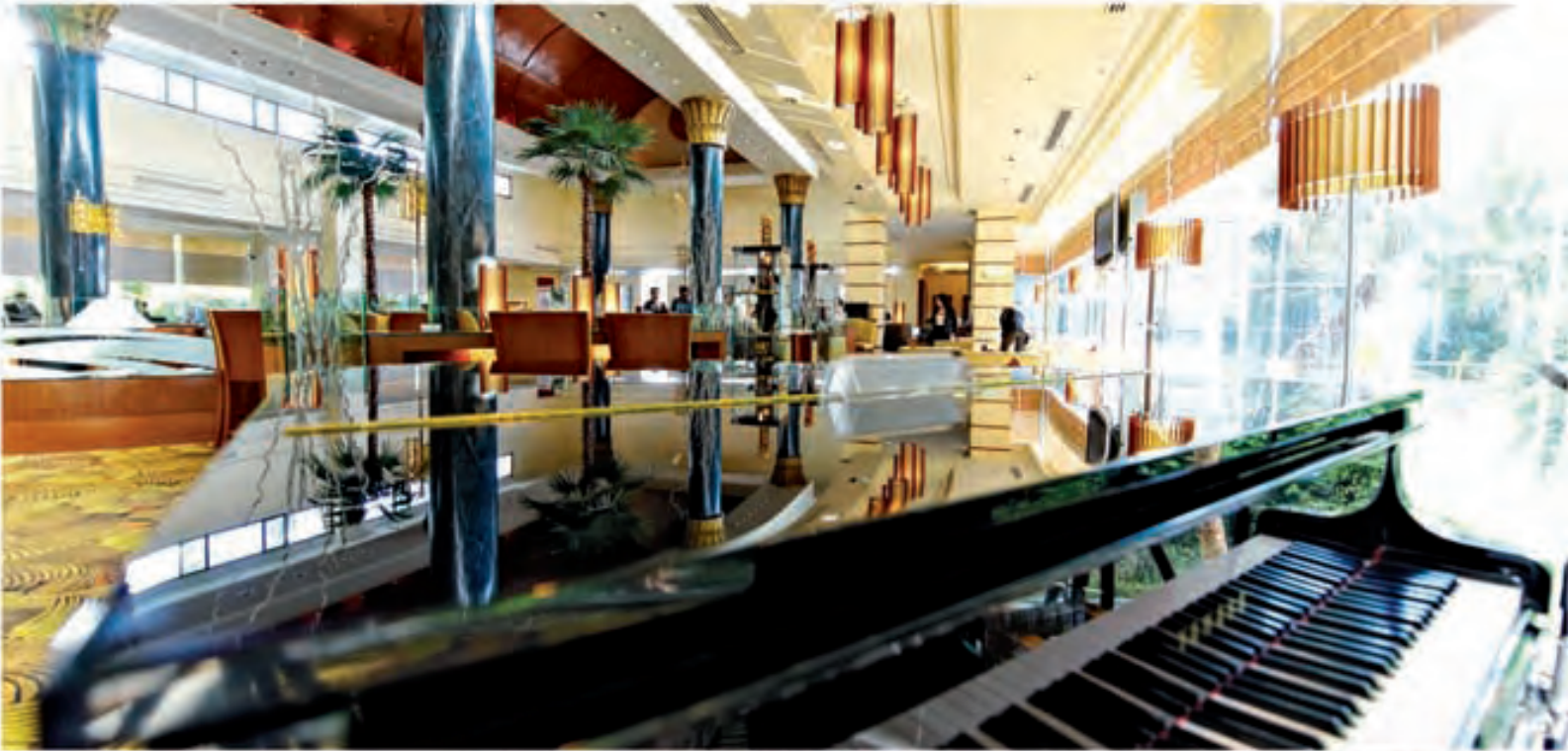
MAB AGRICULTURE- HORTICULTURE SDN. BHD. (MAAH)

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

However, the global economic downturn had an adverse impact on the demand and prices for commodities. Consequently, for the year in review, MAAH registered a turnover of RM48.5, which is 27.9% lower than the RM67.4 million posted in FY2008. The variance is attributed mainly to lower crop yields and a decline in the price of fresh fruit bunches. Sales of fresh fruit bunches accounted for 91.7% turnover, meanwhile the horticulture activities consisting mainly of landscaping services within MAHB, made up the remaining 8.3%.

In the last quarter of 2009, some 1,000.44 hectares of the oil palm cultivation around the KLIA were cleared to make way for the construction of the new LCCT. Nonetheless, MAAH will continue to make a positive contribution to MAHB's revenue in 2010, given the expected higher yields and projections of stronger palm oil prices.

SUBSIDIARIES REVIEW OF OPERATIONS



K.L. AIRPORT HOTEL SDN.BHD. (KLAH)

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

PPKLIA was also awarded The Brand Laureate 2008/2009 for Product Branding under the Airport Hotel category. Presented by the Asia Pacific Brands Association, it honors branding excellence amongst multinationals, public-listed and Government-Linked Companies in the Asia-Pacific region. Being conferred with The Brand Laureate was another defining moment for MAHB as it is an endorsement of being counted among the best and a manifestation of its unrelenting quest for service excellence.

This is a commitment that MAHB upholds through good and tough times, and FY2009 was a difficult year for the hospitality industry. Even though the global economy was showing nascent signs of recovery, business travel was generally on the downside as companies continued to keep a lid on costs. Nonetheless, PPKLIA was still able to enjoy a respectable gross occupancy rate of 61.3% against 66.6% achieved in 2008. The gross average room rate decreased to RM335.27 from RM355.34 posted a year ago, while total revenue fell by 7% to RM57.51 million for the year under review.

Nonetheless, FY2010 is shaping up to be a more favourable year with the ongoing recovery of the global and Malaysian economies. Early indications are that the aviation is also well on its way to finding its feet although there

are fresh challenges looming ahead by way of an oversupply situation in the hotel market. Thus, while we expect hotel occupancy rates to go up, the oversupply situation will have a dampening effect on room rates. Despite this scenario, PPKLIA expects a marginal increase in revenue for the coming year.

SUBSIDIARIES REVIEW OF OPERATIONS



MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN.BHD. (MIACSB)

Background. The Malaysia International Aerospace Centre (MIAC) is a key initiative for transforming Malaysia into a regional and international aerospace nation by the year 2015. In 1997, the Government launched the National Aerospace Blueprint which identified Subang as a strategic location to develop the aerospace industry. The transfer of commercial flight operations from Subang to KLIA presented the opportunity to translate the blueprint into reality.

MAHB is spearheading the development of MIAC through its wholly-owned subsidiary, MIACSB, incorporated in April 2007. The main objectives of MIACSB are firstly, to achieve the Government's aspiration to become a global aerospace player, providing facilities and infrastructure and offering competitive leases to attract the industry players. Secondly, in order to sustain the development of the industry, MIACSB would be managed as a business entity. As such, it will recover the cost of investment made in infrastructure and facilities through revenue earned from leasing of land and facilities and royalty from sales.

Development Strategy and Conceptual Plan.

The main strategy for the development of the aerospace industry is to focus on niche areas that Malaysia can excel, such as maintenance, repair and overhaul (MRO), parts and components manufacturing, avionics and system integration and aerospace training and education.

Accordingly, six main core activities have been identified in the development concept of the MIAC namely: MRO, Helicopter Centre, General Aviation Centre, Aerospace Training Centre, Aerospace Technology Centre and Commercial Support facilities.

Players in the MIAC. Since its launch, MIAC has taken off with numerous applications received from various aviation-related companies to establish their aerospace business facilities at MIAC. However, due to the high demand and space constraints, MAHB was only initially able to accommodate the fully established operational companies. There is a waiting list of start-up companies, including some big names in the industry, that have registered their interest to be allocated space at MIAC.

Currently, there are already 10 aircraft hangars apart from MAS and AIROD that are established in MIAC. Another 21 applications for office and hangar space have been put on hold owing to the lack of space with access to the runway. Other hangar developments under various stages of planning and construction are the Skypark Regional Aircraft Centre, which will eventually house a total of 10 hangars for corporate jet MRO and an aircraft finishing centre. Construction of the APMM Hangar that began in November 2009 and expected to be completed by April 2011, will then serve as a forward base for the Malaysia Maritime Enforcement Agency.

Establishment of Flying Schools.

In order to meet the high demand for pilots, the Government has approved four new licences to operate flying schools apart from the already

SUBSIDIARIES REVIEW OF OPERATIONS

existing Malaysia Flying Academy. The establishment of the flying school facilities that fell under the purview of MIAC saw the award of space to HM Aerospace at Langkawi International Airport; Air Pacific Flight Training at Kota Bharu Airport; and Integrated Training and Services established at the Ipoh Airport. The Gulf Golden Flying Academy is currently building its facilities at the Bintulu Airport, while the Austral Aviation Academy is currently operating at the Sandakan Airport.

Human Capital Development.

On 18 October 2006, the Government gave its approval for the Malaysian Institute of Aviation Technology (MIAT) to establish a training facility at MIAC. MIAT plans to train 7,000 aircraft mechanics by 2015 to meet the demands of the aerospace industry.

MAHB has allocated two parcels of land to MIAT under a sub-lease arrangement. Preliminary work has started on the 20-acre site, which will be used for MIAT's training hangar and workshops. The development of the other 30-acre plot will begin in 2011.

Spirit Aerosystems. In 2007, the Government offered Spirit Aerosystems Europe a 45-acre site with the required infrastructure and facilities. Spirit Aerosystems Malaysia (SAM) was also given the option for an additional 75 acres of land in the same location. The

required high-tech facility was built by MAHB and leased to SAM, commenced operations in April 2008.

SAM has successfully acquired new work packages and has put in another request to the Government for the construction of a similar facility. MIAC has been given the task to build the facility on the strength of its outstanding achievement for on-time delivery of the first facility. SAM has also started working on its Phase 2 and Phase 3 development, targeted to materialise in 2012.

Skypark Subang. In 2006, the Government approved a proposal by Subang Skypark to redevelop Terminal 3 as a hub for general aviation and corporate jets, inclusive of a Regional Aircraft Centre and a Business Centre. The following year, MIACSB signed a sub-lease agreement with Subang Skypark for the lease of Terminal 3 together with its car park and 30 acres of land for a 30-year period, with an option to extend for another 29 years.

The redevelopment of Terminal 3, now called the Skypark Subang Terminal, was completed in June 2008. Subang Skypark is presently planning its Regional Aircraft Centre and Business Centre. Skypark Subang Terminal is home to Berjaya Air and is the main airport for Firefly, connecting Lapangan Terbang Sultan Abdul Aziz Shah to all

domestic destinations and regional destinations in Indonesia and Thailand.

MIAC Helicopter Centre. A new location has been selected for the Helicopter Centre, one of the six core developments identified for the MIAC. The centre will be dedicated to the helicopter operations at the Sultan Abdul Aziz Shah Airport (LTSAAS), and provide an environment that is conducive to the development of the helicopter industry in Malaysia.

A Memorandum of Understanding (MoU) signed on 2 December 2009 to develop the Helicopter Centre establishes Eurocopter (M) Sdn Bhd (Eurocopter) as the anchor tenant. Eurocopter will collaborate with MIAC to undertake the planning work for the Helicopter Centre and prepare the business operation model for MIAC, who in turn, will build the facility for lease to Eurocopter.

The key components of the Helicopter Centre Master Plan consists of the following facilities: Heliport/helipad; Helicopter Services Terminal; Eurocopter New Facility; Helicopter Hangars and repair Stations and related infrastructures and utilities. The Helicopter Centre will be the hub of all helicopter activities and operations, such as MRO for helicopters, hangarages and helicopter parking. It will also house the new EC225

Flight Simulator, which will serve the needs of customers in Asia and Australasia.

Light Aircraft Parking and Operation Centre.

The rapid progress of the MIAC has inadvertently displaced the light aircraft operating area in the MIAC. As an alternative, a Light Aircraft Parking and Operation Centre has been planned at a location measuring 3.5 acres adjacent and including the old DCA hangar. A proposal for the development of the centre has been approved and development works are set to begin in March 2010.

Masjid LTSAAS Staff Quarters.

In playing its role as a good corporate citizen, MAHB is funding upgrading works at the LTSAAS mosque. The existing residence at the mosque compound will be demolished and replaced with six units of staff quarters.



REALISING PLANS

Realising our plans and potential takes hard work. We have to be prepared in more ways than one. Tapping on our vast knowledge, resources and experience, we are always ready to fulfill our responsibilities and committed towards achieving our goals.



BOARD OF DIRECTORS

MEMBERS OF THE BOARD

From left to right, first row

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

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

IZLAN BIN IZHAB
(Non-Independent Non-Executive)

DATUK ALIAS BIN HAJI AHMAD
(Independent Non-Executive)

JEREMY BIN NASRULHAQ
(Independent Non-Executive)

DATO' LONG SEE WOOL
(Non-Independent Non-Executive)

From left to right, second row

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

DATUK SITI MASLAMAH BINTI OSMAN
(Independent Non-Executive)

TAN SRI DATUK DR. ARIS BIN OTHMAN
(Chairman)
(Non-Independent Non-Executive)

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





BOARD OF DIRECTORS



TAN SRI DATUK DR. ARIS BIN OTHMAN

(Chairman)

(Non-Independent, Non-Executive)

Tan Sri Datuk Dr. Aris bin Othman, Malaysian, aged 65, 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 and Board Risk Management Committee of MAHB. He is also the Chairman of Malaysia Airports Consultancy Services Sdn. Bhd. (formerly known as 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"), amongst 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 Planning, 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 Pembangunan dan Infrastruktur Malaysia Berhad and the Chairman of Malaysia Design and Innovation Centre, Cyberjaya.

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 has attended 13 out of 13 Board Meetings held during the financial year.



TAN SRI BASHIR AHMAD BIN ABDUL MAJID

(Managing Director)
(Non-Independent, Executive)

Tan Sri Bashir Ahmad bin Abdul Majid, Malaysian, aged 60, was appointed as Managing Director of MAHB on 7 June 2003. He is a member of the Board Finance & Investment 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.

Tan Sri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited and Delhi International Airport Private Limited.

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



DYG SADIAH BINTI ABG BOHAN

(Non-Independent, Non-Executive)

Dyg Sadiyah binti Abg Bohan, Malaysian, aged 47, was 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 Deputy Under Secretary at the Investment, MOF (Inc) and Privatisation Division, Ministry of Finance, Malaysia.

Dyg Sadiyah is a Director of Penang Port Holdings Berhad, Kuala Lumpur International Airport Berhad and Perbadanan Nasional Berhad.

She has attended 12 out of 13 Board Meetings held during the financial year.

BOARD OF DIRECTORS



DATO' LONG SEE WOOL

(Non-Independent, Non-Executive)

Dato' Long See Wool, Malaysian, aged 55, 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 and then appointed as the Deputy Secretary-General (Planning), MOT. He is currently the 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 13 out of 13 Board Meetings held during the financial year.



MOHD NADZIRUDDIN BIN MOHD BASRI

(Non-Independent, Non-Executive)

Mohd Nadziruddin bin Mohd Basri, aged 42 was 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 & Young Kuala Lumpur and was a Senior Manager in the Assurance and Business Advisory Division when he was seconded to Malaysia Airlines in July 2001 to assist management with the restructuring of the airline. He joined the airline as a permanent staff in April 2003 where his last position was Senior General Manager – Airport Operations. He subsequently joined Khazanah as its Chief Financial Officer in June 2007.

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

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



HAJAH JAMILAH BINTI DATO' HJ HASHIM

(Non-Independent, Non-Executive)

Hajah Jamilah binti Dato' Hj Hashim, Malaysian, aged 51, 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 Boustead Heavy Industries Corporation, heading the Strategic Management and Transformation division. Prior to joining Boustead, she had served as a Director in Khazanah Nasional Berhad ("Khazanah") heading the Support Operations and co-heading the Corporate Development Unit.

She was a member of the Board of Directors of Pantai Morib Ventures Sdn Bhd, from 2007 to 2009, a subsidiary of Khazanah.

She had held ten (10) key positions in the operational and regional level in Goodyear, throughout a period of 21 years. Before her last role as Director of Business Process Improvement in Goodyear Asia Pacific Region, she had served as the Manufacturing Director and a Board member of Goodyear Malaysia Berhad. She had also served in several key turnaround roles in Goodyear, along with playing an active role as the President of Goodyear Asia Pacific Region Women-in-Leadership movement. She also held management position in the Malaysian Palm Oil Council as well as research position in the Solar Energy Research Institute, USA.

Besides her executive education in the IMD, University of Michigan, University of Virginia, and University of Pennsylvania, she holds a Master of Science in Physical Chemistry from University of Denver and Bachelor's Degree in Chemistry from California State University.

She has attended 11 out of 13 Board Meetings held during the financial year.



DATUK ALIAS BIN HAJI AHMAD

(Independent, Non-Executive)

Datuk Alias bin Haji Ahmad, Malaysian, aged 62, was appointed to the Board of Directors of MAHB as an Independent Non-Executive Director on 1 December 2003. He chairs the Board Nomination & Remuneration Committee and is a member of Board Procurement Committee, Board Audit Committee and Board Risk Management Committee of MAHB.

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

He has attended 11 out of 13 Board Meetings held during the financial year.

BOARD OF DIRECTORS



IZLAN BIN IZHAB

(Non-Independent, Non-Executive)

Izlan bin Izhah, Malaysian, aged 64, 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 Consultancy Services Sdn. Bhd. (formerly known as Malaysia Airports Management & Technical Services Sdn. Bhd.), a wholly-owned subsidiary of MAHB.

During his working career, he served as Assistant Legal Officer for Majlis Amanah Rakyat, Company Secretary for Kompleks Kewangan Malaysia Berhad, Company Secretary for Permodalan Nasional Berhad and Executive Vice President, Corporate & Legal Affairs, Kuala Lumpur Stock Exchange (now known as "Bursa Malaysia Securities Berhad").

He is at present a Director of N2N Connect Berhad, OSK-UOB Unit Trust Management Berhad, CIMB Aviva Assurance Berhad, Box-Pak (Malaysia) Berhad, O&G Equities Berhad, CIMB Aviva Takaful Berhad, K&N Kenanga Holdings Berhad, Kenanga Investment Bank Berhad, Kenanga Deutsche Futures Sdn.Bhd., Bank Perusahaan Kecil & Sederhana Malaysia Berhad and SME Growth Acceleration Fund Sdn.Bhd. He is also a member of Bursa Malaysia Securities Berhad's Appeals Committee.

He holds a Bachelor of Laws Degree from University of London and attended the Advanced Management Program at the University of Hawaii. Occasionally, he gives lectures on Malaysian securities law, company law and corporate governance for various public and private sector consultancy and training organisations.

He has attended 12 out of 13 Board Meetings held during the financial year.



DATUK SITI MASLAMAH BINTI OSMAN

(Independent, Non-Executive)

Datuk Siti Maslamah binti Osman, Malaysian, aged 62, 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 13 out of 13 Board Meetings held during the financial year.



JEREMY BIN NASRULHAQ

(Independent, Non-Executive)

Jeremy bin Nasrulhaq, Malaysian, aged 57, 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 supply chain positions in Unilever, throughout a period of 29 years, which include having served as the Regional Finance Officer for Unilever Asia Foods, Supply Chain Director for Unilever Malaysia, Commercial Director-cum-National Finance Director for Unilever Malaysia and Supply Chain Director for Unilever Malaysia and Singapore, a post he held until April 2007. He also served on several regional and global functional teams during his period in Unilever. He is currently a Director of Sweetyet Development Sdn. Bhd., a company with its head office in Hong Kong.

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

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



SABARINA LAILA BINTI DATO' MOHD HASHIM (LS 0004324)

(Company Secretary)

Sabarina Laila binti Mohd Hashim, Malaysian, aged 42, 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 recently obtained a Masters of Science Degree in Corporate Governance from London South Bank University.

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

She joined Malaysia Airports in 1995 as a Legal Advisor in charge of the Group's legal matters. Prior to joining Malaysia Airports, she was a practicing lawyer specialising 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.



TAN SRI BASHIR AHMAD ABDUL MAJID

Managing Director, MAHB

Tan Sri Bashir Ahmad, aged 60 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 Planning, Commercial Director, Senior Vice-President Commercial and Executive Vice-President Airline. He was also appointed as the Aviation Advisor to the Ministry of Transport.

Tan Sri Bashir currently sits on the Board of GMR Hyderabad International Airport Private Limited and Delhi International Airport (P) Limited. Tan Sri Bashir, in his course of work has been a member of Industry Affairs Committee of International Air Transport Association (IATA) and Committee member of Association of Asia Pacific Airlines (AAPA). He is currently the Acting President of Airport Council International (ACI) Asia-Pacific and also sits on the Board of ACI.

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

DATO' ABDUL HAMID MOHD ALI

Chief Operating Officer, MAHB

Dato' Abdul Hamid Mohd Ali is the Chief Operating Officer of MAHB. Aged 54, Dato' Abdul Hamid holds a Degree in Civil Engineering from University of Glasgow and a Masters of Science Degree in Airport Planning and Management from Loughborough University of Technology, United Kingdom.

He has extensive years of working experience through direct involvement in airport planning, development, operations and maintenance throughout his 29 years of service in Aviation, which include a vast experience in setting up many MAHB joint ventures both local and abroad. He was also involved in the consultancy and management services of other airports in Middle East and Central Asia. He was formerly the Chairman of Operations and Development Committee for Sabiha Gokcen Airport, Turkey when the airport was constructed in 2009. As a civil engineer, he has acquired extensive experience in fast track projects, with the latest being the construction of the New Permanent LCCT.

He has held several senior posts at DCA, KLIAB and MAHB, and his previous position before attaining the current position was Senior General Manager of Technical Services, MAHB.



GROUP SENIOR MANAGEMENT

FAIZAL MANSOR

Chief Financial Officer, MAHB

Faizal Mansor is the Chief Financial Officer of MAHB. He 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 AmlInvestment 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 CFO of a public listed construction and wastewater management company.

DATO' AZMI MURAD

**Senior General Manager,
Operation Services, MAHB**

Dato' Azmi Murad, aged 58, 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 Airport, Alor Setar Airport, Kota Kinabalu International Airport, Penang International Airport and KLIA. 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 currently the Chairman of MAHB Whistleblower Independent Committee. He is also the current Chairman of Airport Council International (ACI), World Facilitation and Services Standing Committee.



FAIZAH KHAIRUDIN

Senior General Manager,
Commercial Services, MAHB

Faizah Khairuddin, Senior General Manager of Commercial Services, MAHB, graduated from Universite De Picardie, France and started her career as a Process Engineer in Thomson Electronic Parts Malaysia. She spent 8 years in the manufacturing industry, rising to the position of General Manager at a local manufacturing company. She moved to banking during the Asian crisis in 1998. During her ten years in banking, largely with multinational banks, her passion and ultimate focus had been in Retail Banking. Her last position in the financial industry had been in Bank Islam as General Manager, Consumer Banking, prior to joining MAHB in October 2008. Since assuming the position as Senior General Manager, Commercial Services, she has spearheaded and successfully launched the newly completed Satellite Retail Optimisation Project. Under her leadership, Commercial Services has re-strategised commercial development at airports with the introduction of the Airport Commercial Models and several other initiatives to drive commercial business sustainability and build business relationships through strong communications platforms with business partners.



ROSEHAIDA AB RAHMAN

Senior General Manager,
Human Resource, MAHB

Rosehaida Ab Rahman is the Senior General Manager-Human Resource Services Division. She has diversified knowledge in various areas of Human Resource management including Planning & Strategy, Change Management, Learning & Development, Compensation & Benefit, Talent Supply and Industrial Relations. In her colourful career that spans two decades, she has held several positions as the Head of Human Resource in multinational companies involved with various industries. She has served in two major multinational manufacturing conglomerates as well as in companies dealing with telecommunications, sales and services, property development and oil & gas.



GROUP SENIOR MANAGEMENT

DATO' MAHAT SAMAH

Senior General Manager,

Malaysia International Aerospace Centre Sdn. Bhd.

Dato' Mahat Samah, aged 56, is the Senior General Manager of Malaysia International Aerospace Centre Sdn. Bhd. 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 Subang 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, Senior General Manager, Corporate Planning and Senior General Manager Corporate Services before attaining his current post.

ABDUL RAHMAN KARIM

General Manager,

Urusan Teknologi Wawasan Sdn. Bhd.

Abdul Rahman Karim, is the General Manager of Urusan Teknologi Wawasan 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 DCA and MAHB. He has more than 26 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, General Manager of Malaysia Airports (Sepang) Sdn. Bhd. and General Manager of Malaysia Airport Sdn. Bhd.



UMAR BUSTAMAM

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

Umar Bustamam, aged 57 is the General Manager, 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 years of working career, he had held several senior positions, which include Director of Aeronautical Communications with the DCA, 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, MAHB

Ahmad Zuber Abdul, aged 52, is the General Manager, Malaysia Airports Academy. He holds a Bachelor of Arts (Hons) from Universiti Sains Malaysia. He has over 25 years of experience at various levels of human resource management and development, in local conglomerate and multinationals, such as HICOM Group, EON Bhd, Furukawa Electric Cable Ltd and Sumitomo Group; with the last nine years in MAHB. He has been with the Group since September 2001 as General Manager, Human Resource, responsible and accountable for providing overall strategic direction and management, covering the full spectrum of human resources functions for MAHB and its group of companies, and at the same time has successfully managed the Malaysia Airports Training Center (MATC) in Penang and KLIA, which offer training programs designed to increase the professional knowledge and capability of airport management staff.



GROUP SENIOR MANAGEMENT

IR. SURADINI ABDUL GHANI

General Manager,

Malaysia Airports Consultancy Services Sdn. Bhd.
(formerly known as Malaysia Airports Management & Technical Services Sdn. Bhd)

Ir. Suradini Abdul Ghani, aged 50, is the General Manager of Malaysia Airports Consultancy Services Sdn Bhd (MACS). 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 the DCA and later MAHB 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 26 years of experience in Engineering Management.

MOHD NASIR ISMAIL

General Manager,

MAB Agriculture-Horticulture Sdn. Bhd.

Mohd Nasir Ismail, aged 54, 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 27 years of plantation and agricultural experience.



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 MAHB 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. She recently obtained a Masters of Science degree in Corporate Governance from London South Bank University. Sabarina joined MAHB in 1995 as a Legal Advisor, in charge of the Group's legal matters. Prior to joining MAHB, Sabarina was a practicing 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").

MOHD AMINUDDIN YAAKUB

General Manager,
IT Development, MAHB

Mohd Aminuddin Yaakub aged 56, is the General Manager of IT Development. He graduated in BSc. (Hon) from University Sains Malaysia, Penang. He has been with MAHB since 2005, bringing years of experience in the Information Technology field. Prior to MAHB, he was in Malaysia Airlines IT division and the CEO of Business Information Technology Sdn. Bhd. He is a member of ACI World Airport IT Standing Committee.



GROUP SENIOR MANAGEMENT

NASREIN FAZAL SULTAN

General Manager,
Internal Audit Division, MAHB

Nasrein Fazal Sultan, aged 45 is the General Manager of Internal Audit Division, MAHB. She holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan 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 Kebangsaan Malaysia and is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA). She joined MAHB in 1992 as an Accountant at Subang International Airport. In 1995, she led the Internal Audit Division before heading the Procurement & Contract Unit in 1998. Under her supervision, the unit has expanded to a division which consists of operational and procurement excellence. Prior to joining MAHB, Rokmah was the Finance and Administration Manager and also a Company Secretary in a retail business specialised in handicraft and heritage industry.



MUHD NAJIB MOHD RAWI

General Manager,
Land Development, MAHB

Muhd Najib Mohd Rawi is the General Manager for Land Development of MAHB. He heads the land development division of the company which is responsible for the planning and implementation of commercial real estate development at KLIA and other airports managed by MAHB in Malaysia. He joined the group in 2006 and has over 20 years of experience in the construction & property development industries and is well versed in land-use planning, infrastructure and real estate development.

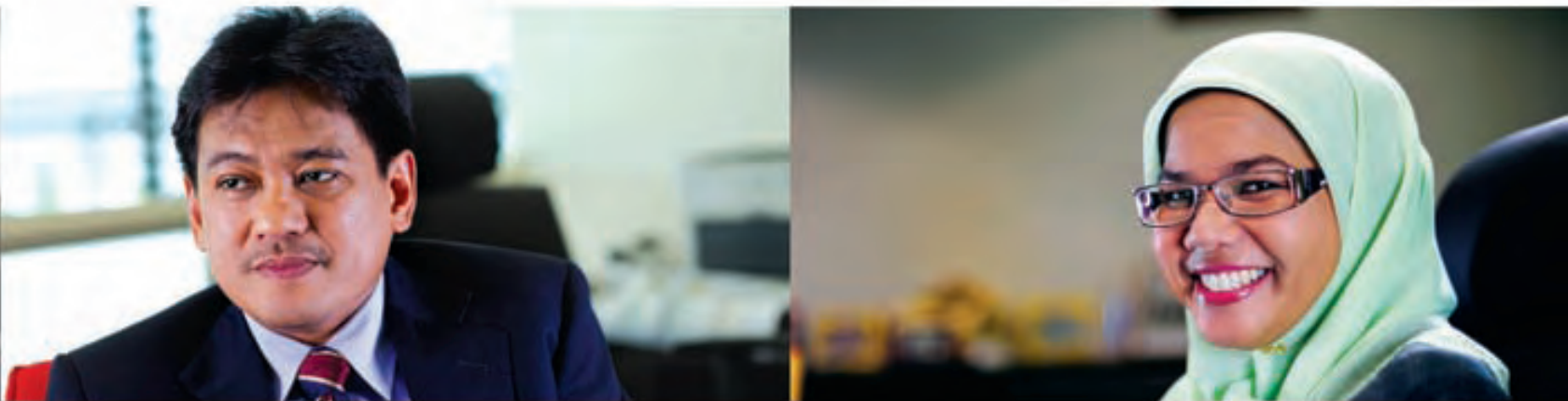
He started his career with Syarikat Pembinaan Setia upon graduation in 1985 and has served in various capacities in its construction and development subsidiaries. In 1991 he joined the property division of UMW Toyota Motor and moved on to Land & General Bhd in 1993 where he was involved in the development of several large scale township developments in Kuala Lumpur and Selangor. He was the Chief Operating Officer of its property development subsidiaries prior to joining MAHB.

Muhd Najib holds a Civil Engineering degree from University of Strathclyde, Glasgow and a Masters in Business Administration from Ohio University.

IR. KHAIRIAH SALLEH

General Manager,
Engineering, MAHB

Ir. Khairiah Salleh, is the General Manager (Engineering) of MAHB. She holds a Bachelor of Science Degree in Civil Engineering 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 Engineering 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 MAHB for slightly more than 16 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 MAHB as an Engineer in 1993 and was promoted to Manager for 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.



GROUP SENIOR MANAGEMENT

ABDUL NASIR ABDUL RAZAK

General Manager,
Planning & Development, MAHB

Ir. Abdul Nasir Abdul Razak, aged 52, is the General Manager of Planning and Development, MAHB. He holds a Bachelor of Science Degree in Civil Engineering from the University of Hartford, Connecticut, USA and a Masters of Science Degree in Integrated Construction and Project Management from Universiti Teknologi MARA (UiTM). He is currently completing his Doctorate Program in Value Management at UiTM. He is also Professional Engineer with more than 21 years of experience in infrastructure planning and development, both in the Government and private sector.

He started his career in the Public Works Department in 1982, in the oil and gas sector. He then worked for several years in Singapore, in the high-rise building construction before joining MAHB in 1993. He has since held several senior positions in engineering field before assuming his current position. He is currently the Superintending Officer (SO) for the New Permanent LCCT at KLIA.

Currently, being a member of ACI World Standing Committee on Safety and Technical, he is involved in the preparation of ACI Airport Terminal Design Manual. He is also the Director of Public Affair of Institute Value Management Malaysia (IVMM), and a Senior Fellow of Global Innovative Knowledge Network (GIKEN).

MOHAMED SALLAUDDIN MOHAMED SHAH

General Manager,
Marketing, MAHB

Mohamed Sallauddin bin Mohamed Shah @ Mat Sah, aged 46 is the General Manager of Marketing, MAHB. He graduated with a BSc. Degree in Accountancy and Computer Science from Northern Illinois University, USA in 1985. He also holds an MBA (Strategic Management) Degree from the International Business School, 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 Passenger Marketing and Sales Division before leaving MAS in 1997 to join Composite Technology Research Malaysia (CTRM) Sdn. Bhd., presenting him the opportunity to serve in USA and Australia. He joined MAHB in 2001 to be amongst the pioneer group that led the marketing of the international gateways managed by MAHB.



MUSTAFA KAMAL HJ. ALANG OTHMAN

General Manager,
Aviation Security, MAHB

Mustafa Kamal Hj. Alang Othman, aged 53 is the General Manager of Aviation Security MAHB. He holds a Degree of Communication (Hons) from University Putra Malaysia. He started his career in 1980 and had held Chief of Security position at several international airports in Malaysia, namely Subang, Penang, Kota Kinabalu and KLIA. Besides aviation security, he has extensive experience in airport operations ranging from Airside Operations, Airport Fire and Rescue Services (AFRS), Airport Operations Centre 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.

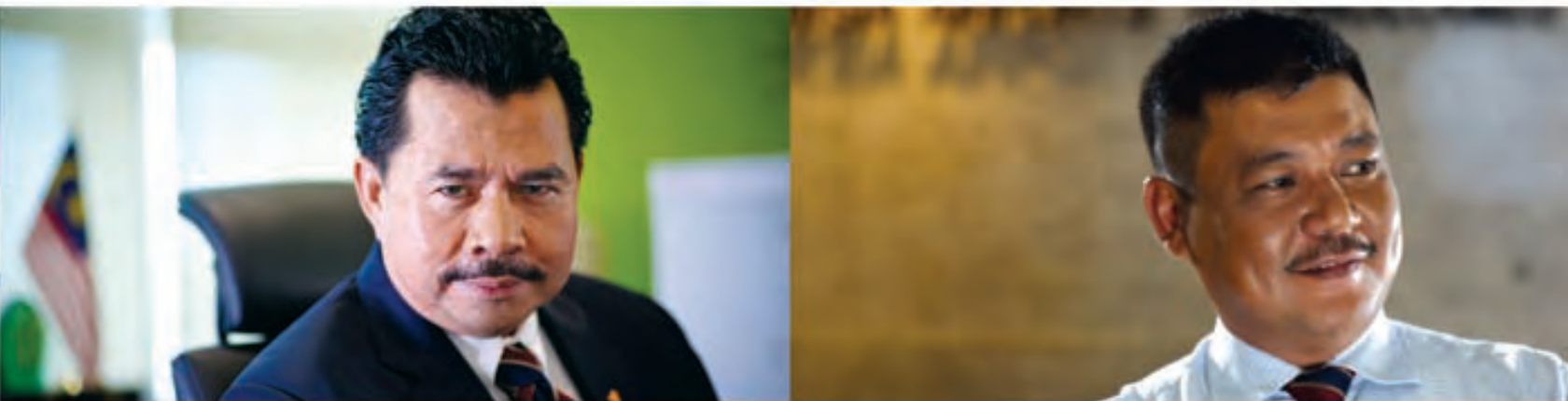
He was trained as a Crisis Manager and had attended Senior Crisis Management Course, USA, International Disaster Management Course, UK, Anti-Terrorism Planning (ATP) and Terrorist Incident Management USA and Gold Commanders - Strategic Leadership In a Crisis Course organized by National Security Division, Prime Minister's Department. Besides Police Inspector Training at PULAPOL, he was also trained in Criminal Investigation at CID School, Kuala Lumpur and Jungle Warfare Familiarization at Police Field Force (PPH), Ulu Kinta, Perak.

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

KAMARUDIN MAHMOOD

General Manager,
Malaysia Airports Technologies Sdn. Bhd.

Kamaruddin Mahmood, aged 47, 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 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.



GROUP SENIOR MANAGEMENT

NIK ANIS NIK ZAKARIA

General Manager

Corporate Communications, MAHB

Nik Anis Nik Zakaria is Malaysia Airports' General Manager of Corporate Communication. She holds a BSc. in Economics from Northern Illinois University, USA. She has a total of 20 years of working experience in various capacities including managing sales and marketing, customer service and operations, and corporate communication in a public listed IT company prior to joining Malaysia Airports in 2009.

Her corporate communication portfolio includes Marketing and Brand Communication, Employee Communication, Customer Satisfaction Management, Corporate Responsibility Programs, Public Relations and Media Relations.

She is currently the president of International Association of Business Communicators (IABC) Malaysia Chapter, a global association that promotes communication excellence within the industry.

BRIAN ISKANDAR ZULKARIM

General Manager,

Overseas Ventures Division, MAHB

Brian Iskandar Zulkarim, aged 36, was appointed as the General Manager of Overseas Ventures Division for MAHB in August 2009. Brian graduated with a Degree in Mechanical Engineering from the University of Rhode Island in 1996 and started his career as a Consultant Engineer in New York City. From 1999 – 2001, Brian served MAHB in the post-privatization Restructuring Project Management team, then later went on to serve in various medium and large size organisations from diverse fields.

His experience included freelance consultant for various Public listed companies, GLCs and SMEs. As the General Manager of Overseas Ventures, Brian is entrusted to manage all MAHB overseas businesses and investments such as the Hyderabad International Airport (India), Delhi International Airport (India) and Istanbul Sabiha Gokcen International Airport (Turkey).

He is also currently involved in the development of new international investment opportunities for MAHB.



ANIS RIZANA BINTI MOHD ZAINUDIN @ MOHD ZAINUDDIN

General Manager

Corporate Planning, MAHB

Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin aged 40, is the General Manager of Corporate Planning Division. She holds a 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.

She began her career in the Malaysian Civil Service in 1995 with the Ministry of Finance (MoF), and has since held various senior positions at various divisions in MoF. She was also the first appointed Finance Manager at Malaysian Institute of Integrity when the institute was established in 2004.

Anis Rizana has been with the Company since 1st October 2009 under the Government-GLC Cross Fertilisation Programme. Prior to her current position, she was a Special Function Officer to the Chief Secretary to the Government.

MOHD SUHAIMI ABD MUBIN

General Manager,

Malaysia Airports (Sepang) Sdn. Bhd.

Mohd Suhaimi Abd Mubin, aged 43, was appointed as the General Manager of Malaysia Airports (Sepang) Sdn. Bhd. in April 2010. He graduated with a Degree in Economics from University Malaya in 1989. He also hold a Postgraduate Diploma in Aviation Management and Graduate Diploma in Airport Management from the National University of Singapore in 1994 and 2007 respectively.

He started his career with DCA at Subang Airport as Duty Manager/Security Officer in 1990 and continued to bring his expertise and experience in serving with MAHB even after its separation from DCA in 1991.

Suhaimi has 20 years of experience serving with MAHB and has held several managerial posts at Langkawi International Airport and Kuching International Airport. Among his notable tasks include his tenure as the Chief Operating Officer at the Sabiha Gokcen International Airport in Turkey from February till July 2008. Prior to this current position, he was the Senior Airport Manager at the Kota Kinabalu International Airport.



MAKING AN IMPACT

We inculcate the culture of providing top-notch aviation facilities and services for our customers and partners by constantly upgrading our facilities and enhancing our operational efficiency, in order to cater for growth while mitigating the impact of high passenger traffic.



CORPORATE PROFILE

The winds of change are sweeping across Malaysia Airports Holdings Berhad (MAHB). February 12, 2009 proved to be a milestone in MAHB history. A new operating Agreements between MAHB and the Government reached the heights of a successful conclusion based on the restructuring plan that was approved in November 2008. The Agreements cement a unique public-private partnership with the Government, setting the Group on a path to a dynamic and sustainable future.

While remaining intrinsically true to the reason of our incorporation, our Vision has taken on new dimensions. We have set ourselves an achievable target of being nothing less than a World-Class Airport Business. In moving forward, we have crafted a feasible blue-print to bring us to where we want to be within the next five years.

MAHB is spreading its wings. From just an operator of 39 airports within Malaysia, we have taken the initiative to become a serious international entity. Our ventures beyond national boundaries have already taken us to Cambodia and Kazakhstan, and we presently play key roles in the management of airports in India and Turkey.

A new MAHB has emerged over the last year or so. We are now a more intensely focused organisation, with the financial

strength, stability and experience to exploit growth opportunities to meet the ultimate objective of enhancing shareholder value. But we will ensure that we achieve all this in a sustainable manner, always keeping in mind our obligations to our people, the community and the environment.

MAHB is moving with the times and managing change to become a more resilient, flexible and nimble entity. The one thing that will never change is our core values - Market-Driven; Customer Focused; Teamwork; Strive For Excellence; Loyalty. These are time-honoured values that define our culture and set us apart from the others nor will we change our commitment to serve the nation's interest first and last, for the benefit of all Malaysians, present and future generations.

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.

112 retail and **50** 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.

LOW COST CARRIER TERMINAL (LCCT-KLIA)

Specifically built and **custom-made** to meet the Low-Cost Carrier Business Model.

Constructed on a fast track basis beginning June 2005 at a cost of **RM108 million** with a simple set-up and centralised operations.

Started operations in **March 2006**

The **64,067 square meters** terminal is designed and built to facilitate the passengers of international and domestic departures / arrival within a single floor operation area.

LCCT-KLIA is capable of handling **15 million** passengers a year and is fully air-conditioned.

Facilities & Services include:

check-in counters, baggage carousels, car park lots, retail and F&B outlets, covered walkway, Food Garden, service counters, foreign exchange counters, auto teller machine (ATM), duty free shops, payphones, taxi & bus services, prayer rooms and Arrival & Departure lounges.

BOARD OF DIRECTORS

Tan Sri Datuk Dr. Aris bin Othman

(Chairman)

(Non-Independent Non-Executive)

Tan Sri Bashir Ahmad bin Abdul Majid

(Managing Director)

(Non-Independent Executive)

Dato' Long See Wool

(Non-Independent Non-Executive)

Dyg Sadiyah 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)

COMPANY SECRETARY

Sabarina Laila binti Dato'
Mohd Hashim
(LS 0004324)

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E-mail: sabarina@malaysiaairports.com.my

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www.malaysiaairports.com.my

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Pusat Bandar Damansara
50490 Kuala Lumpur
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F • 603-2095 5332

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad
Citibank Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

GROUP CORPORATE STRUCTURE

Malaysia Airports Holdings Berhad (487092-W)

Investment holding.

100% MAHB

Malaysia Airports Sdn Bhd (230646-W)

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

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

100% MAHB

Malaysia Airports (Sepang) Sdn Bhd (320480-D)

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

100% MAHB

Malaysia Airports Consultancy Services Sdn Bhd (fka Malaysia Airports Management & Technical Services Sdn Bhd) (375245-X)

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

100% MACS

Malaysia Airports Management & Technical Services (Labuan) Private Limited (LL05298)

Investment holding management.

75% MACS

Urusan Teknologi Wawasan Sdn Bhd (459878-D)

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

51% UTW

Airports Automotive

Workshop Sdn Bhd (808167-P)

Operations of automotive vehicle workshop.

100% MAHB

Malaysia International Aerospace Centre Sdn Bhd (438244-H)

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

100% MAHB

Malaysia Airports (Niaga) Sdn Bhd (281310-V)

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

100% MA (NIAGA)

Eraman (Malaysia) Sdn Bhd

(324329-K)

Dormant, intended principal activity is general trading.

100% MA (NIAGA)

Malaysia Airports (Mauritius) Private Limited (59049 C1/GBL)

Investment holding.

100% MAHB

Malaysia Airports (Properties) Sdn Bhd (484656-H)

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

100% MA(P)

K.L. Airport Hotel Sdn Bhd

(330863-D)

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

100% MA(P)

MAB Agriculture-Horticulture Sdn Bhd (467902-D)

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

20% MA(P)

Kuala Lumpur Aviation Fueling System Sdn Bhd (395396-X)

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

100% MAHB

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

100% AV

Malaysia Airports Technologies Sdn Bhd (512262-H)

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

100% MA (TECH)

Malaysia Airports MSC Sdn Bhd

(fka KLIA.Com Sdn Bhd)
(516854-V)

Provision of internet services, development and incubation of electronic commerce, and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.

100% MAHB

MAHB (Mauritius) Private Limited

(64825 C1/BGL)

Investment holding management.

20% MAHB

Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. (656447)

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

20% MAHB

LGM Airport Operations Trade and Tourism Inc. (689548)

Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.

100% MAHB

***Asia Pacific Auction Centre Sdn Bhd**

(488190-H)

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

100% APAC

*** Asia Pacific Auction Sales Sdn Bhd** (523300-X)

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

100% APAC

*** Asia Pacific Machinery**

Auctions Sdn Bhd (503068-D)

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

100% APAC

*** Malaysia Motor Auctions Sdn Bhd** (500189-H)

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

100% APAC

*** Beans Around The World**

Coffee Shop Sdn Bhd (528250-P)

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

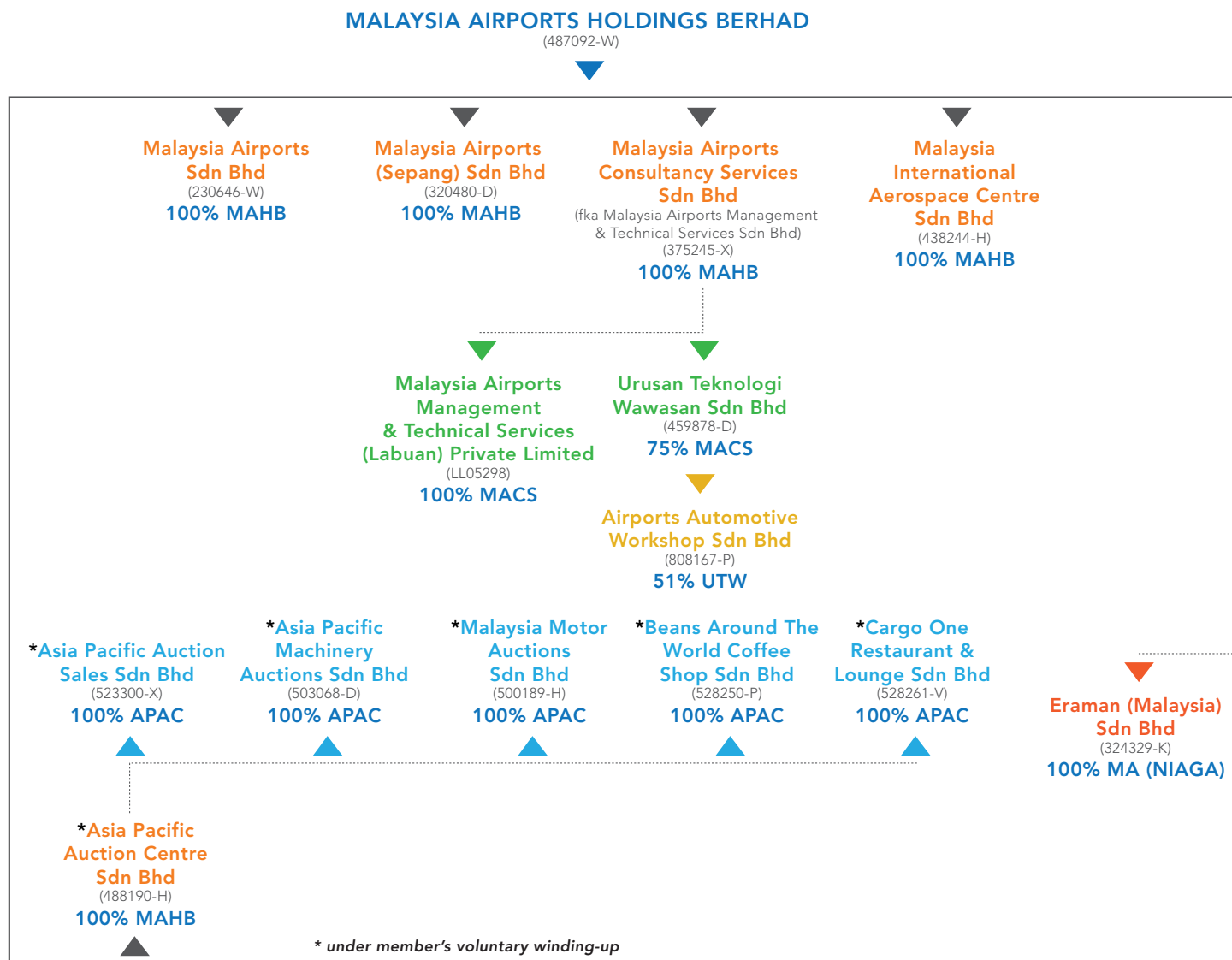
100% APAC

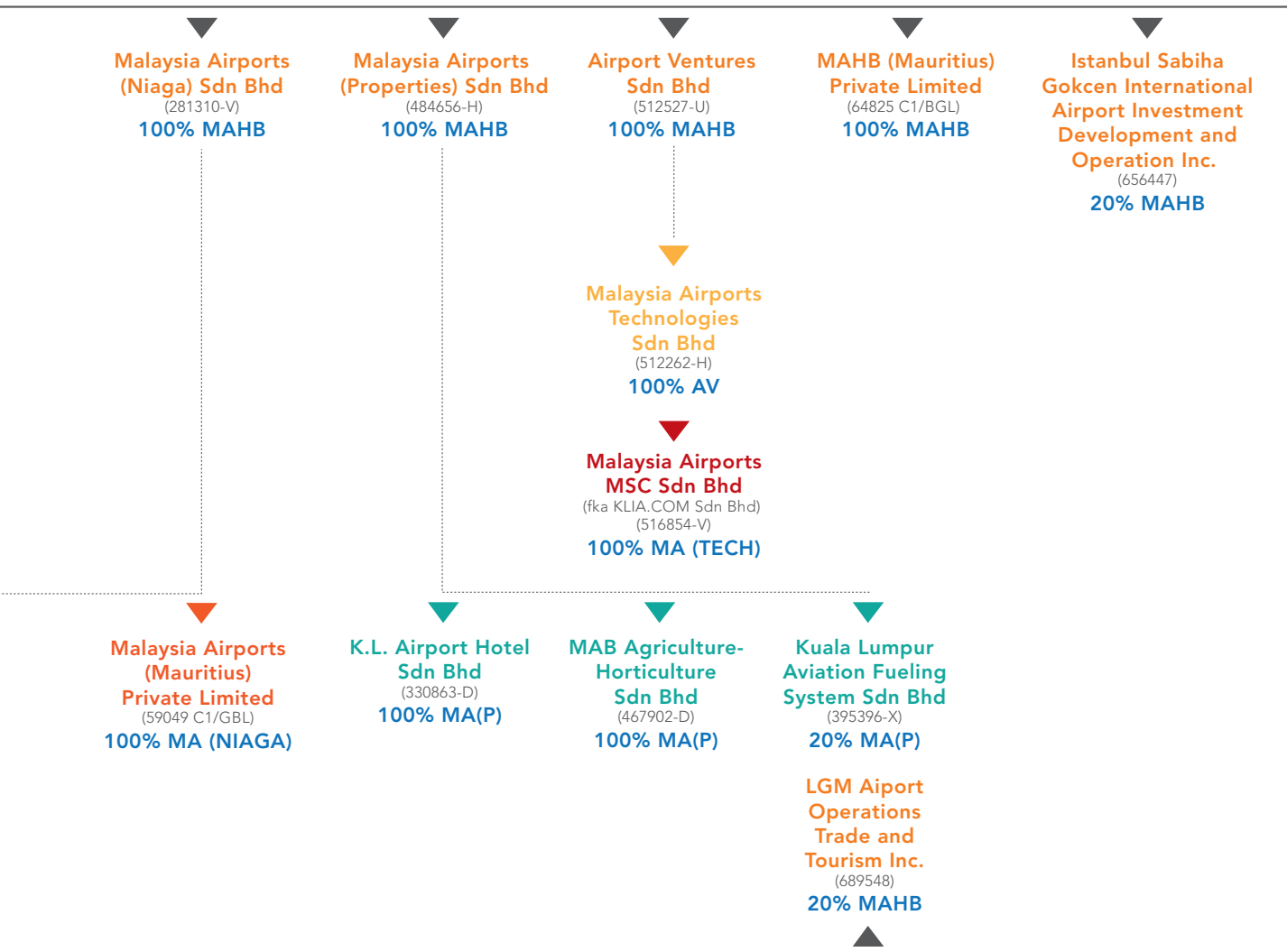
*** Cargo One Restaurant & Lounge Sdn Bhd** (528261-V)

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

*** under member's voluntary winding-up**

GROUP CORPORATE STRUCTURE





CALENDAR OF EVENTS 2009



200109 / KKIA Shopping Campaign Offered Travellers Chances To Win RM 55,000 Cash Prizes. Travellers and visitors to Kota Kinabalu International Airport (KKIA) were presented with an opportunity to walk away with cash prizes of RM55,000, offered in the “KKIA Shopping Campaign”, themed “KKIA Spend & Win”, organised to further encourage shopping and dining at KKIA and to enhance the airport shopping experience.



120209 / MAHB Increased Its Aviation Security Personnel With 242 New Graduates. MAHB increased the level of general airport safety when 242 aviation security trainees from intake 1/2008 completed their Foundation Course for Flight Security Assistant and were celebrated at the MAHB's Marching Out Parade held at Pusat Latihan Polis (PULAPOL), Kuala Lumpur.



120209 / MAHB & Government In Win-Win Public-Private Partnership. MAHB and the Government signed agreements to conclude the approved restructuring plan. The financial restructuring plan is a win-win situation for the government and MAHB, implemented through a public-private partnership arrangement.



130309 / New Low-Cost Carrier Terminal (LCCT) at KLIA Announced.

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



170309 / LCCT-KLIA's New Departure Hall Opened. The LCCT-KLIA's new departure hall started operations with its first flight to Guangzhou, China. The new hall can accommodate 3,200 passengers compared to 600 at the previous hall.



240409 / ERAMAN Malaysia Brought Marrybrown To LCCT-KLIA To Enhance Passengers' Airport Experience. ERAMAN Malaysia continued its effort to enhance airport users' experience at LCCT-KLIA by bringing Marrybrown to the terminal. The presence of Marrybrown at LCCT-KLIA will further increase product offerings not only to passengers and visitors but also to the surrounding communities.

CALENDAR OF EVENTS 2009



140809 / KLIA Shopping Campaign 2008 / 2009 Grand Finale & iStyle KLIA. KLIA Shopping Campaign 2008 / 2009 ended on a high note with a fashion show and the presentation of the ultimate grand prize – a Lexus GS300 car. The presentation of the grand prize was held at KLIA alongside the iStyle KLIA fashion show. The fashion showcase-cum-styling competition, a first for MAHB, was organised to provide a platform for local fashion and design students to show off their creativity.



180809 / KLIA 'Next Generation Hub' Programme Started With The Launch Of Web Portal. KLIA has launched itself as the Next Generation Hub, a premier airport that will enable passengers to connect seamlessly amongst all types of carriers including full service airlines and low-cost carriers to all destinations served from KLIA. In the first phase of the Next Generation Hub, MAHB launched www.flyklia.com, which provides an itinerary builder that integrates all airlines schedules and fares.



280809 / MAHB Celebrated The Holy Month Of Ramadhan With 2,000 Passengers. MAHB celebrated the holy month of Ramadhan by distributing packets of 'kurma' or dates to 2,000 passengers at KLIA. This is also part of MAHB's efforts to enhance its customer relationship management.



091009 / Another 194 Aviation Security Personnel Recruited By MAHB. MAHB received another 194 aviation security personnel after trainees from intake 1/2009 completed their Foundation Course for Flight Security Assistant. The graduation ceremony was held at Bunga Raya Complex in KLIA.



201009 / Malaysia's 5 International Airports First In Asia To Have Received SMS Certification. All five international airports in Malaysia received the Safety Management System (SMS) certification, making these airports amongst the earliest to achieve the certifications, especially in the Asia region. The SMS certification is a testimony of MAHB's initiatives to ensure the highest level of safety at airports and to fully comply with the International Civil Aviation Organisation (ICAO) Safety Management Program.

CALENDAR OF EVENTS 2009



181109 / MAHB Announced Airline Recovery Programme.

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



201109 / ERAMAN Malaysia's Excellent Customer Service Campaign.

Eight staff members from ERAMAN were chosen as the best Customer Service Assistant for this campaign. The winners comprised of Customer Service Assistant from both ERAMAN's retail and F&B outlets nationwide.



231109 / MAHB Launched '1Safety Culture' Campaign at KLIA. MAHB launched '1KLIA 1Safety Culture', a joint safety campaign with the objective to promote awareness of safe working area and further stimulate safety-conscious to all airside workers.



231109 / MAHB Participated in LIMA '09. MAHB took part in the 10th edition of the Langkawi International Maritime and Aerospace Exhibition (LIMA), that showcased its services, facilities and future development for airports.

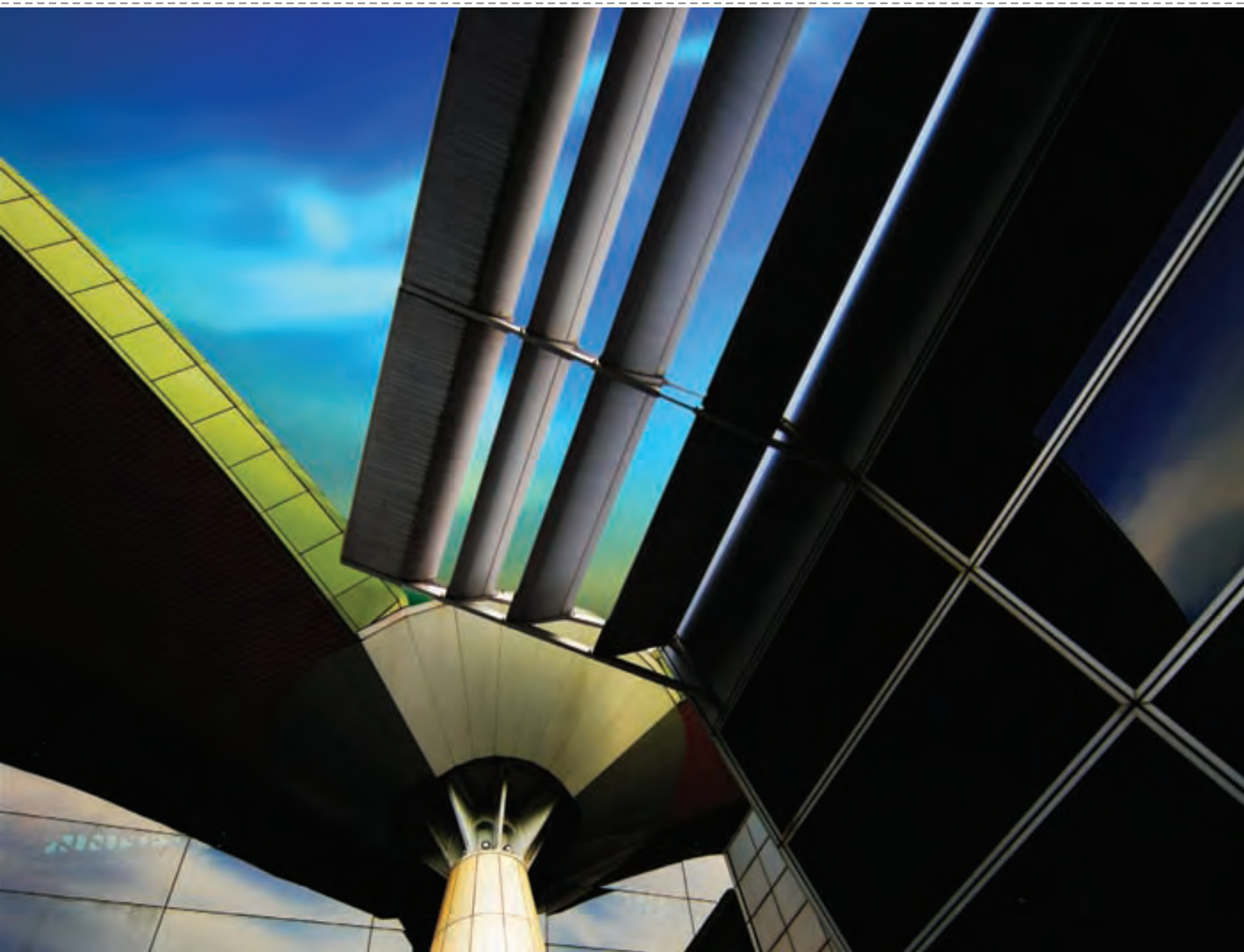


021209 / MOU Signed Between Eurocopter Malaysia and Malaysia International Aerospace Centre (MIAC) for The Development Of Helicopter Centre. Eurocopter Malaysia and MIAC Sdn. Bhd. (MIAC) signed a Memorandum of Understanding for the development of Helicopter Centre at Sultan Abdul Aziz Shah Airport. The primary objective of this Helicopter Centre is to provide an environment that is conducive to the development of the helicopter industry in Malaysia.



171209 / Exciting Shopping Experience at KLIA Unveiled By MAHB.

MAHB unveiled the newly completed Satellite Retail Optimisation Project (SROP) at KLIA. The Satellite Building has been given a major facelift and passengers can enjoy a more exciting and unique shopping experience. The SROP also included the building of a walkway through the forest reserve at the centre core of the Satellite Building, called KLIA Jungle Board Walk and creating a Circular Viewing Gallery at the Mezzanine Level.



IATA's EAGLE AWARD FOR BEST AIRPORT '09

- 
1. Penang International Airport was selected as **Airport Of The Year** (Below 15 Million Passengers Annually) in the 2009 Frost & Sullivan Asia Pacific Aerospace & Defense Awards.
 2. KLIA was awarded **The Brand Laureate 2008-2009** (the Grammy Awards for branding) for Corporate Branding - Best Brands in Transportation - Airports.
 3. KLIA was awarded **Best Green Service Provider-Airport** in the 23rd Annual Asian Freight & Supply Chain Awards.
 4. Penang International Airport awarded **Best Emerging Airport-Asia** (less than 500,000 tonnes per year) in the 23rd Annual Asian Freight & Supply Chain Awards.
 5. MAHB received the prestigious **Eagle Award for Best Airport** from IATA, in special recognition of outstanding performance in customer satisfaction, cost-efficiency and continuous improvements.
 6. MAHB awarded the prestigious **Community Engagement Award** in the Asia Responsible Entrepreneurship Awards (AREA) 2009 Malaysia, in recognition of MAHB's commitment towards the betterment of the surrounding community.

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

8. MAHB was awarded the **Distinction Award** in the **Malaysian Corporate Governance Index 2009**. The new Malaysian Corporate Governance Index aims to promote best practices in corporate governance among public-listed companies in Malaysia, and was organised

by Minority Shareholder Watchdog Group (MSWG). **9.** MAHB bagged two awards in the **The StarBiz-ICR Malaysia Corporate Responsibility Awards 2009** for the **Community and Environment categories**. The StarBiz-ICR Malaysia Corporate Responsibility Awards recognises and honour companies that demonstrate outstanding Corporate Responsibility (CR) practices that go beyond community and philanthropic activities.

10. MAHB was the recipient of **Airport Investment Company of the Year** while KLIA received the **Asia Pacific Airport of the Year** (Above 15 Million Annual Passengers) in the **2010 Frost & Sullivan Asia Pacific Aerospace & Defence Awards**. Both awards represent the prestigious recognition of MAHB's accomplishments in the commercial aviation and airports sector.

11. Pan Pacific Kuala Lumpur International Airport has been named **Asia's Leading Airport Hotel and World's Leading Airport Hotel** in the prestigious **World Travel Awards 2009**. The hotel also received the same honour in 2008, making this its second consecutive win.

12. Pan Pacific Kuala Lumpur International Airport was awarded with **The Brand Laureate 2008-2009** for **Product Branding** under the **Airport Hotel** category.

13. KLIA awarded **Green Globe Gold Status** after being certified for 5 consecutive years since 2004.

14. Tan Sri Bashir Ahmad, Managing Director of MAHB received the **"Leadership in the Logistic Sector"**-Airport Management award in the **International Business Review Award 2009**.



AIRPORTS OPERATED BY THE GROUP



AIRPORTS OPERATED BY THE GROUP

INTERNATIONAL

Peninsular Malaysia

KL International Airport
Langkawi • Pulau Pinang

Sabah

Kota Kinabalu

Sarawak

Kuching

AIRPORTS OVERSEAS

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



DOMESTIC

Peninsular Malaysia

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

Sabah

Sandakan • Labuan • Tawau • Lahad Datu

Sarawak

Miri • Bintulu • Sibul • Limbang • Mulu

SHORT TAKE-OFF AND LANDING PORTS (STOLports)

Peninsular Malaysia

Pulau Redang • Pulau Pangkor • Pulau Tioman

Sabah

Kudat • Long Pasia • Semporna

Sarawak

Lawas • Marudi • Long Semado • Long Seridan • Long Lellang • Long Banga
Bario • Kapit • Mukah • Bakalalan • Long Akah • Belaga

AIRPORTS IN MALAYSIA



International



Domestic



Short Take-Off & Landing



AIRPORTS OVERSEAS



DELIVERING OUR PROMISE

As the Next Generation Hub and a key driver of economic development of the country, we strive to provide optimum connectivity for the people, with a vast network of air carriers, convenient ground transportation and excellent customer service.



STATEMENT ON CORPORATE GOVERNANCE



Introduction

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

The Board considers that the corporate governance framework in MAHB has been developed and enhanced in compliance with the Malaysian Code on Corporate Governance (Revised 2007) ("Code"), Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("Bursa Malaysia Listing Requirements") and the adoption of recommendations on corporate governance in "Green Book Enhancing Board Effectiveness" initiated by the Putrajaya Committee on GLC High Performance as part of the GLC Transformation Programme ("Green Book") as well as the recently Corporate Governance Guide ("CG Guide") issued by Bursa Malaysia.

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



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

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

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:-

STATEMENT ON CORPORATE GOVERNANCE

- a) To structure a high performing Board;
- b) 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.

On 1 April 2010, MAHB launched its 5-year business direction "Malaysia Airports Runway to Success: Building A World-Class Airport Business 2010 – 2014". The business direction document aims to provide a strategic business direction to staff, airlines, partners, suppliers, passengers, the Government, investors as well as members of the public.

THE BOARD OF DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD

The Balance and Composition of the Board

MAHB's 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 MAHB operates, added with appropriate financial and risk management skills. The Board considers that objectivity and integrity, (as well as the relevant skills, knowledge, experience, mindset and ability, which will assist the Board in strengthening its key functions), are the prerequisites for appointment of new directors on the Board of MAHB.

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 MAHB operates, and its current and future competitive environment.

The Board currently comprises six (6) non-independent non-executive directors, three (3) independent non-executive directors and one (1) Managing Director, the composition of which is in compliance with paragraph 15.02 of Bursa Malaysia Listing Requirements. The directors' biographies are enclosed from pages [106] to [113] of this Annual Report.

During the year 2009, there were several changes in the Board's composition as follow:-

Name	Designation	Remark
Datuk Latifah binti Datuk Abu Mansor	Non-Independent Non-Executive	Resigned on 13 January 2009
Siti Zauyah binti Md Desa (alternate to Datuk Latifah binti Datuk Abu Mansor)	Non-Independent Non-Executive	Ceased as Alternate Director on 13 January 2009
Dato' Long See Wool ¹	Non-Independent Non-Executive	Vacated office on 19 January 2009 and reappointed on 20 January 2009
Dyg Sadiah binti Abg Bohan	Non-Independent Non-Executive	Appointed on 25 February 2009
Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin (alternate to Dyg Sadiah binti Abg Bohan)	Non-Independent Non-Executive	Appointed as Alternate Director on 25 February 2009 and resigned on 27 April 2009

Notes:-

1 Dato' Long See Wool had 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 Bursa Malaysia Listing Requirements. 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.

The Board expressed its appreciation to Datuk Latifah binti Datuk Abu Mansor, Siti Zauyah binti Md Desa and Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin 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 members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with relevant rules and regulations, directives and guidelines in addition to adopting the best practices in the Code and CG Guide, and act in the best interest of the Group and shareholders.

The principal responsibilities of the Board include formulating, reviewing and adopting an effective strategic planning of the Group, steering the Group in the right direction to achieve its desired goals, overseeing the conduct of the Group's businesses to ensure that the business processes are in place to maintain the highest integrity of the Group's businesses, identifying and managing the risks affecting the Group, reviewing the adequacy and integrity of the Group's system of internal control and ensuring timely and accurate disclosure of material information regarding the financial situation,

STATEMENT ON CORPORATE GOVERNANCE

performance, ownership and governance of the Company. Apart from that, the Board also assumes the responsibility of developing and implementing an investor relations programme or shareholder communications policy for the Group, as well as ensuring that the Group has its own succession planning programme for the senior management of the Group.

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

The Role of the Board

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

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

Independence of non-executive Directors

The Board considers all the three (3) Independent Non-Executive Directors, namely Datuk Alias bin Haji Ahmad, Datuk Siti Maslamah binti Osman and Jeremy bin Nasrulhaq to be independent based on the definition as set out under the Bursa Malaysia Listing Requirements. The Board is satisfied that the

three (3) Independent Non-Executive Directors represent the interest of the minority shareholders by virtue of their roles and responsibilities.

The Board 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 Bursa Malaysia Listing Requirements therein.

In order to ensure independence on the part of the Board members of MAHB, the Board has established restriction policies/guidelines on the membership for the Board of Directors of MAHB's subsidiaries, as follows:-

- a) That the membership of the Board of Directors of MAHB Group's subsidiaries comprises only representatives from Senior Management and that except for Chairman/ Managing Director of MAHB and nominee Directors of the Ministry of Finance, Ministry of Transport and Khazanah Nasional Berhad, Board members of MAHB are not appointed on the Board of Directors of MAHB's 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 MAHB's 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, etc; and
- c) That Board members are encouraged to arrange/ conduct dialogue sessions with Management and Board of Directors of MAHB's 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;
- c) Setting the appropriate targets/objectives and reviewing the performance of the Company and the Executive Director; and
- d) Setting the right remuneration of the Executive Director, and evaluating the effectiveness of the Company's succession planning programme.

The Board opined that the quality of its directors, each of whom possesses an impeccable background and offers relevant experience, ensures that they are able to challenge and help develop and drive the Group's vision and strategy, scrutinise performance and controls including to ensure that the governance standards are continuously upheld.

STATEMENT ON CORPORATE GOVERNANCE

The Chairman will always ensure that the board's decisions are based on consensus, and any concerns expressed by any director, will accordingly be recorded in the minutes of meetings by the Company Secretary.

The Chairman and Managing Director

The responsibilities and authorities between the Chairman and the Managing Director are clearly separated and defined in order to maintain a balance of power, as outlined below:-

Chairman

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 on the Board or acted as the Managing Director of the Company. Tan Sri Datuk Dr. Aris' roles and responsibilities are as follows:-

- a) Ensure orderly conduct and working of the Board, where healthy debates on issues being deliberated are encouraged to reflect any level of scepticism and independence;
- b) Ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of the majority;
- c) Ensure that the Board agrees on the strategy formulated by the Company and checks on its implementation;
- d) Exemplify the highest standards of corporate governance practices and ensure that these practices are regularly communicated to the stakeholders;
- e) Ensure the appropriateness and effectiveness

of the succession planning programme at the Board and Senior Management levels;

- f) Ensure a healthy working relationship with the Managing Director and provide the necessary support and advice as appropriate; and
- g) Determine the agenda for the Board Meetings in consultation with the Managing Director and the Company Secretary and ensure effective time management to allow the Board to have a rich and deep discussion.

Managing Director

Tan Sri Bashir Ahmad bin Abdul Majid is the Managing Director of the Company. Tan Sri 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. Tan Sri 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;
- c) Setting the overall policy and direction of the business operations, investment and other activities based on effective risk management controls;

-
- d) Ensuring that the financial results are accurate and not misleading;
 - e) Ensuring that the financial management practice is carried out at the highest level of integrity and transparency for the benefit of the shareholders;
 - f) Ensuring that the business and affairs of the Company are carried out in an ethical manner and in full compliance with the relevant laws and regulations;
 - g) Ensuring that whilst the ultimate objective is to maximise the shareholders return, the social and environmental factors are not being neglected;
 - h) Developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts etc; and
 - i) Providing the leadership and represent the Company with major customers and industry organisations together with the involvement of the Chairman.

Furthermore, the responsibilities and authorities between the Chairman and the Managing Director are also clearly outlined in the Board Charter.

Induction and Continuous Professional Development

All newly-appointed directors have undergone a comprehensive induction programme arranged by the Company Secretary, tailored to their individual requirements, comprising, briefings by the Senior Management, training on Directors' duties and responsibilities, and visits to the airports. The training is normally initiated within the first six months period following the Director's appointment.

All the directors have attended and successfully completed the Mandatory Accreditation Programme as required by the Bursa Malaysia Listing Requirements. In this context, the listing requirements also prescribed that the onus is on the Board of Directors to determine and oversee the training needs of its members, whereby they should be encouraged to attend talks, seminars and training programmes to enhance their skills and knowledge, and to keep abreast with new developments within the business environment.

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

- a) Management Retreat and Teambuilding for Directors and Senior Management held on 24 to 26 July 2009;
- b) Briefing/updates on H1N1 by the Ministry of Health held on 30 July 2009;
- c) ACIIA Conference 2009 "Towering Experience: Towards Sustainable Success" by Asian Confederation of Institute of Internal Auditors held on 19 to 21 October 2009;
- d) Presentation/briefing on Financial Reporting Standard (FRS) 139 by Ernst & Young held on 22 October 2009;

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- e) 19th ACI World and Asia Pacific Conference and Exhibition "Above the Turbulence – Sustaining Business Excellence" by Airports Council International held on 2 to 4 November 2009; and
- f) Briefing on how Corporate GIS is used in Airports Worldwide with an Emphasis on the Business Value at Airports by Manchester Airport Technology Consultant held on 5 November 2009.

The Board members are continuously updated with the latest information on issues related to governance, risk management, board performance and financial position. In addition, the Board members also strive to develop their understanding of the business through regular airport visits and in-depth presentations on topical issues.

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

As part of the customary annual training programme, the Board had in the past, participated in airport 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. During the year, some of the Board members paid official visits to Delhi International Airport and Istanbul Sabiha Gokcen International Airport. The visits gave the directors the opportunity to experience the uniqueness of

each airport operations, as well as a better understanding of the different approaches to managing challenges at the respective airports. It will certainly be an invaluable experience to the Directors, and the added value gained from this experience will no doubt benefit the Company.

Board Performance Evaluation

The Board performance evaluation framework and processes in MAHB have been developed and adopted in accordance with the principles as enunciated in the Green Book and the Code.

The performance evaluation of the Board was primarily based on the answers to a detailed questionnaire which was prepared internally by the Company Secretary. The questionnaire form was distributed to all the respective Board members and it covers topics that include, amongst others, the responsibilities and influence of the Board, meeting arrangements, information and support, Board composition, decision-making and output. Similar topics were covered in respect of the questionnaire for each of the Committees. Thereafter, the results of these questionnaires, after being agreed upon by the individual directors, were documented, and collectively, they formed the basis of a report to be tabled at the Board Nomination & Remuneration Committee meeting, subsequently for onward submission to the Board of Directors' meeting for deliberation thereof, whereby the Board had evaluated their performance and formulate a "going forward position", to enhance the effectiveness of the Board.

With regard to the performance of the respective Board Committees, members had assessed and rated the Board Committee's performance based on each of the questionnaires and where necessary, provided their comments. Whilst assessing the performance of the

Board Committees, the members also indirectly assessed the individual members performance against a range of key competencies. These competencies include strategic thinking, commitment and preparedness, listening and communication skills, contribution to decision making and constructive challenging of information. The ratings and comments were synthesised into a report and tabled at the Board Nomination & Remuneration Committee meeting and the Board of Directors' meeting for deliberation thereof.

The Board is passionate about conducting such performance evaluation, as this enables the Board performance to be properly gauged. At this juncture, the recommendation to conduct a one-on-one session between the Directors and the Chairman (as practised by the UK Public Listed Companies) would be considered at an appropriate time, at a later stage to come.

Board Charter

The Board has embarked upon a review of the Board Charter in accordance with the best practises prescribed in the Green Book which provides guidance to the Board in reviewing the Charter at least every 2 years to test its applicability to the Company's current situation. The revised Board Charter has been approved by the Board on 10 December 2009.

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

The Board Charter clearly outlines the principles and adoption of best practices on the structures and processes towards achieving the highest governance standards,

which include amongst others, the right balance and composition of the Board, the Board's obligations and liabilities, Directors' Code of Ethics, appointment of new directors, remuneration policy and the establishment of Board Committees together with the required mandates and activities.

Directors' Code of Ethics

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

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;
- c) Failure to comply with the professional standards or legal requirements;

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- 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 Y. Bhg. Dato’ Che Azmi bin Murad, Senior General Manager, Operations, MAHB 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 sixteen (16) 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 meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year’s board meetings into their

schedules. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During the year 2009, eleven (11) Board meetings and two (2) Special Board meetings were held. All the directors had proportionately attended more than 50% of the Board meetings held for the full financial year of 2009, in compliance with the Bursa Malaysia Listing Requirements.

The following table sets out the number of Board meetings held during the financial year 2009 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
Non-independent		
Tan Sri Datuk Dr. Aris bin Othman	13 out of 13	100%
Tan Sri Bashir Ahmad bin Abdul Majid	13 out of 13	100%
Dato' Long See Wool	11 out of 13	85%
Izlan bin Izhab	12 out of 13	92%
Hajah Jamilah binti Dato' Hj Hashim	11 out of 13	85%
Mohd Nadziruddin bin Mohd Basri	13 out of 13	100%
Dyg Sadiyah binti Abg Bohan ¹	12 out of 12	100%
Datuk Latifah binti Datuk Abu Mansor ²	-	-
Independent		
Datuk Alias bin Haji Ahmad	11 out of 13	85%
Datuk Siti Maslamah binti Osman	13 out of 13	100%
Jeremy bin Nasrulhaq	13 out of 13	100%

Notes:-

1. Appointed as a member of the Board with effect from 25 February 2009
2. Resigned as a member of the Board with effect from 13 January 2009

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Non-attendance at the Board and Committee meetings is an exception, normally where directors have prior commitment, or in the case of newly-appointed directors, if there is a clash with a meeting which had been scheduled earlier and could not be re-arranged.

Matters Reserved to the Board

The Board has a formal schedule of matters specifically reserved to it. These reserved matters include the following:-

- a) Approval of the overall strategy, vision, values, and governance framework of the Group;
- b) Approval of the Company's Annual Report and Quarterly Financial Statements;
- c) Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;
- d) Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets, and capital expenditure over a specified amount;
- e) Approval of the Company's long term financial plan and the annual capital expenditure programme;
- f) Approval of any significant change in the accounting policies and practices;
- g) Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;
- h) Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;
- i) Appointment, re-appointment or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Articles of Association;
- j) Appointment or removal of the company secretary;
- k) Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;
- l) Approval of the division of responsibilities between the Chairman and Managing Director; and
- m) Approval for the establishment of the Board Committees, their terms of reference (i.e. membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions.

Quality of Information

The Chairman takes responsibility for ensuring that the Directors receive accurate, timely and clear information with regard to the Group's financial and operational performance, to enable the Board to make sound decision and provide the necessary advice, with all Board and Committee papers being issued in advance prior to the scheduled meetings. The Company Secretary will assist the Chairman to ensure that the process of disseminating the information is effective and reliable.

Under the current practice, Notices pertaining to all Board 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. Confidential papers or urgent proposals are presented and tabled at the Board meetings under special agenda.

The format and structure of the Board papers are 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 and presented into a short, and synthesised executive summary, which includes, amongst others, action required for Board's consideration; detailed information on the proposals; key issues and risks with a clear response plan, required actions with clear accountabilities and timelines; and responsible parties who prepared and reviewed the report. This is to ensure that the Directors have a complete understanding of the issues to enable systematic decision making in a well-informed manner.

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.

The minutes of each Board meetings are circulated together with the Board papers to all Directors for their perusal before confirmation of the minutes to be done at the following Board meeting which is one of the agenda of the meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as a correct record of proceedings of the Board.

The Directors have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly by the Company. An interested Director will abstain from deliberations and decisions of the Board on the transaction. In the event a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting on the resolutions relating to the corporate proposals, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

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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

Sabarina Laila binti Dato' Mohd Hashim, the Company Secretary for the Group, is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the 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. The Company Secretary will also brief the Board on the proposed contents and timing of material announcements to be made to Bursa Malaysia.

Apart from playing an active role as the advisor to the directors, the duties of the Company Secretary also include, amongst others, attending all Board and Board Committee meetings, ensuring that the proceedings of Board meetings and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purposes of meeting

statutory obligations, as well as obligations arising from Bursa Malaysia Listing Requirements or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and 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 & Remuneration Committee, merged on 5 November 2008, 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 Board Nomination & Remuneration 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 candidates 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 Dyg Sadiyah binti Abg Bohan, a nominee of the Ministry of Finance. The appointment has strengthened the balance between the composition of the Executive and Non-Executive Directors of the Board. Besides that, the Director's 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 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 & Remuneration Committee, which would then submit its recommendations to the Board for

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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 Eleventh Annual General Meeting, Tan Sri Datuk Dr. Aris bin Othman, Datuk Siti Maslamah binti Osman and Hajah Jamilah binti Dato' Hj Hashim shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, have offered themselves for re-election.

The Board Nomination & 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 recommended that the shareholders vote in favour of the re-election of the above directors at the Company's Eleventh Annual General Meeting.

Directors over the age of seventy years 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 & Remuneration Committee is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Directors, Managing Director, and to deliberate the

remuneration package for the Senior Management of the Group. The component parts of the remuneration are structured as such, so as to link rewards to corporate and individual performance, in line with the "Enhancing Business and Performance Management" Programme developed by the Group with the assistance and in consultation with the external consultants.

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

During the year, the Board Nomination & Remuneration Committee has recommended the increase of the existing Directors' fees for the Non-Executive Directors to the Board for approval. The Board had deliberated and unanimously recommended that the proposed increase in Directors' fees be tabled at the Company's Eleventh Annual General Meeting for shareholders' approval thereof. The proposed increase of Directors' fees is to reflect the increase in Directors' responsibilities and liabilities and to align their total remuneration to other public listed companies. The higher level of activities of the Group requires further involvement of Directors in the Group's operations.

The Chairman and Non-Executive Directors received the following fees in respect of the financial year 2009:-

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

The details of the total remuneration of directors for the financial year 2009 are summarised as follows:-

Category	Salary, Bonus and Other emoluments (RM)	Directors' Fees (RM)	Directors' Other emoluments (RM)	Benefits in kind (RM)	Total (RM)
Executive Director*	934,972.05	-	-	18,031.16	953,003.21
Non-Executive Directors	-	238,500.00	270,000.00	16,599.96	525,099.96

* being the Managing Director

The number of directors of the Company whose total remuneration fell within the specified bands during the financial year 2009 is tabulated, as follows:-

	Number of Directors	
	2009	2008
Executive Director:		
RM750,001 – RM800,000	-	-
RM800,001 – RM850,000	-	-
RM850,001 – RM900,000	-	-
RM900,001 – RM950,000	1	1
Non-Executive Director:		
Less than RM50,000	9	13
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 Code, as it believes that this information will not add significantly to the understanding and evaluation of 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: -

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Board Committee	Key Functions	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 Finance & 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 Nomination & Remuneration Committee ("BNRC")	Review, assess and recommend to the Board of Directors, remuneration packages of the Executive Director and senior management as well as to determine criteria for Board/Board Committees' membership, structure, responsibilities and effectiveness, and to formulate/ review policies and procedures on human resource matters with regard to recruitment, appointment, promotion, transfer and secondment of employees, etc.	Board Risk Management Committee ("BRMC")	Formulate the overall risk management, occupational safety and health, ICAO safety management safety and information security strategy of the Group and recommend for approval and/or approve (whenever applicable) any major risk financing decisions by the Group.
		Board Procurement Committee ("BPC")	Approve tender for contract value above RM5 million up to RM200 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 and 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.

The composition of the Board Committees and the attendance of members at Board Committee meetings during the financial year 2009 are reflected as follows: -

Director	BAC	BNRC	BF&IC	BRMC	BPC
Non-Independent					
Tan Sri Datuk Dr. Aris bin Othman			C	C	C
Tan Sri Bashir Ahmad bin Abdul Majid ¹			M	M	
Dato' Long See Wool				M	M
Izlan bin Izhab	M				
Hajah Jamilah binti Dato' Hj Hashim		M			
Mohd Nadziruddin bin Mohd Basri			M	M	
Dyg Sadiyah binti Abg Bohan ²		M	M		M
Datuk Latifah binti Datuk Abu Mansor ³		M	M		M
Independent					
Datuk Alias bin Haji Ahmad	M	C		M	M
Datuk Siti Maslamah binti Osman	C	M	M		
Jeremy bin Nasrulhaq	M	M			

Notes:-

C: Chairman, **M:** Member

1. Resigned as a member of the Board Risk Management Committee with effect from 28 December 2009.
2. Appointed as a member of the Board Nomination & Remuneration Committee, Board Finance & Investment Committee and Board Procurement Committee with effect from 25 February 2009.
3. Resigned as a member of the Board Nomination & Remuneration Committee, Board Finance & Investment Committee and Board Procurement Committee with effect from 13 January 2009.

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Attendance at the Board Committee Meetings

Director	BAC	BNRC	BF&IC	BRMC	BPC
Non-Independent					
Tan Sri Datuk Dr. Aris bin Othman			4/4	4/4	13/13
Tan Sri Bashir Ahmad bin Abdul Majid ¹			3/4	1/4	
Dato' Long See Wool				3/4	11/13
Izlan bin Izhab	4/7				
Hajah Jamilah binti Dato' Hj Hashim		8/8			
Mohd Nadziruddin bin Mohd Basri			3/4	3/4	
Dyg Sadiyah binti Abg Bohan ²		5/8	3/4		13/13
Datuk Latifah binti Datuk Abu Mansor ³		-	-		-
Independent					
Datuk Alias bin Haji Ahmad	7/7	8/8		4/4	13/13
Datuk Siti Maslamah binti Osman	7/7	8/8	4/4		
Jeremy bin Nasrulhaq	7/7	7/8			

TERMS OF REFERENCE

The salient terms of reference of the Board Committees are as follows:

Board Audit Committee ("Audit Committee")

The Audit Committee comprises no fewer than four (4) members, all of whom are non-executive directors with majority being independent directors. At least one (1) member must be a member of the Malaysian Institute of Accountants, or he/she complies with the requirement of paragraph 15.09 (1)(c)(iii) of the Bursa Malaysia Listing Requirements.

The Audit Committee shall have the following authorities as empowered by the Board:-

- Have authority to investigate any matter within its terms of reference;
- Have the resources required to perform its duties;
- Have full and unrestricted access to any information, records, properties and personnel within the Group;
- Have direct communication channels with the external auditors and internal auditors;
- Be able to obtain independent professional advisers or other advisers and to engage outsiders with relevant experience and expertise if necessary;

- f) Be able to convene meetings with the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Company, 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 2009, which include, amongst others, the following:-

- a) Reviewed and approved the Company's accounting approach and treatment in compliance with the Financial Reporting Standards;
- b) Reviewed the quarterly and annual results and considered any matters raised by the internal auditors as well as the external auditors;
- c) Reviewed and approved the audit plans for the internal auditors;
- d) Monitored the scope, effectiveness, independence and objectivity of the external auditors;

- e) Discussed the results of internal audit reviews, significant findings, management's action plans and consequence management;
- f) Reviewed any related party transactions that may arise within the Group; and
- g) Reviewed the terms of reference of the Audit Committee.

Board Nomination & Remuneration Committee ("Nomination & Remuneration Committee")

The Nomination & Remuneration Committee consists of at least three (3) members, all of whom shall be non-executive directors. The Chairman and members of the Nomination & 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 non-executive directors should bring to the Board and other qualities in order to function effectively and efficiently;

STATEMENT ON CORPORATE GOVERNANCE

- c) Propose to the Board the responsibilities of the non-executive 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;
 - f) Review and set policies and procedures on human resources and employee matters (i.e. talent management);
 - g) Review and determine the level and make-up of key management positions; and
 - h) Develop policies and recommend appropriate proposals to facilitate the recruitment and retention of Senior Management, for which approval is required from the Board.
- 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;
 - b) 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.

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
- 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

The Nomination & Remuneration Committee will make the following recommendations to the Board:

-
- 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 & 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 & Remuneration Committee had deliberated key matters during the year 2009 which include, amongst others, the following:-

Nomination

- a) Considered and recommended to the Board, the appointment of new director, namely Dyg Sadiyah binti Abg Bohan (a nominee of the Ministry of Finance), on the Board of the Company;
- b) Considered and recommended to the Board the Directors' retirement and re-election at the Annual General Meeting of the Company;
- c) Considered and recommended to the Board the appointment of new directors on the Board of MAHB's subsidiary/associate/investment companies;
- d) Considered and recommended to the Board the appointment of Senior General Managers and General Managers of the Company;
- e) Monitored the implementation of 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;
- f) Reviewed the results of the performance evaluation of the Board and Board Committees and thereafter formulated and recommended to the Board a range of initiatives to be embarked upon for Board and Board Committees performance improvement; and
- g) Considered and recommended to the Board the renewal of employment contracts for the Senior General Managers and General Managers of the Company.

In early 2010, the Nomination & Remuneration Committee, upon analysing the result of the annual Board performance evaluation, was satisfied that the size of the Board is sufficiently appropriate and that there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board. The Committee was also satisfied that all the Board members are suitably qualified to maintain their positions as Directors of the Board and members

STATEMENT ON CORPORATE GOVERNANCE

of the Committees in view of their respective academic and professional qualifications, experience and qualities.

The Committee has also reviewed the Board members' and Senior Management's directorships in MAHB's subsidiary/associate/investment companies to ensure the membership/directorship held are well within the restriction policies/guidelines as stipulated.

Remuneration

- a) Reviewed and recommended to the Board the overall remuneration packages for Directors and Managing Director of the Company to ensure that are sufficiently attractive to draw in and to retain persons of high calibre;
- b) Reviewed the performance of the Managing Director and specific adjustments in remuneration and/or reward payments that reflect his contributions, and which are competitive and are in tandem with the market trends;
- c) Reviewed the Corporate Scorecard and Senior Management KPI percentage achievement for the year and recommended the reward payments based on the KPI's achievement of each member of Senior Management;
- d) Considered and recommended to the Board the Corporate Scorecard for the ensuing year;
- e) Reviewed the job scope/size of Senior Management and recommended to the Board on specific adjustments in remuneration that commensurate with their scope of duties and responsibilities, and which are competitive and are in tandem with the business diversity and market trends;

f) Recommended to the Board for the salary increment and bonus of the employees of the Group; and

g) Reviewed the framework and policies on the performance management and reward strategies of MAHB.

Board Finance & Investment Committee ("Finance & Investment Committee")

The Finance & Investment Committee comprises at least four (4) members and at least one (1) member must be a member of the Malaysian Institute of Accountants or fulfils the requirements which are more particularly set out in the Committee's Terms of Reference.

The Chairman of the Company shall be the Chairman of the Finance & Investment Committee. The Finance & Investment Committee will conduct its meeting at least once every quarter or four (4) meetings per annum, and to convene additional meetings as and when necessary.

The functions and duties of the Finance & Investment Committee are to:

- a) Review the annual business plans and budgets and any supplementary budgets (half-yearly) and recommending them to the Board for approval;
- b) Review and monitor the financial position and performance of the Company and its group of companies on a quarterly basis;
- c) 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 & 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 & Investment Committee had deliberated key matters during the year 2009 which include, amongst others, the following:-

- a) Reviewed the budget performance for the year with particular attention on the utilisation of the Group's capital expenditure;
- b) Reviewed the financial status of overseas projects and the investment portfolios;
- c) Reviewed the authorised signatories in respect of the collection bank accounts and investment activities under the provision of the Financial Limit of Authority to streamline the financial system of the Group;
- d) Reviewed the asset groupings and depreciation rates within MAHB Group of Companies to ensure the integration of the system within the Group;
- e) Reviewed the implementation of the fixed asset management policy to improve utilisation and management of fixed assets of the Group;

- f) Considered and recommended to the Board the implementation of the zakat payment within MAHB Group;
- g) Considered and recommended to the Board for the declaration of the interim dividend for the year for distribution to the shareholders of the Company; and
- h) Considered and recommended to the Board the proposed Group's budget for the ensuing year.

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 & Remuneration Committee.

The responsibilities of the Risk Management Committee are to, inter alia:

- a) Approve the overall Risk Management, Occupational Safety and Health (OSH), ICAO Safety Management Safety (SMS) and Information Security policies and strategies;
- b) Oversee senior management's responsibilities in managing risks including information security risks and safety to ensure that the risk management process is in place and functioning;
- c) Review major risk and safety strategies, policies and risk tolerance standards proposed or to be proposed to the Board and to opine or make recommendations to the Board;

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- d) Review risk management, OSH, Safety and Information Security activities to ensure that all risks are taken into account in business plans and strategies;
- e) Review the Corporate Risk Profile and understand the significant risks that affect the achievement of the company's objectives and ensure the implementation of appropriate systems to manage these risks;
- f) Oversee the adequacy of resources for implementation of risk management and safety strategies, activities and initiatives; and
- g) Ensure a risk management statement is included in the annual report confirming that risks are being identified, evaluated/assessed and that appropriate Management Action Plans are in place to manage and mitigate those risks effectively.

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 2009 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 status of the enterprise risk management, the effectiveness of the whistleblowing programme, and the implementation of electronic insurance claims management system;
- b) 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;
- c) Monitored the status of occupational safety and health programme of the Group;
- d) Considered and recommended to the Board Procurement Committee for the appointment of insurance and risk management brokers/consultants for MAHB Group of Companies for the year 2010 – 2012;
- e) Reviewed the structure of Risk Management Department to be in line with the development of the corporate governance in Malaysia;
- f) Reviewed the terms of reference of the Risk Management Committee to reflect the responsibilities in the area of safety management system and information security;
- g) Monitored the activities and plan in enhancing information security through the implementation of ISO 27001:2005 Information Security Management System within the Group; and
- h) Reviewed the insurance programme for the ensuing year;

Board Procurement Committee (“Procurement Committee”)

The Procurement Committee comprises at least three (3) members, made up of both independent non-executive directors and non-independent non-executive directors. The members of the Procurement Committee are appointed by the Board.

The general functions of the Procurement Committee are to:

- a) Ensure that the project and tender documents comply with 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 Two Hundred (200) Million;
- f) Approve tenders for amount from Ringgit Malaysia Five (5) Million up to Ringgit Malaysia Two Hundred (200) Million;
- g) Review and approve procurement policies and procedures, including the anti-corruption policy and codes of conduct; and
- h) Oversee and monitor the overall implementation of the Red Book on Procurement Guidelines, ensuring efficiency and effectiveness of procurement processes, 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 reviewed and approved various tenders which were duly awarded to the respective contractors/consultants, and approvals/decisions were made in line with the Procurement Policies, Procedures & Guidelines (“3Ps”).

For urgent proposals or matters in relation to the development of the new LCC Terminal at KLIA that require expeditious decision or consideration, Special Board Procurement Committee meetings will be convened.

SHAREHOLDERS

Relations with Major Shareholders and Stakeholders

The Stakeholder Management Committee, led by the Managing Director and the Chief Financial Officer of the Company and including, where appropriate, other members of senior management, will regularly hold meetings with the Company’s major shareholders, namely Khazanah Nasional Berhad and its major stakeholders (which involve, the Ministry of Finance, Ministry of Transport, and Airlines, amongst others) to discuss the company’s strategy, financial performance and specific major investment activities.

Relations with Institutional Shareholders

The investor relations team is responsible for managing the day-to-day communications with institutional shareholders through briefings to fund managers, institutional investors and investment analysts, normally held after the release of the Group’s quarterly results to Bursa Malaysia. Press conferences are also held to brief the members of the

STATEMENT ON CORPORATE GOVERNANCE

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 www.malaysiaairports.com.my, which has since been revamped with a new outlook to satisfy the discerning taste of our shareholders.

The Board acknowledges the importance of shareholders to be informed in prompt and timely manner of all material business matters affecting the Company. All announcements of quarterly financial results, change in the composition of the Board, etc are disclosed to Bursa Malaysia within statutory timelines, with clear, accurate and sufficient information to enable shareholders and investors to make informed decisions. Likewise, all formal queries by Bursa Malaysia and other regulatory authorities are expeditiously responded to.

Investor Relations

MAHB recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. Our Investor Relations Policy aims to build long-term relationships with our shareholders and potential investors through appropriate channels for the management and disclosure of information. We provide these investors with sufficient business, operations and financial information on the Group enabling them to make informed investment decisions.

MAHB holds analyst presentations in each quarter in 2009 in conjunction with the Group's quarterly financial results. The briefings include the corporate overview, review of business

operations and financial performance, headline key performance indicators achievements and the business outlook for the Group.

In addition, MAHB organised regular one-to-one meetings with investment analysts and fund managers throughout the year. The analysts and fund managers briefings will continue to be held regularly in 2010.

Dividend Policy

The Company's dividend policy entails the payment of dividend at a payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest commencing from the financial year 2007. Nevertheless, the actual amount and timing of the dividend payments would depend on the Company's cash flow position, results of operations, business prospects, current and expected obligations, and such other matters as the Board of Directors may deem relevant.

Annual General Meeting

The Annual General Meeting ("AGM") 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:-

Faizal Sham bin Abu Mansor
Chief Financial Officer

The biographies of Faizal Sham bin Abu Mansor is enclosed on page [116] of this Annual Report.

Contact Details

Tel: 603-8777 7004

Fax: 603-8777 7776

E-mail: faizalmansor@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 Financial Reporting Standards ("FRS") approved by the Malaysian Accounting Standards Board, and has adopted the relevant FRSs applicable for the Group's financial year 2009.

The adoption of the FRSs has changed a number of the Group's accounting policies. The principal effects of the changes in accounting policies resulting from the above adoption are set out from pages [222] to [245] of this Annual Report.

Internal Control

The Statement of Internal Control set out on page [194] of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with External Auditors

The Board Audit Committee and the Board place great emphasis on the objectivity and independence of the Group's external auditors, Ernst & Young, in providing the relevant reports to shareholders. In order to ensure full disclosure of matters, Ernst & Young are regularly invited to attend the Committee's meetings as well as the Annual General Meeting. The Board Audit Committee also has discussions with the external auditors and internal auditors at least twice in a year, without the presence of the Managing Director and Management, to discuss the adequacy of controls and any judgemental areas.

In order to ensure that the external auditors' independence and objectivity are not compromised by the provision of non-audit services, the Board Audit Committee's practice is to exclude them from providing tax services, merger and acquisition exercise, due diligence, management, strategic and IT consultancy, and other non-audit and non-tax-related services unless the services offered by the external auditors are more effective or competitively priced, and they are the expert in the field against the other providers.

STATEMENT ON 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 [210] of this Annual Report.

B. ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with paragraph 9.25 of the Bursa Malaysia Listing Requirements.

1. Option, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year 2009.

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 2009.

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 2009.

4. Non-Audit Fees

The amount of non-audit fees paid to the External Auditors, apart from the audit fees, during the financial year ended 31 December 2009, is as follows:-

External Auditors	Report	Total Paid (RM)
Ernst & Young	Professional Services and Advisory Work on the Application of the Financial Reporting Standard ("FRS") 139 for MAHB Group of Companies	42,000
	Professional Services and Advisory Work on the MAHB Corporate Restructuring Exercise	132,750

5. Profit Guarantee

There was no profit guarantee given by the Company during the financial year 2009.

6. Revaluation Policy on Landed Properties

There was no revaluation of properties of the Company during the financial year 2009.

7. Share Buy-Back

There was no share buy-back exercised by the Company during the financial year 2009.

8. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year 2009.

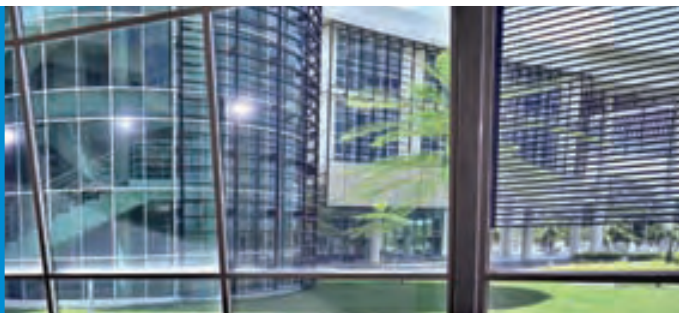
This Statement on Corporate Governance was duly reviewed and approved by the Board of Directors of MAHB on 25 March 2010.

On behalf of the Board



Tan Sri Datuk Dr. Aris bin Othman
Chairman

RISK MANAGEMENT



In minimising interruptions towards the achievement of our Corporate Vision and Mission we continue to embed risk management as part of the business process and culture.

Our business model inherently requires us to take on measured risks from the planning stage to actual service delivery and these risks are clearly more pronounced during down cycles where there is a great deal of uncertainty with respect to financial and commercial performances and overall utilisation of our airports. To mitigate and manage these more effectively, we are pursuing a more proactive risk management stance at the corporate level and throughout our various departments and airports.

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

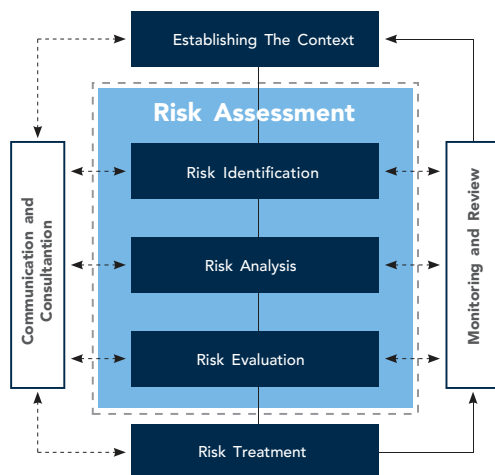
The Board affirms its overall responsibility for the Group's risk management and for reviewing the adequacy and integrity of the Enterprise Risk Management (ERM) practice within the Group. The risk management framework and system is aimed towards effective risk assessment and risk treatment with continuous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

MAHB'S ERM FRAMEWORK

To guide our risk taking activities and ensure that they are aligned with our strategic objectives and regulatory requirements, MAHB has in place an enterprise wide risk management framework to measure, assess and manage the risks across the organisation. MAHB's ERM framework ensures there is clear responsibility and ownership for risks and ensures reasonable assurance to the Board Risk Management Committee (BRMC) that all risks mainly strategic and operational risks are explicitly identified and managed.

MAHB has adopted the recently launched ISO 31000 Risk Management framework which will assist MAHB in meeting the scope and principles of risk management policy and procedure for effective risk management. Risk ownership, awareness and communication of risks are activities that will ensure risk management is embed within MAHB's business process. This will support MAHB's corporate objectives of profitability and growth through enhancing efficiency and savings and become part of daily business management.

OVERVIEW OF ISO 31000 FRAMEWORK



MAHB RISK SCORECARD (MArs) SYSTEM

The Board and Management remain firmly committed to the effective management of strategic, operational, financial and compliance-related risks throughout the organisation. One of the key responsibilities of the Board is to ensure the presence of adequate and effective organisational and procedural controls, supported by both management information systems and a risk management monitoring and reporting system.

In MAHB, we use a powerful web-based solution known as MArs to facilitate Directors, Senior Management, Line Management and Risk Owners in identifying, assessing, prioritising and monitoring risks.

MAHB risk scorecard or MArs is our Risk Management Information System (RMIS). It is an Enterprise Risk Management software tool to assist in the management of risk throughout the organisation. The system was



customised based on MAHB reporting structure and aligned to ICAO and ISO risk assessment requirement.

The key objective of MArs is to capture all risk information on Residual Risks, their causes and consequences, the current controls in place and its effectiveness. It also captures the Action Plans to achieve Target Risks and the respective risk owner for each risk.

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

ENTERPRISE RISK MANAGEMENT INITIATIVES

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

RISK MANAGEMENT

To further recognise the efforts and commitment of airports towards continuous risk improvements and maintaining good risk management practice, we have introduced a new Risk Management Award – Airport of the Year.

Apart from the recognition and rewards towards the commitment for good risk management practices, we strongly believe in continuous risk assessment, risk communication and awareness program in keeping pace with the dynamic nature of our business and hence the list of initiatives that we have embarked upon:-

Corporate Risk Profile

A corporate level risk scorecard is periodically reviewed to produce the Corporate Risk Profile with the cooperation and commitment from the Managing Director and Senior Management team of MAHB. This risk list also incorporates the critical departmental/airport risks from their scorecards. This will ensure there is integration in managing risk across all levels of the organisation.

International Airport Risk Registers

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

Departmental Risk Registers

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

Overseas Ventures Risk Assessment

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

Project Risk Assessment

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

Security Risk Assessment

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

Risk Engineering Surveys

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

Airside Risk Assessment

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

Business Continuity Management (BCM) : MAHB-MAS Joint Tabletop Exercise

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

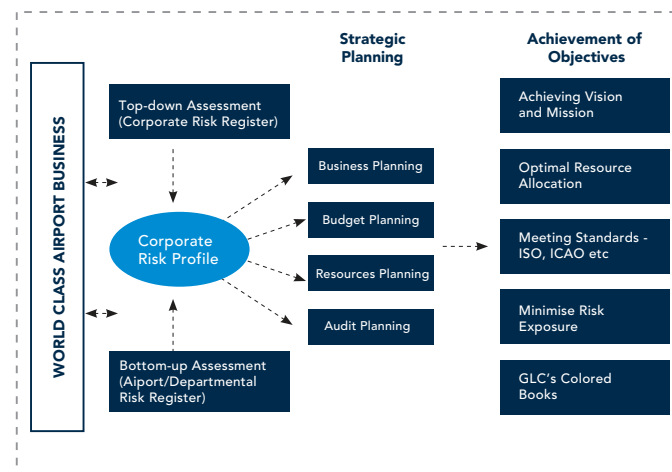
Communication, Consultation and Raising ERM Awareness

- Annual Internal Risk Management Seminar conducted with the presence of Managing Director, management and staff and officiated by the Chairman of MAHB and Chairman of Board Risk Management Committee. The key purpose of the seminar is to raise awareness on risk management and Corporate Governance and to share on the development of Risk Management within the company and in the region with guest speakers sharing their expertise and experiences.

- Periodical reporting to the Board Risk Management Committee on the status of risk management initiatives within MAHB.
- ERM and BCM training and workshop for following target groups
 - Board of Directors
 - Senior Management and Line Management
 - Risk Coordinators
 - Heads of Departments/Division
 - Airport Managers

These training cover key areas such as benefits of risk management, risk management approach and role of head of departments, airport managers and risk owners in managing risk and hands-on training on the MAHB Risk Scorecards (MARS) system.

The ultimate objective:-



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

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 2009, the BAC met seven (7) times, with the following record of attendance:

Name of Director	Attendance
Datuk Siti Maslamah binti Osman	7/7
Datuk Alias bin Haji Ahmad	7/7
Izlan bin Izhab	4/7
Jeremy bin Nasrulhaq	7/7

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 2009.

The main activities undertaken by the BAC were as follows:

Internal Audit

- Reviewed and approved the Internal Audit Division (“IAD”)’s Annual Internal Audit Plan, budget and staffing requirements to ensure adequacy of resources, competencies and coverage on key risk areas.
- Reviewed the Internal Audit Reports and Special Audit Reports to ensure that the Management addresses and resolves the issues highlighted in the audit reports.
- Reviewed follow-up reports by the internal auditors on the status of actions taken by the Management on recommendations suggested in the audit reports.
- Reviewed follow-up reports by the internal auditors on external auditors’ findings as set out in the Management Letter and status of actions taken by the Management on issues raised by the external auditors.

-
- Evaluated the performance of the IAD and recommended improvements.

External Audit

- Reviewed the external auditor's scope of work and audit plans for the financial year.
- Reviewed with the external auditors their Management Letter together with the management response.
- Evaluated the performance of the external auditors and made recommendations to the Board on 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.

A structured risk assessment is used to examine all auditable areas and its inherent risks. Audit are priorities according to assessment of the potential risk-exposure.

During the financial year, the IAD issued a total of fifty six (56) reports. The areas of coverage include finance, procurement, operations, inventory, merchandising, property plant and equipment, security, marketing, information systems, investigations and special reviews on specific areas as requested by the Board, Board Committees, Management or arising from the Whistle Blowing Programme. Two (2) of the BAC meetings were held at operations site to get a better understanding of the functions processes.

The internal audit reports arising from these assignments were issued to the Management for their response and corrective actions. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. The internal audit reports are then presented at the Internal Audit Management Committee, chaired by the Managing Director or his representative, to discuss the current status of audit issues before being tabled at the BAC.

In ensuring audit work performed by the internal auditors is in line with The Institute of Internal Auditors standards, an external quality assessment by a qualified independent reviewer has been carried out, along with a follow-up in January 2010. The Internal Audit Division conforms to the International Standards for the Professional Practice of Internal Auditing. The total expenditure incurred by the Internal Audit Division for the financial year 2009 is RM1.1 million.

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;
- i) 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:

(i) 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:

(i) 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.
- (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.

TERMS OF REFERENCE - MAHB BOARD AUDIT COMMITTEE ("BAC")

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 188.

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 186.

The Board Procurement Committee, comprising at least 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 Executive Committee (EXCO) comprising of the Managing Director, Chief Operating Officer, Chief Financial Officer, Senior General Manager Commercial, Senior General Manager Human Resource and Senior General Manager Operations shall deliberate and decide on all matters pertaining to the running and the managing of the company and its group of companies, including but not limited to policy, strategy and operational issues.

The Management Committee (MC), comprising of the Managing Director, Chief Operating Officer, Chief Financial Officer, Senior General Managers, General Managers and Subsidiary Chief Executive Officers, is the forum for discussing/deliberating/coordinating the operational issues affecting the company.

At Group level, the Internal Audit Management Committee (IAMC) is established to review all audit findings before being tabled at the Board Audit Committee. The IAMC is chaired by the Managing Director or his designated representative and it is also attended by the heads of the respective audit areas. The current status of the audit findings and any new decisions are agreed at this meeting.

As a subset discipline of Corporate Governance, Information Communication Technology (ICT) Governance focused on information technology systems, performance and risk management in creating the alignment of the business and the ICT rollout. The information security is managed through the Board Risk Management Committee, addressing the information and ICT risk issues and mitigations. The EXCO, in performing the role of ICT Strategic Committee, is responsible for matters of ICT Strategy, overall objective setting and management approval for ICT investments. The Functional ICT Steering Committee is a representation of division's steering committees discussing operational ICT planning and execution. In sustaining the ICT governance in MAHB, the ICT planning is conducted by the IT Development Division, along with setting strategic solutions, implementing standards and policies, and monitoring of ICT solutions and delivery.



STATEMENT ON INTERNAL CONTROL

The Management Procurement Committee supports the procurement framework, including approving of related procurements. The Procurement Policies and Procedures also known as 3Ps, covering the Group, are updated when new requirements arise. The 3Ps also include the procurement Limit of Authority and the procurement Code of Ethics. The Procurement Improvement Programme is in place to monitor the implementation of the procurement initiatives in line with the Red Book objectives. Continuous training on the procurement procedures are being conducted throughout the Group.

A Quality Council supported by a Corporate Quality Management Division is established at the Group level to direct, formulate and review vision, mission, policies, strategies and objectives for quality in line with Group's Business Plan.



INTERNAL AUDIT DIVISION

The Internal Audit Division carried out ongoing reviews of the internal control system of the Group. The audits conducted were in the areas of finance/accounts, operations, management, information systems and investigation in accordance with the approved Risk Based Audit Plan. The Internal Audit Division also undertook special reviews as requested by the Board, Board Committee, Management or arising from the Whistleblowing Programme. Periodic follow-up reviews are conducted to monitor the status of internal control issues raised. 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.

Based on the External Quality Assessment Report produced in February 2008, the Internal Audit Division achieved overall Conformance to the International Standards for the Professional Practice of Internal Auditing. A follow up was conducted in January 2010 whereby it was certified that the Internal Audit Division had undertaken further improvements as highlighted in the previous report. The Internal Audit Division reports directly to the Board Audit Committee. The Key Performance Indicators (KPIs) of the Head of the Internal Audit Division are approved by the Board Audit Committee.



RISK MANAGEMENT DIVISION

The Risk Management Division is responsible for the overall coordination of the Enterprise Risk Management (ERM) Framework for Malaysia Airports. The division works closely with the Risk Coordinators across the Group to ensure that the framework is embedded into business processes. Risk Registers are developed at all levels of the Group and appropriate Management Action Plans are in place to mitigate these risks. At Group level, a Corporate Risk Profile is established which outlines the significant risks faced by the Group covering strategic, operational and financial risks. The company has established the Business Continuity Management framework for the Group and trainings are held for target groups.

OTHER INTERNAL CONTROL ELEMENTS

The Group Code of Ethics is in place, applicable to all employees and the Company's representatives including

agents, consultants, contractors and suppliers of the Group. The Code outlines clearly forms of acceptable business practices in the Group and to ensure that the employees and all representatives adhere to one standard Code.

The organisational structure for the Group was revised effective July 2009 incorporating the company's new vision, in ensuring that the business direction can be delivered. The responsibility, accountability and delegation of authority of each division/subsidiary head are clearly defined.

The organisation structure was also benchmarked against other international airports so that the company would remain competitive.

The company has a Whistleblowing programme 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,

STATEMENT ON INTERNAL CONTROL



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: optimizing capital management practices; the Yellow Book: enhancing operational efficiency and effectiveness; the Orange Book: succession planning; and the White Book: improving regulatory environment. Various colour books initiatives have been implemented and updated regularly to the Transformation Council, chaired by the Managing Director.

Guided by the Yellow Book, the company implemented a Continuous Improvement Program (CIP) to drive Malaysia Airports in achieving greater performance in its targets and

future aspirations while building future sustainability. The deliverables of CIP, among others, include higher cost savings and revenue enhancement, realigning MAHB's strategic plans while integrating and synergizing people, processes, systems and structure in the company. It also focuses 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 areas. The Transformation Council has been regularly updated on the implementation of CIP. The end result of CIP includes both monetary and non-monetary deliverables. CIP has also inculcated new working cultures in Malaysia Airports i.e. culture of openness, performance and cross functionality in the Group. It has also introduced the culture of Lean Management with 30 lean practitioners being trained to-date to carry out lean projects across the Group.

Top-down target setting process, with targets cascading from the Managing Director based on a Corporate Scorecard approved by the Board, aligns strategic focus and direction. As part of the implementation of the system, Senior Management are placed on contract compensation scheme. KPIs have been implemented to assess and reward all staff of the Group.

Competency based Human Resource processes, covering annual and semi-annual performance appraisals, career development, succession planning and structured training programmes, are implemented for all staff, to ensure staff are competent and adequately trained in carrying out their duties. During the year, a leadership competency programme was established for the Senior Management and all Senior Management were assessed on the competencies and thereupon an individual development programme was developed to address the identified gaps.

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 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. Moving towards a culture of total quality management system for the Group, in 2009, related functions at Head Office had undergone certification Stage 1 (Adequacy Audit).

All five international airports have been awarded the Aerodrome Certification by the Department of Civil Aviation, as required under Airport Standards Directive 103 (ASD 103) of International Civil Aviation Organisation ("ICAO"). This certificate is a requirement to ensure safety, regularity and efficiency of aerodromes. Nine domestic airports have also been certified whilst 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 2009.

STATEMENT OF DIRECTORS' RESPONSIBILITY

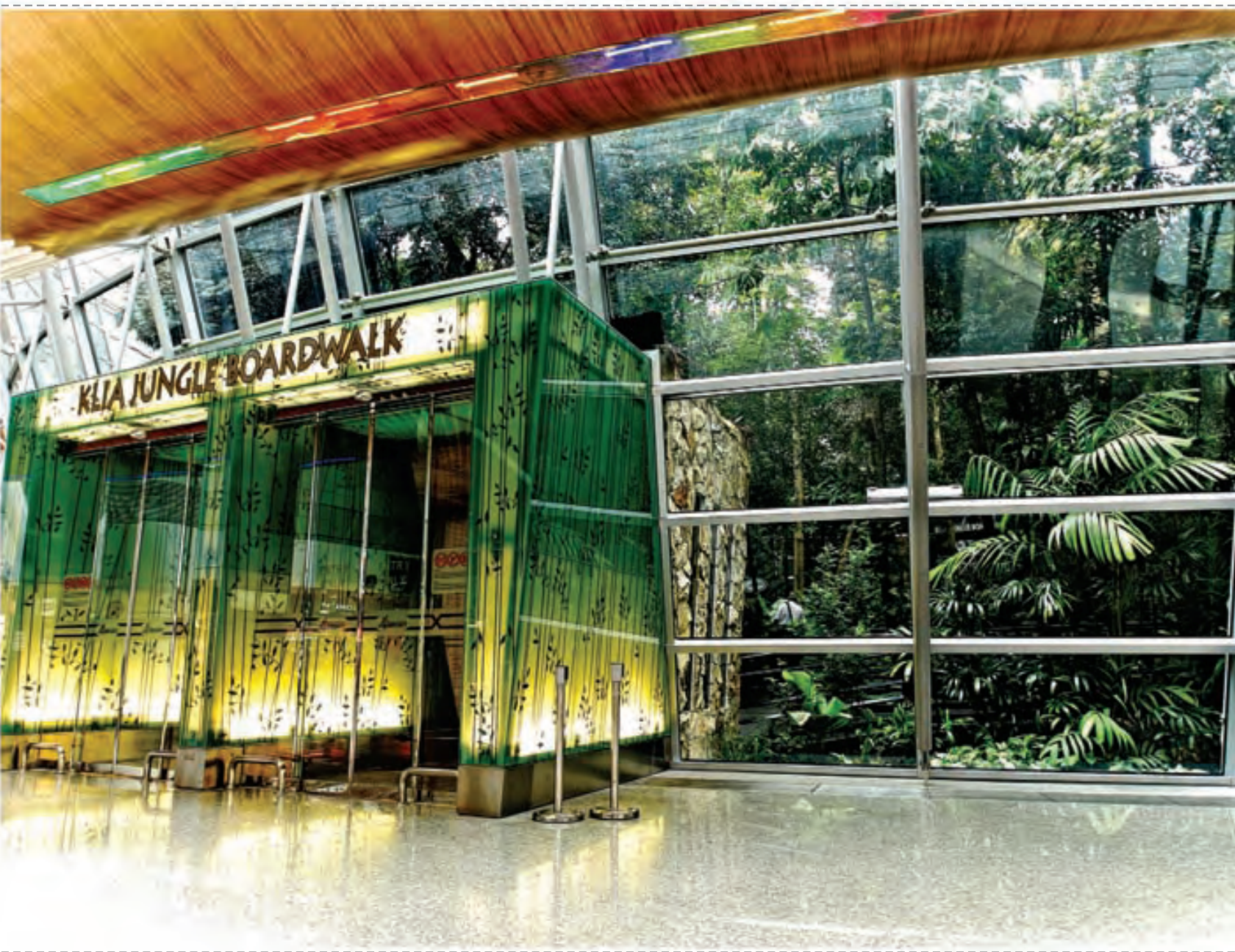
In respect of the preparation of the Financial Statements for the financial year ended 31 December 2009.

The Directors are required by the Companies Act, 1965 ("the Act") to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cashflows of the Group and the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2009 set out from pages [204] to [319], 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 2010.



MAINTAINING OUR COMPETITIVE **ADVANTAGE**

Our staff is our most important asset as we drive forward with a clear focus to become a World-Class Airport Business. With the determination and dedication of our team, we will maintain our competitive advantage and continue to bear the fruits of success.



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DIRECTORS' REPORT

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 2009.

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 with the Government of Malaysia ("GoM"), including both the Group's obligations and operations are disclosed as significant events in Note 39 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year from continuing operations	379,933	23,417
Loss for the year from discontinued operations	(1,355)	-
Profit for the year	378,578	23,417
Attributable to:		
Equity holders of the Company	377,922	23,417
Minority interests	656	-
	378,578	23,417

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than:

RESULTS (Contd.)

- a) the effect arising from the writeback of provision for leases in connection with the new operating agreement which has resulted in an increase in the Group's profit for the year by RM52,000,000 as disclosed in Notes 7 and 32 to the financial statements;
- b) the effect arising from the realisation of deferred income relating to a former subsidiary and pursuant to the restructuring agreement which has resulted in an increase in the Group's profit for the year by RM28,282,000 as disclosed in Note 7 to the financial statements;
- c) the effect arising from changes in amortisation and depreciation estimates relating to the concession rights and property, plant and equipment which have resulted in the expense savings in Group's profit for the year by RM41,075,000 and RM10,311,000 as disclosed in Notes 2.2(d)(ii) and 2.2(e) respectively.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2008 were as follows:

RM'000

In respect of the financial year ended 31 December 2008 as reported in the directors' report of that year:

Final dividend of 14.55% less 25% taxation, on 1,100,000,000 ordinary shares, declared on 5 May 2009 and paid on 29 June 2009

120,038

In respect of the financial year ended 31 December 2009:

Interim Dividend of 8% less 25% Taxation, on 1,100,000,000 ordinary shares, declared on 4 December 2009 and paid on 29 December 2009

66,000

Total dividends

186,038

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009, of 14.9044% less 25% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM122,961,000 (11.18 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 2010.

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
Tan Sri Bashir Ahmad bin Abdul Majid
Datuk Siti Maslamah binti Osman
Datuk Alias bin Hj Ahmad
Izlan bin Izhah
Jamilah binti Dato' Hashim
Jeremy bin Nasrulhaq
Dato' Long See Wool
Mohd Nadziruddin bin Mohd Basri
Dyg Sadiyah binti Abg Bohan
Anis Rizana binti Mohd Zainudin @ Mohd Zainuddin
[alternate director to Dyg Sadiyah binti Abg Bohan] (resigned on 27 April 2009)

BOARD NOMINATION AND REMUNERATION COMMITTEE

The Board Nomination & Remuneration Committee, merged on 5 November 2008, comprising of at least three (3) non-executive directors with the majority being independent directors. The Committee's main responsibilities include 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.

The members of the Nomination & 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 Sadiyah binti Abg Bohan (Member)

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.

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (Contd.)

- (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.
- (f) In the opinion of the directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year are disclosed in Note 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 2010.



Tan Sri Datuk Dr. Aris bin Othman



Tan Sri 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 Tan Sri Bashir Ahmad bin Abdul Majid, being two of the directors of Malaysia Airports Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 213 to 319 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 2009 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 2010.



Tan Sri Datuk Dr. Aris bin Othman



Tan Sri 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 on pages 213 to 319 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 2010.



Faizal Sham bin Abu Mansor

Before me,



REPORT ON THE FINANCIAL STATEMENTS

Independent Auditors' Report to the Members of Malaysia Airports Holdings Berhad (Incorporated in Malaysia)

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 2009, 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 213 to 319.

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the 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 2010



Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/12(J)
Chartered Accountant

INCOME STATEMENTS

For The Year Ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	Restated 2008 RM'000	2009 RM'000	2008 RM'000
Continuing operations					
Revenue	3	1,637,093	1,434,973	63,000	103,946
Other income	4	83,543	90,379	63,928	13,822
Changes in inventories		4,754	7,241	-	-
Purchases of inventories		(188,500)	(167,858)	-	-
Employee benefits expense	5	(356,670)	(322,518)	(43,194)	(340)
Depreciation and amortisation		(150,474)	(154,930)	(2,756)	(2,108)
Other expenses		(538,102)	(467,197)	(44,365)	(31,316)
Operating profit		491,644	420,090	36,613	84,004
Finance costs	6	(14,177)	(282)	(53)	(277)
Share of profit of associates		2,631	2,388	-	-
Profit before tax and zakat	7	480,098	422,196	36,560	83,727
Taxation and zakat	9	(100,165)	(123,252)	(13,143)	(27,544)
Profit for the year from continuing operations		379,933	298,944	23,417	56,183
Discontinued operation					
(Loss)/profit for the year from discontinued operations	10	(1,355)	6,877	-	-
Profit for the year		378,578	305,821	23,417	56,183
Attributable to:					
Equity holders of the Company		377,922	305,206	23,417	56,183
Minority interests		656	615	-	-
		378,578	305,821	23,417	56,183
Earnings per share attributable to equity holders of the Company (sen)	11				
- basic, for profit from continuing operations		34.48	27.12		
- basic, for (loss)/profits from discontinued operations		(0.12)	0.63		
- basic, for profit for the year		34.36	27.75		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

As At 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	1,951,143	1,910,726	106,915	12,229
Plantation development expenditure	14	46,834	58,314	-	-
Prepaid land lease payments	15	8,031	8,152	-	-
Concession rights	16	1,758,444	1,187,777	-	-
Investments in subsidiaries	17	-	-	1,777,260	1,787,260
Investments in associates	18	133,734	52,663	114,040	25,287
Investment in a jointly controlled entity	19	100	-	-	-
Other investments	20	302,041	311,583	34,925	36,417
Trade and other receivables	21	19,993	20,501	-	-
Staff loans	22	32,536	31,503	-	-
Deferred tax assets	23	3,635	3,616	2,384	2,316
		4,256,491	3,584,835	2,035,524	1,863,509
Current assets					
Inventories	24	60,440	58,100	339	308
Trade and other receivables	21	634,359	667,759	1,261,695	554,901
Cash and cash equivalents	25	268,286	677,287	28,291	301,407
		963,085	1,403,146	1,290,325	856,616
Assets of disposal group classified as held for disposal	10	496	4,306	-	-
		963,581	1,407,452	1,290,325	856,616
TOTAL ASSETS		5,220,072	4,992,287	3,325,849	2,720,125
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	26	1,100,000	1,100,000	1,100,000	1,100,000
Share premium		822,744	822,744	822,744	822,744
Retained earnings	27	1,448,881	1,256,997	379,777	542,398
Foreign exchange reserve		(2,011)	(1,178)	-	-
		3,369,614	3,178,563	2,302,521	2,465,142
Minority interests		4,714	4,058	-	-
Total equity		3,374,328	3,182,621	2,302,521	2,465,142

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

As At 31 December 2009 (Contd.)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Non-current liabilities					
Retirement benefits	28	51,580	52,751	2,457	2,783
Other financial liability	29	199,625	201,961	-	-
Borrowings	30	507,890	250	507,890	250
Trade and other payables	32	354,172	131,774	-	-
Deferred tax liabilities	23	47,725	47,917	1,264	871
		1,160,992	434,653	511,611	3,904
Current liabilities					
Borrowings	30	250	2,782	250	2,750
Trade and other payables	32	637,932	503,035	511,467	248,329
Concession rights payable	33	-	826,680	-	-
Income tax payable		46,341	39,859	-	-
		684,523	1,372,356	511,717	251,079
Liabilities of disposal group classified as held for disposal	10	229	2,657	-	-
		684,752	1,375,013	511,717	251,079
Total liabilities		1,845,744	1,809,666	1,023,328	254,983
Total equity and liabilities		5,220,072	4,992,287	3,325,849	2,720,125

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2009

		Attributable to equity holders of the Company						
		Non-distributable			Distributable retained earnings RM'000 (Note 27)	Total RM'000	Minority interests RM'000	Total equity RM'000
		Share capital RM'000 (Note 26)	Share premium RM'000	Foreign exchange reserve RM'000				
Group	Note							
At 1 January 2008		1,100,000	822,744	-	1,096,683	3,019,427	3,643	3,023,070
Profit for the year, representing total recognised income and expense		-	-	-	305,206	305,206	615	305,821
Dividends	12	-	-	-	(144,892)	(144,892)	-	(144,892)
Dividend paid to minority shareholders		-	-	-	-	-	(200)	(200)
Foreign currency translation		-	-	(1,178)	-	(1,178)	-	(1,178)
At 31 December 2008		1,100,000	822,744	(1,178)	1,256,997	3,178,563	4,058	3,182,621
At 1 January 2009		1,100,000	822,744	(1,178)	1,256,997	3,178,563	4,058	3,182,621
Profit for the year, representing total recognised income and expense		-	-	-	377,922	377,922	656	378,578
Dividends	12	-	-	-	(186,038)	(186,038)	-	(186,038)
Foreign currency translation		-	-	(833)	-	(833)	-	(833)
At 31 December 2009		1,100,000	822,744	(2,011)	1,448,881	3,369,614	4,714	3,374,328

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2009

Company	Note	Share capital RM'000 (Note 26)	Non-distributable share premium RM'000	Distributable retained earnings RM'000 (Note 27)	Total equity RM'000
At 1 January 2008		1,100,000	822,744	631,107	2,553,851
Profit for the year		-	-	56,183	56,183
Dividends	12	-	-	(144,892)	(144,892)
At 31 December 2008		1,100,000	822,744	542,398	2,465,142
At 1 January 2009		1,100,000	822,744	542,398	2,465,142
Profit for the year		-	-	23,417	23,417
Dividends	12	-	-	(186,038)	(186,038)
At 31 December 2009		1,100,000	822,744	379,777	2,302,521

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For The Year Ended 31 December 2009

	Group		Company	
	2009	Restated 2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit/(loss) before tax and zakat from:				
Continuing operations	480,098	422,196	36,560	83,727
Discontinued operations	(1,355)	7,079	-	-
Adjustments for:				
Interest income from:				
Continuing operations	(10,485)	(25,441)	(2,636)	(8,574)
Discontinued operations	(291)	(841)	-	-
Dividend income	-	-	(63,000)	(103,946)
Interest expense	14,177	282	53	277
Provision for liabilities:				
Continuing operations (Note 32)	5,275	11,041	-	368
(Writeback of)/provision for liabilities:				
Continuing operations (Note 32)	(52,577)	-	(11)	-
Discontinued operations (Note 32)	(108)	-	-	-
Accretion of premium arising from redemption of preference shares by associate	(37)	-	-	-
Amortisation of:				
- concession rights	36,667	32,155	-	-
- plantation development expenditure	2,833	2,873	-	-
- prepaid land lease payments	121	121	-	-
- premium on investments	159	82	-	-
- deferred income	(6,487)	(4,801)	-	-
Bad debts written off:				
- third parties	-	7	-	-
- subsidiary	-	-	-	5,021
Impairment of:				
- property, plant and equipment:				
Continuing operations	1,248	-	-	-
Discontinued operations	-	1,010	-	-
- investment in subsidiary	-	-	-	10,456
Depreciation of property, plant and equipment:				
Continuing operations	110,853	119,784	2,756	2,108
Discontinued operations	1,157	2,363	-	-
Balance carried forward	581,248	567,910	(26,278)	(10,563)

CASH FLOW STATEMENTS

For The Year Ended 31 December 2009 (Contd.)

	Group		Company	
	2009	Restated 2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Balance brought forward	581,248	567,910	(26,278)	(10,563)
(Gain)/loss on disposal of:				
- property, plant and equipment:				
Continuing operations	(157)	(87)	-	(25)
Discontinued operations	(187)	32	-	-
- bonds and medium term notes	(1,438)	-	-	-
- other investments	(904)	-	385	3,399
- investments in subsidiaries	(6,847)	-	2,757	-
Property, plant and equipment written off	514	582	-	-
Inventories written off:				
Continuing operations	18	40	-	-
Discontinued operations	-	25	-	-
Provision for/(writeback of) doubtful debts:				
Continuing operations	5,153	(38,165)	-	-
Discontinued operations	-	169	-	-
Realisation of deferred income	(28,282)	-	-	-
Retirement benefits:				
Continuing operations	2,698	2,696	216	222
Discontinued operations	(2)	(11)	-	-
Investment income	(3,641)	(2,223)	(1,429)	(1,547)
Share of profit of associates	(2,631)	(2,388)	-	-
Operating profit/(loss) before working capital changes	545,542	528,580	(24,349)	(8,514)
(Increase)/decrease in inventories	(2,953)	(1,327)	(31)	110
(Increase)/decrease in receivables	(330,401)	(152,778)	76,256	(135,137)
Increase in payables	91,317	190,367	224,558	21,658
(Decrease)/increase in provisions for liabilities	(6,766)	8,184	(8)	(4)
(Decrease)/increase in related company balances	-	-	(741,414)	192,634
Cash generated from/(used in) operations	296,739	573,026	(464,988)	70,747
Taxes and zakat paid	(91,611)	(127,789)	(17,282)	(174)
Retirement benefits paid	(3,406)	(3,507)	(432)	(296)
Payment made to GoM	(507,890)	-	-	-
Net cash (used in)/generated from operating activities	(306,168)	441,730	(482,702)	70,277

CASH FLOW STATEMENTS

For The Year Ended 31 December 2009 (Contd.)

	Group		Company	
	2009	Restated 2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Purchase of:				
- property, plant and equipment	(326,347)	(282,267)	(97,442)	(7,259)
- bonds and medium term notes	(10,651)	(5,273)	-	-
- unquoted shares	(2,345)	(200,786)	(1,344)	(1,488)
Proceeds from disposals of:				
- property, plant and equipment	618	56	-	1,049
- other investments	4,513	-	2,451	18,487
Other cost in respect of concession rights	(146)	-	-	-
Acquisition of an associate	(22)	(25,287)	(22)	(25,287)
Additional investment in an associate	(88,731)	-	(88,731)	-
Redemption of bonds	17,012	-	-	-
Investment income received	3,641	2,223	1,429	1,547
Interest received:				
Continuing operations	10,485	25,441	2,636	8,574
Discontinued operations	291	841	-	-
Proceed from redemption of preference share by an associate	9,900	-	-	-
Investment in a jointly controlled entity	(100)	-	-	-
Net cash outflow from disposals of subsidiaries (Note 17)	(38,609)	-	-	-
Dividend received from an associate	450	450	-	-
Dividends received from subsidiaries	-	-	63,000	79,000
Net cash (used in)/generated from investing activities	(420,041)	(484,602)	(118,023)	74,623
Cash flows from financing activities				
Repayment of hire purchase and finance lease liabilities	(32)	(40)	-	-
Repayment of term loans	(2,750)	(6,000)	(2,750)	(6,000)
Drawdown of term loans	507,890	-	507,890	-
Interest paid	(14,177)	(282)	(53)	(277)
Balance carried forward	490,931	(6,322)	505,087	(6,277)

CASH FLOW STATEMENTS

For The Year Ended 31 December 2009 (Contd.)

	Group		Company	
	2009	Restated 2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Balance brought forward	490,931	(6,322)	505,087	(6,277)
Debentures issued by a subsidiary	-	186,044	-	-
Dividends paid to:				
- shareholders of the Company	(177,478)	(144,349)	(177,478)	(144,349)
- minority shareholders	-	(200)	-	-
Net cash generated from/(used in) financing activities	313,453	35,173	327,609	(150,626)
Net decrease in cash and cash equivalents	(412,756)	(7,699)	(273,116)	(5,726)
Effects of foreign currency translation	27	61	-	-
Net movement in cash and cash equivalents classified as discontinued operations	3,728	(3,732)	-	-
Cash and cash equivalents at beginning of year	677,287	688,657	301,407	307,133
Cash and cash equivalents at end of year (Note 25)	268,286	677,287	28,291	301,407

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan.

The immediate holding company is Khazanah Nasional Berhad and the 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.

Information in respect of the Group's restructuring with the Government of Malaysia, including both the Group's obligations and operations are disclosed as significant events 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 2010.

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 (Contd.)

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 represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(a) Subsidiaries and basis of consolidation (contd.)

(ii) Basis of consolidation (contd.)

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(b) Associates (contd.)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(c) Jointly controlled entity

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves an unincorporated entity or the establishment of a separate entity in which each venturer has an interest.

Investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting as described in Note 2.2(b).

In the Company's separate financial statements, investment in jointly controlled entity is stated at cost less impairment loss.

On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(d) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on 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.

In prior years, the concession rights comprised 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 and was deemed to have a finite useful life and was amortised over the remaining concession period commencing from 1 January 2004.

Pursuant to the restructuring arrangement entered into with the GoM, and as disclosed in the Note 39, the previous concession agreement and lease agreement were terminated and the Operating Agreements substituting the new rights and obligations between the parties concerned. The new Operating Agreements are for a period of 25 years ending 2034.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(d) Intangible assets (contd.)

(ii) Other Intangible Assets (contd.)

In addition, the Group also changed the amortisation policy in respect of the new Operating Agreements from straight-line to the method reflecting the asset's usage based on passengers volume and usage of airport activities. The current amortisation used shall reflect the pattern in which the concession's future economic benefits are expected to be consumed by the Group and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits.

The effect on the financial statements of this change in accounting estimate is a decrease in amortisation charge for the Group by RM41,075,000 and the expense savings in Group's current year profit by RM41,075,000.

(e) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the 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 economic benefits associated with the asset will flow to the enterprise; and
- (b) the cost of the asset to the enterprise can be measured reliably.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(e) Property, plant and equipment and depreciation (contd.)

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	4%
Hotel property	4%
Infrastructure, safety equipment 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%

During the year, the Group assessed the useful lives of all the property, plant and equipment and revised the depreciation rates for certain property, plant and equipment to reflect their anticipated useful lives of these assets including property and terminal building and hotel property which are now depreciated over the new concession period granted to the Group. The net effect on the financial statements of these changes in accounting estimate is a decrease in the current year depreciation charge of the Group by RM10,311,000 and the expense savings in the Group's current year profit by RM10,311,000.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(f) 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(g) 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.

(h) Plantation development expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under plantations.

Amortisation of plantation development expenditure is at a rate of 4% per annum.

(i) 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.

(j) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(j) Financial instruments (contd.)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(k) 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.

(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 (e).

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(k) Leases (contd.)

(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.

(l) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Income tax and zakat

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(m) Income tax and zakat (contd.)

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.

Zakat payable by the Group and Company is a form of contribution according to the principles of Syariah.

(n) 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.

(o) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(o) Employee benefits (contd.)

(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.

(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 (o)(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(p) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(p) Foreign currencies (contd.)

(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.

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:

	2009 RM	2008 RM
United States Dollar (USD)	3.42	3.46
Great Britain Pound (GBP)	5.50	5.00
Singapore Dollar (SGD)	2.44	2.41
Euro (EUR)	4.92	4.88

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(q) User fee

User fee is in respect of license and operating rights payable to the GoM based on share of the revenues generated from the commercial activities carried out by the Group at KLIA and all other airports but excludes inter-company revenue.

(r) 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(r) Revenue recognition (contd.)

(iv) Marginal cost support sum ("MARCS")

Under the Operating Agreements, the GoM shall assist the Group in bearing its socio-economic obligations by compensating the Group with a marginal cost support sum ("MARCS") for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.

The MARCS support is recognised in the financial statements throughout the concession year as revenue when recovery is probable and the amount that is recoverable can be measured reliably. Further details are disclosed in Notes 3 and 39.

(v) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised when the services are performed.

(vi) Revenue from event management services

Revenue from event management is recognised net of discounts as and when the event takes place.

(vii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.2 Summary of significant accounting policies (contd.)

(s) 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. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.3 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRS, Amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments
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Effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendments to FRS's 2009	Improvement to FRSs (2009)
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i – 3	Presentation of Financial Statements of Islamic Financial Institutions

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.3 Standards and interpretations issued but not yet effective (contd.)

Effective for financial periods beginning on or after 1 July 2010:

FRS 1	FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
FRS 127	Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. These pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.4 Significant accounting judgements and estimates

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Amortisation of concession rights

The carrying amount of the concession asset is amortised over the concession period by the method where the amortisation method used shall reflect the pattern which the concession's future economic benefits are expected to be consumed by the Group based on the expected number of passengers and the utilisation of the airports over the concession period. The variable factors in determining the estimated amortisation includes projected total number of passengers for subsequent years to year 2034. The assumptions to arrive at the passenger volume projections and usage of airports also take into consideration the growth rate based on current market and economic conditions. Changes in the expected passenger volume and usage of airports could impact future amortisation charges.

(ii) Amount due from GoM

Management assessed the amount claimable from the GoM together with the future obligations of the Group in respect of user fee payable to the GoM.

Profit projections are used in determining the future obligations in respect of future user fee payable for any potential setoff against the amount claimable from GoM as at balance sheet date. Profit projections are based on various assumptions, amongst others, passenger volume, usage of airports and projected growth rate.

Details of amount due from and to GoM are disclosed in Notes 21 and 32.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.4 Significant accounting judgements and estimates (contd.)

(a) Critical judgements made in applying accounting policies (contd.)

(iii) Revenue recognition

Included in the Group's revenue is revenue in respect of certain aeronautical and commercial debtors where the Group has not finalised the definitive terms of agreement with these 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 passenger 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 21 comprised approximately 3% (2008: 5%) of total revenue.

(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) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

2.4 Significant accounting judgements and estimates (contd.)

(b) Key sources of estimation uncertainty (contd.)

(ii) Deferred taxation

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 23.

3. REVENUE

	Group		Company	
	2009	Restated 2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Airport operations:				
- Airport services:				
- Aeronautical	790,483	652,498	-	-
- Non-aeronautical	354,482	321,751	-	-
- Duty free and non dutiable goods	351,609	304,904	-	-
Non-airport operations:				
- Agriculture and horticulture	48,530	67,350	-	-
- Hotel operations	57,511	61,709	-	-
- Management services	34,478	26,761	-	-
Dividend income from subsidiaries	-	-	63,000	103,946
	1,637,093	1,434,973	63,000	103,946

Included in aeronautical revenue is marginal cost support sum income of RM145,775,000 (2008: RM Nil) as disclosed in (Note 2.2(r)(iv)).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

4. OTHER INCOME

Included in other income are:

	Group		Company	
	2009	Restated 2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest income	10,485	25,441	2,636	8,574
Rental income	6,256	5,059	-	-
Gain on disposal of property, plant and equipment	157	87	-	25
Accretion of premium arising from redemption of preference shares by associate	37	-	-	-
Gain on disposal of bonds and medium-term notes	1,438	-	-	-
Amortisation of deferred income (Note 32)(d)	6,487	4,801	-	-
Net realised foreign exchange gain	1,070	2,785	-	-
Net unrealised foreign exchange gain	-	-	-	1,982
Investment income	3,641	2,223	1,429	1,547

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009	Restated 2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	204,673	189,329	23,219	18,843
Bonus	43,063	23,196	4,764	(2,606)
Contributions to defined contribution plans	42,287	38,990	5,568	4,885
Social security contributions	3,329	3,173	228	190
Short-term accumulating compensated absences	(315)	1,808	(11)	368
Defined benefit plan (Note 28):				
Continuing operations	2,698	2,696	216	222
Discontinued operations	(2)	(11)	-	-
Other employee benefits	60,937	63,337	9,210	7,764
	356,670	322,518	43,194	29,666
Re-charged to subsidiaries	-	-	-	(29,326)
	356,670	322,518	43,194	340

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM935,000 (2008: RM903,000) and RM935,000 (2008: RM903,000) respectively as further disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

6. FINANCE COSTS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest expense:				
Term loan	14,177	277	53	277
Hire purchase and finance lease liabilities	-	5	-	-
	14,177	282	53	277

7. PROFIT BEFORE TAX AND ZAKAT

The following amounts have been included in arriving at profit before tax and zakat:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	523	493	509	464
Auditors' remuneration:				
- statutory	436	420	36	52
- other services	175	22	175	22
User fee expenses	112,548	-	-	-
Lease rental expenses:				
- provision	3,060	7,300	-	-
- Writeback	(52,000)	-	-	-
Rental expense	9,802	9,550	3,252	203
Depreciation of property, plant and equipment (Note 13)	110,853	119,784	2,756	2,108
Amortisation of:				
- plantation development expenditure (Note 14)	2,833	2,873	-	-

7. PROFIT BEFORE TAX AND ZAKAT (Contd.)

	Group		Company	
	2009	Restated 2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
- prepaid land lease payments (Note 15)	121	121	-	-
- concession rights (Note 16)	36,667	32,155	-	-
- premium on investments	159	82	-	-
(Gain)/loss on disposal of:				
- investments in subsidiaries (Note 17)	(6,847)	-	2,757	-
- other investments	(904)	-	385	3,399
Property, plant and equipment written off	514	582	-	-
Inventories written off	18	40	-	-
Provision/(writeback of) for doubtful debts	5,153	(38,165)	-	-
Bad debts written off:				
- third parties	-	7	-	-
- subsidiary	-	-	-	5,021
Bad debts recovered	(310)	(21)	-	-
Realisation of deferred income	28,282	-	-	-
Impairment of:				
- investment in subsidiary	-	-	-	10,456
- property, plant and equipment	1,248	-	-	-
Utilities cost	194,570	165,822	1,005	39
Repair and maintenance costs	121,845	120,902	2,568	-
Management fee paid to hotel operator	2,402	2,557	-	-

User fee amounting to RM112,548,000 (2008: RM Nil) relates to license and operating rights payable to the GoM which ranges between 8.30% to 8.67% of the gross revenues generated by the Group from the commercial activities carried out at KLIA and other airports excluding inter-company revenue.

NOTES TO THE FINANCIAL STATEMENTS

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8. DIRECTORS' REMUNERATION

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Executive directors' remuneration (Note 5):				
- Other emoluments	935	903	935	903
Non-executive directors' remuneration (Note 7):				
- Fees	239	239	239	239
- Other emoluments	284	254	270	225
	523	493	509	464
Total directors' remuneration	1,458	1,396	1,444	1,367
Estimated money value of benefits-in-kind	35	35	35	35
Total directors' remuneration including benefits-in-kind	1,493	1,431	1,479	1,402

The details of remuneration receivable by directors of the Group and the Company during the year are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Executive:				
- Salaries and other emoluments	599	565	599	565
- Bonus	200	207	200	207
- Defined contribution plans	136	131	136	131
- Estimated money value of benefits-in-kind	18	18	18	18
	953	921	953	921
Non-executive:				
- Fees	239	239	239	239
- Allowances	284	254	270	225
- Estimated money value of benefits-in-kind	17	17	17	17
	1,493	1,431	1,479	1,402

8. DIRECTORS' REMUNERATION (Contd.)

The amount of fee paid to the immediate holding company in respect of services rendered to the Company by directors are RM81,500 (2008: RM40,000).

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2009	2008
Executive directors:		
RM750,001 - RM800,000	-	-
RM800,001 - RM850,000	-	-
RM850,001 - RM900,000	-	-
RM900,001 - RM950,000	1	1
Non-executive directors:		
Less than RM50,000	9	13
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	1	1

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9. INCOME TAX AND ZAKAT

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Malaysian income tax and zakat:				
Current income tax	112,838	110,257	11,984	25,412
(Over)/underprovision in prior years	(15,036)	(9,046)	(610)	454
	97,802	101,211	11,374	25,866
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	10,238	23,408	715	1,646
Relating to reduction in tax rate	-	(1,726)	-	60
(Over)/underprovision of deferred tax liabilities in prior years	(10,449)	359	(390)	(28)
	(211)	22,041	325	1,678
	97,591	123,252	11,699	27,544
Income tax expenses	97,591	123,252	11,699	27,544
Zakat	2,574	-	1,444	-
Total income tax expense and zakat from continuing operations	100,165	123,252	13,143	27,544
Discontinued operations				
Malaysian income tax and zakat	-	202	-	-
Total income tax and zakat	100,165	123,454	13,143	27,544

Current income tax is calculated at the statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year. In the previous financial year, certain subsidiaries which are Malaysian residents and with paid-up capital of RM2.5 million or less qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income :	20%
In excess of RM500,000 of chargeable income:	26%

9. INCOME TAX AND ZAKAT (Contd.)

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, certain subsidiaries no longer qualify for the above preferential tax rates.

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

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:

Group	2009 RM'000	2008 RM'000
Profit/(loss) before tax and zakat from:		
Continuing operations	480,098	422,196
Discontinued operations (Note 10)	(1,355)	7,079
	<u>478,743</u>	<u>429,275</u>
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	120,025	109,771
Effect of different tax rates on the first RM500,000 (2008: RM500,000)	-	(123)
Effect of different tax rates in other countries	7	23
Effects of share of results of associates	(658)	(621)
Deferred tax recognised at reduced tax rate	-	(1,726)
Income not subject to tax	(2,938)	(8)
Expenses not deductible for tax purposes	19,408	24,371
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	232	252
Utilisation of unrecognised other deductible temporary differences	(13,000)	-
Overprovision of income tax in prior years	(15,036)	(9,046)
(Over)/underprovision of deferred tax in prior years	(10,449)	359
Income tax expense for the year	<u>97,591</u>	<u>123,252</u>

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9. INCOME TAX AND ZAKAT (Contd.)

Company	2009 RM'000	2008 RM'000
Profit before tax and zakat	36,560	83,727
Taxation at Malaysian statutory tax rate of 25% (2008: 26%)	9,140	21,769
Expenses not deductible for tax purposes	4,309	7,324
Deferred tax recognised at reduced tax rate	-	60
Income not subject to tax	(750)	(2,080)
(Over)/Underprovision of income tax in prior years	(610)	454
Overprovision of deferred tax in prior years	(390)	(28)
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances	-	45
Income tax expense for the year	11,699	27,544

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL

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 were 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 further disclosed in Note 39, pursuant to the restructuring arrangement with the GoM, the Company disposed off NECC Sdn. Bhd. ("NECC") and Sepang International Circuit Sdn. Bhd. ("SIC") on 30 June 2009 and 10 July 2009.

The results from APAC Group, NECC and SIC are presented separately in the consolidated income statements as discontinued operations.

As at 31 December 2009 and 2008, the assets and liabilities of APAC Group have been presented on the consolidated balance sheet as a disposal group held for disposal.

An analysis of the result of the discontinued operations is as follows:

	Group	
	2009	2008
	RM'000	RM'000
Revenue	61,459	80,652
Other income	617	1,855
Expenses	(63,431)	(75,428)
(Loss)/profit before tax from discontinued operations (Note 9)	(1,355)	7,079
Income tax expense (Note 9)	-	(202)
(Loss)/profit for the year from discontinued operations	(1,355)	6,877

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10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL (Contd.)

The major classes of assets and liabilities of APAC Group classified as held for disposal on the consolidated balance sheet as at 31 December 2009 and 2008 are as follows:

	Group	
	2009	2008
	RM'000	RM'000
Assets		
Trade and other receivables	492	574
Cash and cash equivalents	4	3,732
Assets of disposal group classified as held for disposal	496	4,306
Liabilities		
Trade and other payables	229	2,610
Income tax payable	-	47
Liabilities of disposal group classified as held for disposal	229	2,657

The following amounts have been included in arriving at (loss)/profit before tax from discontinued operations:

	Group	
	2009	2008
	RM'000	RM'000
Auditors' remuneration	8	38
Interest income	(291)	(841)
Impairment of property, plant and equipment	-	1,010
Depreciation of property, plant and equipment (Note 13)	1,157	2,363
(Gain)/loss on disposal of property, plant and equipment	(187)	32
Inventories written off	-	25
Provision for doubtful debts	-	169
Retirement benefits- interest cost (Note 28)	2	11
Realised foreign exchange loss	-	542
Rental expenses	33	634
Utilities	656	2,140
Repair and maintenance	1,265	3,651

10. DISCONTINUED OPERATIONS (Contd.)

The cash flows attributable to the discontinued operations are as follows:

	Group	
	2009	2008
	RM'000	RM'000
Operating cash flows	(786)	9,801
Investing cash flows	291	841
Total cash (outflows)/inflows	495	10,642

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2009	2008
	RM'000	RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	379,277	298,329
(Loss)/profit from discontinued operation attributable to ordinary equity holders of the Company	(1,355)	6,877
Profit attributable to ordinary equity holders of the Company	377,922	305,206

	Group	
	2009	2008
Weighted average number of ordinary shares in issue ('000)	1,100,000	1,100,000

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11. EARNINGS PER SHARE (Contd.)

	Group	
	2009	2008
	sen	sen
Basic earnings per share for:		
Profit from continuing operations	34.48	27.12
(Loss)/profit from discontinued operations	(0.12)	0.63
Profit for the year	34.36	27.75

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.

12. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Recognised during the year:				
Interim dividend for 2009: 8.0% less 25% taxation, on 1,100,000,000 ordinary shares (6.00 sen net per ordinary share)	66,000	-	66,000	-
Final dividend for 2008: 14.55% less 25% taxation, on 1,100,000,000 ordinary shares (10.91 sen net per ordinary share)	-	120,038	120,038	-
Interim dividend for 2008: 4.0% less 26% taxation, on 1,100,000,000 ordinary shares (2.96 sen net 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 net per ordinary share)	-	-	-	112,332
Proposed for approval at forthcoming Annual General Meeting (not recognised as at 31 December 2009):				
Final dividend for 2009: 14.9044% less 25% taxation, on 1,100,000,000 ordinary shares (11.18 sen net per ordinary share)	122,961	-	-	-
	188,961	152,598	186,038	144,892

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2009, of 14.9044% less 25% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM122,961,000 (11.18 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 2010.

NOTES TO THE FINANCIAL STATEMENTS

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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 2009									
Cost									
At 1 January 2009	798,612	120,745	119,198	704,236	7,893	428,105	97,035	346,891	2,622,715
Additions	25,579	-	101	91,455	7,451	-	136	201,625	326,347
Disposals	-	-	(40)	(360)	(71)	-	-	-	(471)
Written off	-	-	(3,390)	(30,160)	(222)	-	(899)	(422)	(35,093)
Transfers	160,549	-	11,985	59,494	5,019	6,811	26,350	(270,208)	-
Reclassification	(587)	-	-	823	-	-	-	(236)	-
Reclassified to:									
- Concession rights (Note 16)	-	-	(17,196)	-	-	-	-	-	(17,196)
- Disposal of subsidiaries	-	-	(1,132)	(19,894)	-	-	(3,376)	(159,635)	(184,037)
At 31 December 2009	984,153	120,745	109,526	805,594	20,070	434,916	119,246	118,015	2,712,265
Accumulated depreciation and impairment									
At 1 January 2009	145,058	16,463	74,970	340,292	5,333	90,835	37,790	1,248	711,989
Charge for the year:	23,710	3,626	6,312	66,781	1,400	5,922	4,259	-	112,010
- Continuing operations (Note 7)	23,710	3,626	6,265	65,847	1,400	5,922	4,083	-	110,853
- Discontinued operations (Note 10)	-	-	47	934	-	-	176	-	1,157
Disposals	-	-	(40)	(86)	(71)	-	-	-	(197)
Written off	-	-	(3,388)	(30,136)	(156)	-	(899)	-	(34,579)
Impairment loss	-	-	-	-	-	-	-	1,248	1,248
Reclassified to:									
- Concession rights (Note 16)	-	-	(13,026)	-	-	-	-	-	(13,026)
- Disposal of subsidiaries	-	-	(949)	(13,660)	-	-	(1,714)	-	(16,323)
At 31 December 2009	168,768	20,089	63,879	363,191	6,506	96,757	39,436	2,496	761,122
Net carrying amount	815,385	100,656	45,647	442,403	13,564	338,159	79,810	115,519	1,951,143

13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

	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, 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 (contd.)									
At 31 December 2008									
Cost									
At 1 January 2008	760,955	120,745	106,766	560,215	10,254	413,160	96,398	354,777	2,423,270
Additions	1,907	-	123	64,258	1,559	-	-	214,420	282,267
Disposals	-	-	(86)	(124)	-	-	-	(1)	(211)
Written off	-	-	(34)	(1,567)	(32)	-	(8)	(537)	(2,178)
Transfers	74,676	-	12,565	87,305	(3,888)	14,945	36,165	(221,768)	-
Reclassified to:									
- Concession rights (Note 16)	(38,229)	-	-	-	-	-	(35,520)	-	(73,749)
- Assets held for disposal (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	143,327	14,048	61,221	277,392	5,628	80,410	59,919	1,248	643,193
Charge for the year:	17,271	2,415	13,946	69,139	582	10,425	8,369	-	122,147
- Continuing operations (Note 7)	17,232	2,415	13,832	67,253	582	10,425	8,045	-	119,784
- Discontinued operations (Note 10)	39	-	114	1,886	-	-	324	-	2,363
Disposals	-	-	(86)	(124)	-	-	-	-	(210)
Written off	-	-	(9)	(1,526)	(61)	-	-	-	(1,596)
Transfers	-	-	(10)	826	(816)	-	-	-	-
Impairment loss	530	-	44	436	-	-	-	-	1,010
Reclassified to:									
- Concession rights (Note 16)	(15,373)	-	-	-	-	-	(30,498)	-	(45,871)
- Assets held for disposal (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	245,643	1,910,726

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13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Company					
At 31 December 2009					
Cost					
At 1 January 2009	1,738	1,853	12,846	4,581	21,018
Additions	-	6	917	96,519	97,442
Reclassifications	26,767	-	10,402	(37,169)	-
At 31 December 2009	28,505	1,859	24,165	63,931	118,460
Accumulated depreciation					
At 1 January 2009	129	1,262	7,398	-	8,789
Charge for the year (Note 7)	251	267	2,238	-	2,756
At 31 December 2009	380	1,529	9,636	-	11,545
Net carrying amount	28,125	330	14,529	63,931	106,915
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)	-
Disposals	-	-	(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
Disposals	-	-	(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

13. PROPERTY, PLANT AND EQUIPMENT (Contd.)

As disclosed in Note 39, the Group's arrangement with GoM to restructure its obligations includes the proposed disposal of the racing circuit, also referred to as the Sepang F1 Circuit. The initial cost and carrying amount excluding capital improvements referred to in the proposed disposal are RM399,853,000 (2008: RM339,853,000) and RM309,873,000 (2008: 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 RM201,597,000 (2008: RM211,601,000) and RM7,366,000 (2008: RM5,335,000) respectively.

In the prior year, the cost and net carrying amount of motor vehicles held under hire purchase arrangements were RM263,000 and RM26,000 respectively.

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Notes 31 and 40.

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14. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2009	2008
	RM'000	RM'000
Cost		
At 1 January	73,785	73,785
Disposal	(11,100)	-
At 31 December	62,685	73,785
Accumulated amortisation		
At 1 January	15,471	12,598
Charge for the year (Note 7)	2,833	2,873
Disposal	(2,453)	-
At 31 December	15,851	15,471
Net carrying amount	46,834	58,314

15. PREPAID LAND LEASE PAYMENTS

	Group	
	2009	2008
	RM'000	RM'000
Net carrying amount		
At 1 January	8,152	8,273
Amortisation during the year (Note 7)	(121)	(121)
At 31 December	8,031	8,152
Analysed as:		
Short term leasehold land	1,893	1,941
Long term leasehold land	6,138	6,211
	8,031	8,152

16. CONCESSION RIGHTS

	Group	
	2009	2008
	RM'000	RM'000
Cost		
At 1 January	1,336,228	1,308,350
Reclassified from property, plant and equipment (Note 13)	4,170	27,878
Additions (Note 39)	603,164	-
At 31 December	1,943,562	1,336,228
Accumulated amortisation		
At 1 January	148,451	116,296
Charge for the year (Note 7)	36,667	32,155
At 31 December	185,118	148,451
Net carrying amount	1,758,444	1,187,777

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17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009	2008
	RM'000	RM'000
Unquoted shares at cost	1,787,716	1,807,607
Less: Accumulated impairment losses	(10,456)	(20,347)
	1,777,260	1,787,260

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:

Name of Company	Issued and Paid-up capital RM	Effective Interest Held		Principal Activities
		2009	2008	
		%	%	
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.

17. INVESTMENTS IN SUBSIDIARIES (Contd.)

Name of Company	Issued and Paid-up capital RM	Effective Interest Held		Principal Activities
		2009 %	2008 %	
Malaysia Airports (Niaga) Sdn. Bhd. (281310-V)	5,000,002	100	100	Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.
Malaysia Airports Consultancy Services Sdn. Bhd. (formerly known as Malaysia Airports Management & Technical Services Sdn. Bhd.) (375245-X)	500,002	100	100	Provision of maintenance and technical services in connection with the airport industry.
Malaysia Airports (Properties) Sdn. Bhd. (484656-H)	2	100	100	Provision of non passenger related services which involves property management and establishing fixed asset requirements.
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.

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17. INVESTMENTS IN SUBSIDIARIES (Contd.)

Name of Company	Issued and Paid-up capital RM	Effective Interest Held		Principal Activities
		2009 %	2008 %	
K.L. Airport Hotel Sdn. Bhd. (330863-D)	10,900,000	100	100	Owner of the hotel known as The Pan Pacific Hotel KLIA.
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	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	Undertaking the proposed development of the National Exhibition and Convention Centre at Subang. The activities of the Company have been suspended since 2001.

17. INVESTMENTS IN SUBSIDIARIES (Contd.)

Name of Company	Issued and Paid-up capital RM	Effective Interest Held		Principal Activities
		2009 %	2008 %	
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	100	95	Involved in the auction of general machineries. The Company has ceased operations since 2001.
Asia Pacific Machinery * Auctions Sdn. Bhd. (503068-D)	2,000	100	51	Involved in the auction of light and heavy machineries. The Company has ceased operations since 2001.

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17. INVESTMENTS IN SUBSIDIARIES (Contd.)

Name of Company	Issued and Paid-up capital RM	Effective Interest Held		Principal Activities
		2009 %	2008 %	
Malaysia Motor Auctions * Sdn. Bhd. (500189-H)	2,000	100	51	Involved in the auction of general motor vehicles. The Company has ceased operations since 2001.
Beans Around The World * Coffee Shop Sdn. Bhd. (528250-P)	2	100	100	Provide services in respect of sale of beverages. The Company has ceased operations since 2001.
Eraman (Malaysia) Sdn. Bhd. (324329-K)	2	100	100	Dormant. Intended principal activity is general trading.
Malaysia International Aerospace Centre Sdn. Bhd. (438244-H)	2	100	100	Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia.
Airport Ventures Sdn. Bhd. (512527-U)	2	100	100	Investment holding.

17. INVESTMENTS IN SUBSIDIARIES (Contd.)

Name of Company	Issued and Paid-up capital RM	Effective Interest Held		Principal Activities
		2009 %	2008 %	
Malaysia Airports MSC Sdn. Bhd. (Formerly known as KLIA.Com Sdn. Bhd.) (516854-V)	500,000	100	100	Dormant. Intended pricipal activities are to provide internet services, development and incubation of electronic commerce, and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.
Malaysia Airports Management & Technical Services (Labuan) Pte Ltd (LL05298)	USD 1,000	100	100	Invesment holding management.
Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)	750,000	75	75	Provision of mechanical, electrical and civil engineering services at KLIA in Sepang.
Airport Automotive Workshop Sdn. Bhd. (808167-P)	100	38	38	Operations of automotive vehicle workshop.

^ Subsidiaries disposed of during the financial year

* Subsidiaries under member's voluntary winding-up as at 31 December 2009 and classified as discontinued operations

@ Audited by a member firm of Ernst & Young Global

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17. INVESTMENTS IN SUBSIDIARIES (Contd.)

(1) Disposals of subsidiaries

Pursuant to the restructuring arrangement with the GoM, the Company disposed of:

- (i) its 100% equity interest in NECC Sdn. Bhd. ("NECC") to the Minister of Finance (Incorporated) ("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 offset 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.

Co-terminous with the sale of SIC, a wholly-owned subsidiary, Malaysia Airports Sdn. Bhd. ("MASB") granted 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. No effect of the Call Option had been taken into account in the financial statements.

The disposals of subsidiaries in the current year were in respect of NECC and SIC and the cash inflows resulted from the disposals were as follows:

17. INVESTMENTS IN SUBSIDIARIES (Contd.)

(1) Disposals of subsidiaries (contd.)

	2009 RM'000
Property, plant and equipment	167,714
Inventories	595
Trade and other receivables	115,796
Cash and bank balances	38,609
Trade and other payables	(169,786)
Retirement benefits (Note 28)	(179)
Tax recoverable	36
Net assets disposed	152,785
Total disposal proceeds	159,632
Gain on disposals to the Group (Note 7)	6,847
Disposals proceeds settled by:	
Other than cash (Note 39)	159,632
Cash outflow arising on disposal:	
Cash and cash equivalents of subsidiaries disposed of	(38,609)
Net cash outflow to the Group	(38,609)

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18. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost:				
- outside Malaysia	114,040	35,150	114,040	25,287
- in Malaysia	600	600	-	-
	114,640	35,750	114,040	25,287
Share of post-acquisition reserve	19,094	16,913	-	-
	133,734	52,663	114,040	25,287
Analysed as:				
Unquoted shares at cost:				
At 1 January	35,750	10,463	25,287	-
Acquisition during the year	22	25,287	22	25,287
Additional capital contribution	88,731	-	88,731	-
Redemption of preference shares by associate	(9,863)	-	-	-
At 31 December	114,640	35,750	114,040	25,287
Share of post-acquisition reserve:				
At 1 January	16,913	14,975	-	-
Share of profit	2,631	2,388	-	-
Dividend received	(450)	(450)	-	-
At 31 December	19,094	16,913	-	-

Investment in an associate with carrying amount of RM22,000 was pledged to financial institutions for credit facilities granted to the associate.

18. INVESTMENTS IN ASSOCIATES (Contd.)

Details of the associates are as follows:

Name of Associate	Country of Incorporation	Issued and Paid-up Capital	Effective Interest Held		Financial Year End	Principal Activities
			2009 %	2008 %		
Held by the Company:						
Istanbul Sabiha Gokcen International Investment Development and Operation Inc *	Turkey	€ 114,840,000	20	20	31 December	Operation, management and development Airport and provision of airport related services
LGM Airport Operations Trade and Tourism Inc	Turkey	€ 23,145	20	-	31 December	Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.
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.

* In the prior year, the Company entered into an agreement with several parties as disclosed in Note 35(c) 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 2009 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 2009 have been used for the purpose of applying the equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

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18. INVESTMENTS IN ASSOCIATES (Contd.)

The summarised financial statements of the associates are as follows:

	Group	
	2009	2008
	RM'000	RM'000
Assets and liabilities		
Current assets	428,506	350,756
Non-current assets	6,339,194	4,599,409
Total assets	6,767,700	4,950,165
Current liabilities	(155,616)	(153,106)
Non-current liabilities	(5,939,385)	(4,561,726)
Total liabilities	(6,095,001)	(4,714,832)
Results		
Revenue	666,315	505,694
Profit for the year	13,155	11,495

19. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group	
	2009	2008
	RM'000	RM'000
Investment in a jointly controlled entity	100	-

On 13 February 2009, the Company 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 the Company have agreed to form an unincorporated consortium ("KLIACS-MAMTS Consortium") for the sole purpose of carrying out the Works. KLIACS and the Company participation in the KLIACS-MAMTS Consortium will be in the agreed proportion of 51% and 49% respectively.

The jointly controlled entity has not commenced operations and therefore no share of results were recognised during the financial year.

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20. OTHER INVESTMENTS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Bonds and medium-term notes in Malaysia				
- net of amortisation of premium of RM4,924,000 (2008: RM4,764,000)	15,831	20,913	-	-
Quoted unit trust in Malaysia	5,901	4,901	-	-
Unquoted shares at cost:				
- in Malaysia	50,180	52,445	34,925	33,581
- outside Malaysia	230,129	233,324	-	2,836
	286,210	290,670	34,925	36,417
Total other investments	302,041	311,583	34,925	36,417
Market value of :				
- unit trust	6,013	4,901	-	-
- bonds and medium-term notes	15,831	22,555	-	-

Movement in unquoted shares are as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
At 1 January	290,670	91,031	36,417	56,814
Additions	2,344	200,786	1,344	1,489
Redemption of preference shares	(3,609)	-	-	-
Disposal	-	-	(2,836)	(21,886)
Foreign currency translation	(3,195)	(1,147)	-	-
At 31 December	286,210	290,670	34,925	36,417

Unquoted shares of RM106,881,000 (2008: RM108,726,000) and RM Nil (2008: 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.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	310,713	371,169	-	-
Accrued revenue	53,969	70,131	-	-
Due from former subsidiary	3,366	-	-	-
	368,048	441,300	-	-
Less: Provision for doubtful debts				
Third parties	(51,705)	(48,641)	-	-
Trade receivables, net	316,343	392,659	-	-
Other receivables				
Amounts due from:				
Subsidiaries	-	-	1,191,614	413,028
Staff loans (Note 22)	3,470	3,224	-	-
Deposits	3,260	3,426	9	9
Tax recoverable	-	2,283	4,464	1,313
Prepayment for event management activities	-	1,009	-	-
Amounts recoverable arising from				
event management activities	-	95,635	-	-
Other prepayments	1,994	2,181	95	98
Due from GoM	278,195	-	49,119	-
Due from former subsidiary	5,410	-	-	-
Sundry receivables	27,275	169,066	16,402	140,461
	319,604	276,824	1,261,703	554,909
Less: Provision for doubtful debts	(1,588)	(1,724)	(8)	(8)
Other receivables, net	318,016	275,100	1,261,695	554,901
Total	634,359	667,759	1,261,695	554,901
Non-current				
Trade receivables				
Third parties	19,993	20,501	-	-

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21. TRADE AND OTHER RECEIVABLES (Contd.)

The movements in provision for doubtful debts is as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
At beginning of year	50,365	108,244	8	8
Continuing operations:				
Provision for/(writeback of) doubtful debts	5,153	(38,165)	-	-
Written off	(3)	(19,883)	-	-
Discontinued operations	(2,222)	169	-	-
At end of year	53,293	50,365	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 and bears interest at 1% per month on overdue balances. As at balance sheet date, the concentration of credit risk in the form of outstanding balances is mainly due to four (2008: five) customers representing approximately 24% (2008: 53%) of the total trade receivables.

(b) Amounts due from subsidiaries (Current)

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. All related parties receivables are unsecured and are to be settled in cash. Included in amounts due from subsidiaries is RM507,889,908 paid by the Company to GoM on behalf of its subsidiary as disclosed in Note 39.

(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.

21. TRADE AND OTHER RECEIVABLES (Contd.)

(d) Other receivables

Included within other receivables of the Group in the prior year was an amount of RM248,737,000 relating to matters in connection with the restructuring agreement with the GoM as disclosed in Note 39.

(e) Due from GoM

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Debts assumed from former subsidiary	121,200	-	49,119	-
MARCS (Note 2.2 (r)(iv))	91,728	-	-	-
Airlines incentive	65,267	-	-	-
	278,195	-	49,119	-

Amounts due from GoM are unsecured, interest free and repayable on demand.

(f) Due from former subsidiary

The past due debts are recoverable pursuant to the restructuring arrangement as disclosed in Note 39.

Other information on financial risks of other receivables are disclosed in Note 40.

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22. STAFF LOANS

	Group	
	2009	2008
	RM'000	RM'000
Staff loans	36,006	34,727
Less: Current (Note 21)	(3,470)	(3,224)
Non-current portion	32,536	31,503
Analysed as:		
Current	3,470	3,224
Non-current:		
Later than 1 year but not later than 2 years	3,336	3,209
Later than 2 years but not later than 5 years	8,977	8,835
Later than 5 years	20,223	19,459
	32,536	31,503
	36,006	34,727

The staff loans attract interest rate at 4% (2008: 4%) per annum.

23. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
At 1 January	44,301	22,260	(1,445)	(3,123)
Recognised in income statement (Note 9)	(211)	22,041	325	1,678
At 31 December	44,090	44,301	(1,120)	(1,445)
Presented after offsetting as follows:				
Deferred tax assets	(3,635)	(3,616)	(2,384)	(2,316)
Deferred tax liabilities	47,725	47,917	1,264	871
	44,090	44,301	(1,120)	(1,445)

23. DEFERRED TAX (ASSESTS)/LIABILITIES (Contd.)

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 2009	81,565
Recognised in the income statement	2,270
Disposal of subsidiary	(735)
At 31 December 2009	83,100
Less: Offset against deferred tax assets	(35,375)
	47,725
At 1 January 2008	78,249
Recognised in the income statement	6,584
Deferred tax recognised at reduced tax rate	(3,268)
At 31 December 2008	81,565
Less: Offset against deferred tax assets	(33,648)
	47,917

Deferred tax assests of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Receivables RM'000	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2009	(4,822)	(8,927)	(13,796)	(9,719)	(37,264)
Recognised in the income statement	2,426	(1,485)	(1)	(3,421)	(2,481)
Disposal of subsidiary	519	-	44	172	735
At 31 December 2009	(1,877)	(10,412)	(13,753)	(12,968)	(39,010)
Less: Offset against deferred tax liabilities					35,375
					(3,635)

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23. DEFERRED TAX (ASSETS)/LIABILITIES (Contd.)

Deferred tax assets of the Group (contd.):

	Unutilised tax losses and unabsorbed capital allowances RM'000	Receivables RM'000	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2008	(15,272)	(13,947)	(14,808)	(11,962)	(55,989)
Recognised in the income statement	10,257	4,663	460	1,803	17,183
Deferred tax recognised at reduced tax rate	193	357	552	440	1,542
At 31 December 2008	(4,822)	(8,927)	(13,796)	(9,719)	(37,264)
Less: Offset against deferred tax liabilities					33,648
					(3,616)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000
At 1 January 2009	871
Recognised in the income statement	393
At 31 December 2009	1,264
At 31 December 2008	574
Recognised in the income statement	332
At 31 December 2007	(35)
At 31 December 2006	871

23. DEFERRED TAX (ASSESTS)/LIABILITIES (Contd.)

Deffered tax assests of the Company:

	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2009	(769)	(1,547)	(2,316)
Recognised in the income statement	54	(122)	(68)
At 31 December 2009	(715)	(1,669)	(2,384)
At 1 January 2008	(819)	(2,878)	(3,697)
Recognised in the income statement	19	1,267	1,286
Deferred tax recognised at reduced tax rate	31	64	95
At 31 December 2008	(769)	(1,547)	(2,316)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Unutilised tax losses	2,990	2,091	-	-
Unabsorbed capital allowances	19	-	-	-
Other deductible temporary differences	9	52,000	-	-
	3,018	54,091	-	-

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries of the Group are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

Deferred tax assets have not been recognised where it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits.

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24. INVENTORIES

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cost				
Spares and consumables	14,526	16,755	339	308
Merchandise goods	45,398	41,135	-	-
Food and beverages	516	210	-	-
	<u>60,440</u>	<u>58,100</u>	<u>339</u>	<u>308</u>

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	113,743	79,505	15,999	4,310
Deposits with:				
Licensed banks	31,460	220,215	12,292	92,343
Licensed finance companies	-	122,985	-	38,874
Money on call with licensed banks	123,083	254,582	-	165,880
Cash and bank balances	<u>268,286</u>	<u>677,287</u>	<u>28,291</u>	<u>301,407</u>

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

Included in deposits of the Group and of the Company is fixed deposits of RM6,000,000 (2008 : RM Nil) placed under lien for revolving credit facility granted to the Group and Company.

26. SHARE CAPITAL

	Number of shares of RM1 each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised:				
Special Rights Redeemable Preference Share of RM1 each	1	1	1	1
Ordinary shares of RM1 each	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
	<u>2,000,000,001</u>	<u>2,000,000,001</u>	<u>2,000,000,001</u>	<u>2,000,000,001</u>
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
	<u>1,100,000,001</u>	<u>1,100,000,001</u>	<u>1,100,000,001</u>	<u>1,100,000,001</u>

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.

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26. SHARE CAPITAL (Contd.)

Special Rights Redeemable Preference Share (contd.)

- (b) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (c) The Special Shareholder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member.
- (d) The Special Shareholder does not have any right to participate in the capital or profits of the Company.
- (e) Certain matters which vary the rights attached to the Special Share can only be effective with the written consent of the Special Shareholder, in particular matters relating to the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover.

27. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance of Malaysian Income Tax Act, 1967 (Section 108 balance) and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company has not elected for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance as at 31 December 2009 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2009 and 2008, the Company has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained earnings.

28. 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 2009.

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(o)(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.

The amounts recognised on the balance sheets are determined as follows:

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28. RETIREMENT BENEFITS (Contd.)

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Present value of unfunded defined benefit obligations	55,292	56,179	2,860	3,076
Analysed as:				
Current (Note 32)	3,712	3,428	403	293
Non-current:				
Later than 1 year but not later than 2 years	3,884	3,716	382	403
Later than 2 years but not later than 5 years	12,596	11,793	1,018	989
Later than 5 years	35,100	37,242	1,057	1,391
	51,580	52,751	2,457	2,783
	55,292	56,179	2,860	3,076

The amount recognised in the income statements comprises:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Interest cost				
- continuing operations	2,698	2,696	216	222
- discontinued operations (Note 5)	(2)	(11)	-	-
	2,696	2,685	216	222

28. RETIREMENT BENEFITS (Contd.)

Movements in the net liability in the current year were as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
At 1 January	56,179	56,990	3,076	3,150
Recognised in income statement	2,698	2,696	216	222
Contributions paid	(3,406)	(3,507)	(432)	(296)
Disposal of subsidiary	(179)	-	-	-
At 31 December	55,292	56,179	2,860	3,076

Principal actuarial assumption used:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
	%	%	%	%
Discount rate	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.

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29. OTHER FINANCIAL LIABILITY

	Group	
	2009	2008
	RM'000	RM'000
At 1 January	201,961	15,825
Issued during the year	-	186,044
Foreign currency translation	(2,336)	92
At 31 December	199,625	201,961

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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Short-term borrowings				
Unsecured:				
Fixed rate term loan	250	2,750	250	2,750
Hire purchase and finance lease liabilities (Note 31)	-	32	-	-
	250	2,782	250	2,750
Long-term borrowings				
Unsecured:				
Revolving loan	507,890	-	507,890	-
Fixed rate term loan	-	250	-	250
Hire purchase and finance lease liabilities (Note 31)	-	-	-	-
	507,890	250	507,890	250
Total borrowings				
Unsecured:				
Revolving loan	507,890	-	507,890	-
Fixed rate term loan	250	0	250	0
Hire purchase and finance lease liabilities	-	2	-	-
	508,140	2	508,140	0

Other information on financial risks of borrowings are disclosed in Note 40.

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31. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2009	2008
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	-	33
Later than 1 year and not later than 2 years	-	-
Later than 2 years and not later than 5 years	-	-
Total minimum future lease payments	-	33
Less: Future finance charges	-	(1)
Present value of finance lease liabilities	-	32
Analysis of present value of finance lease liabilities		
Not later than 1 year	-	32
Later than 1 year and not later than 2 years	-	-
Later than 2 years and not later than 5 years	-	-
	-	32
Less: Amount due within 12 months (Note 30)	-	(32)
Amount due after 12 months (Note 30)	-	-

The Group had finance leases and hire purchase contracts for motor vehicles (Note 13). These leases had terms of renewal but no purchase options and escalation clauses. Renewals were at the option of the specific entity that held the lease. There were no restrictions placed upon the Group by entering into these leases and no arrangements had 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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties	110,197	104,741	-	-
Other payables				
Amounts due to subsidiaries	-	-	347,879	158,318
Accruals	125,008	94,211	2,407	969
Provisions for liabilities	15,592	69,768	1,389	1,408
Sundry payables	229,669	191,563	146,081	81,031
Due to GoM	110,944	-	-	-
Deferred income	4,644	11,803	-	-
Dividend payable	12,167	3,607	12,167	3,607
Deposits	25,999	23,914	1,141	2,703
Retirement benefits (Note 28)	3,712	3,428	403	293
	527,735	398,294	511,467	248,329
Total	637,932	503,035	511,467	248,329
Non-current				
Other payables				
Deferred income	137,278	131,774	-	-
Due to GoM	216,894	-	-	-
	354,172	131,774	-	-

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32. TRADE AND OTHER PAYABLES (Contd.)

Movements of 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 2009				
At 1 January 2009	8,064	53,250	8,454	69,768
Continuing operations:				
Additional provision during the year	262	3,060	1,953	5,275
Writeback of provision	(577)	(52,000)	-	(52,577)
Utilised during the year	(17)	(4,310)	(2,439)	(6,766)
Discontinued operations	(108)	-	-	(108)
At 31 December 2009	7,624	-	7,968	15,592
At 31 December 2008				
At 1 January 2008	6,391	52,000	8,520	66,911
Additional provision during the year	1,808	7,300	1,933	11,041
Utilised during the year	(135)	(6,050)	(1,999)	(8,184)
At 31 December 2008	8,064	53,250	8,454	69,768

32. TRADE AND OTHER PAYABLES (Contd.)

	Short term accumulating compensated absences RM'000
Company	
At 31 December 2009	
At 1 January 2009	1,408
Writeback of provision during the year	(11)
Utilised during the year	(8)
At 31 December 2009	1,389
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

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2008: 30 to 90) days.

(b) Amounts due to subsidiaries

Amounts due to all related parties are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

(c) Due to GoM

Amount due to GoM is in respect of user fee payable to the GoM. Details of user fee are disclosed in Notes 7 and 39. The non-current portion of the amount due to GoM is in respect of the estimated amount to be paid after 12 months.

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32. TRADE AND OTHER PAYABLES (Contd.)

(d) 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	
	2009	2008
	RM'000	RM'000
At 1 January	143,577	15,895
Amount received	33,114	132,483
Recognised as income (Note 4)	(6,487)	(4,801)
Realisation	(28,282)	-
At 31 December	141,922	143,577
Analysed as:		
Current	4,644	11,803
Non-current:		
Later than 1 year but not later than 2 years	2,877	17,247
Later than 2 years but not later than 5 years	8,632	51,742
Later than 5 years	125,769	62,785
	137,278	131,774
	141,922	143,577

Other information on financial risks of other payables are disclosed in Note 40.

The realisation is pursuant to the restructuring agreement.

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.

Pursuant to the restructuring arrangement as disclosed in Note 39, the entire concession rights payable is terminated and is no longer required.

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	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Future minimum rental payments:				
Not later than 1 year	14,963	10,734	2,237	1,853
Later than 1 year and not later than 5 years	23,146	15,994	3,116	2,746
	38,109	26,728	5,353	4,599

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35. COMMITMENTS

	Due year 2010 RM'000	Due year 2011 to 2014 RM'000	Due year 2015 to 2066 RM'000	Total RM'000
31 December 2009 Group				
(i) Approved and contracted for:				
Lease rental payable to the GoM for Subang airport	2,300	9,200	119,600	131,100
Lease rental payable to the GoM for all airports managed other than Subang	3,750	15,000	71,250	90,000
Capital expenditure	67,599	50,000	-	117,599
	71,349	65,000	71,250	207,599
	73,649	74,200	190,850	338,699
(ii) Approved but not contracted for:				
Capital expenditure	1,667,384	-	-	1,667,384
	1,741,033	74,200	190,850	2,006,083
31 December 2009 Company				
Approved but not contracted for:				
Capital expenditure	1,264,059	-	-	1,264,059

35. COMMITMENTS (Contd.)

	Due year 2009 RM'000	Due year 2010 to 2013 RM'000	Due year 2014 to 2066 RM'000	Total RM'000
31 December 2008				
Group				
(i) Approved and contracted for:				
Lease rental payable to the GoM for Subang Airport	2,300	9,200	121,900	133,400
Nominal land lease charges payable to the GoM (a)	4,000	16,000	80,000	100,000
Capital expenditure	350,276	39,088	-	389,364
	354,276	55,088	80,000	489,364
	356,576	64,288	201,900	622,764
(ii) Approved but not contracted for:				
Capital expenditure	272,264	-	-	272,264
(iii) Other investment:				
Investment in Delhi International Airport Limited ("DIAL") (b)	70,310	-	-	70,310
Investment in Sabiha Gokcen International Airport Limited ("SGIA") (c)	17,975	69,212	-	87,187
	88,285	69,212	-	157,497
	717,125	133,500	201,900	1,052,525

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

35. COMMITMENTS (Contd.)

	Due year 2009 RM'000	Due year 2010 to 2013 RM'000	Due year 2014 to 2066 RM'000	Total RM'000
31 December 2008				
Company				
Investment in Sabiha Gokcen International Airport Limited ("SGIA") (c)	17,975	69,212	-	87,187
Approved but not contracted for: Capital expenditure	90,740	39,088	-	129,828
	<u>108,715</u>	<u>108,300</u>	<u>-</u>	<u>217,015</u>

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Analysed as:				
Not later than 1 year	1,741,033	717,125	1,264,059	108,715
Later than 1 year and not later than 5 years	74,200	133,500	-	108,300
Later than 5 years	190,850	201,900	-	-
	<u>2,006,083</u>	<u>1,052,525</u>	<u>1,264,059</u>	<u>217,015</u>

(a) In the prior year, lease rental payable to the GoM comprised fixed and variable payment. The lease rental payable under the concession agreement dated 18 October 1999 was 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 was based on 8% of the total audited revenue of a subsidiary, which was granted the rights in respect of the KLIA Concession, and was payable on an annual basis commencing in year 2004.

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 arrangement are disclosed in Note 39.

35. COMMITMENTS (Contd.)

- (b) 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 modernisation 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 RM269,670,000).

As at 31 December 2009, MA (Mauritius) has paid up RM199,360,000 (2008: RM199,360,000) as share capital in DIAL and advances which are convertible into shares in DIAL.

- (c) 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.

36. CONTINGENT LIABILITIES

- (a) As at 31 December 2009, the Company provided corporate guarantees as follows:

- (i) RM242,100,000 (2008: RM25,552,000) for the purpose of standby equity commitment to a financial institution for credit facilities granted to Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc ("ISG").
- (ii) RM17,023,810 (2008: RM Nil) for the purpose of standby equity commitment to a financial institution for credit facilities granted to LGM Airport Operations Trade and Tourism Inc, a related company of ISG.
- (iii) RM30,000,000 (2008: RM Nil) for advance payment guarantee to a Duty Free Operator at ISG.

- (b) 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.

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37. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of other members of key management during the year was as follows:

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	8,159	8,631	6,065	5,428
Post-employment benefit:				
Defined contribution plans	1,436	1,229	1,070	876
Defined benefit plan	150	150	150	150
	9,745	10,010	7,285	6,454

Remuneration of directors is as disclosed in Note 8.

38. COMPARATIVES

Certain comparative amounts as at 31 December 2008 have been restated. The reclassification of income statement items is in respect of FRS5: Discontinued Operations.

Group	As previously reported RM'000	Reclassi- fication RM'000	As restated RM'000
Profit and loss			
Revenue	1,513,089	(78,116)	1,434,973
Other income	90,992	(613)	90,379
Depreciation and amortisation	(157,041)	2,111	(154,930)
Employee benefits expense	(327,336)	4,818	(322,518)
Other expenses	(528,756)	61,559	(467,197)
Income tax and zakat	(123,407)	155	(123,252)
Profit for the year from continuing operations	309,030	(10,086)	298,944
(Loss)/profit for the year from discontinued operations	(3,209)	10,086	6,877

39. SIGNIFICANT EVENTS

(1) On 12 February 2009, the Company had entered into the following arrangement with the GoM:

- (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 ("the Operator") 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 earlier between the GoM and MA Sepang save for rights and commitments expressly excluded in the Operating Agreement for KLIA;
 - (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; and
 - (c) The GoM shall procure the Federal Lands Commissioner ("FLC") as the registered owners of the Airport Lands ("Lands"), to lease to the Operator these Lands by procuring the execution by FLC of the New Lease Agreement (substantially in the form annexed of the Operating Agreement). The period of the lease under the New Lease Agreement shall be co-terminous with the operating period to the extent that if the Operating Rights are extended pursuant to the terms and conditions of the Operating Agreement or otherwise, the period of such lease shall be accordingly extended on such terms and conditions to be determined by the GoM, the FLC and the Operator for the relevant period.
- (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 earlier between the GoM and MASB save for rights and commitments expressly excluded in the Operating Agreement for the Designated Airports;

The new operating agreements are collectively referred to as the Operating Agreements. Pursuant to the Operating Agreements, the Company also disposed of:

- (i) its 100% equity interest in NECC Sdn. Bhd. ("NECC") to the Minister of Finance (Incorporated), 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

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39. SIGNIFICANT EVENTS (Contd.)

- (ii) its 100% equity interest in Sepang International Circuit Sdn. Bhd. ("SIC") to the Minister of Finance for cash consideration of RM1.

Co-terminous with the sale of SIC, a wholly-owned subsidiary, Malaysia Airports Sdn. Bhd. ("MASB"), granted 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.

Pursuant to the Operating Agreements:

- (i) the existing Concession Agreement and the FLC Lease Agreement between MA Sepang and the GoM and the FLC 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.

During the year, as mutually agreed in the Operating Agreements, the Residual Payment was 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 offsetting 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;

39. SIGNIFICANT EVENTS (Contd.)

- (iv) the offsetting 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.

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.

The restructuring agreement has given rise to the writeback of provision for lease rental of RM52,000,000 as disclosed in Notes 7 and 32 and increase in the concession asset of approximately RM603,164,000 million as disclosed in Note 16. 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. The restructuring agreement also resulted in a discontinued operations in the event management activities business segment the effect of which is disclosed in Note 41.

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39. SIGNIFICANT EVENTS (Contd.)

- (2) 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.

As at 31 December 2009, the Joint Venture Agreement has not been formalised and no effects has been taken into account in the financial statements.

- (3) Five (5) of its wholly-owned dormant/inactive subsidiaries, Asia Pacific Auction Sales Sdn. Bhd., Asia Pacific Machinery Auctions Sdn. Bhd., Malaysia Motor Auctions Sdn. Bhd., Beans Around The World Coffee Shop Sdn. Bhd., and Cargo One Restaurant & Lounge Sdn. Bhd., undertook a member's voluntary winding-up exercise.

The member's voluntary winding-up as mentioned in the above did not have any significant effects on the results of the Group and of the Company.

- (4) 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 complementaries, 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. The effect of this joint venture is disclosed in Note 19.

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 (Contd.)

(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 table sets 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:

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	Total RM'000
At 31 December 2009					
Group					
Fixed rate term loan	30	5.30	250	-	250
Revolving loan	30	3.14	-	507,890	507,890
Hire purchase and finance lease liabilities	31	-	-	-	-
Floating rate					
Cash and cash equivalents	25	2.42	154,543	-	154,543
Company					
Fixed rate term loan	30	5.30	250	-	250
Revolving loan	30	3.14	-	507,890	507,890
Floating rate					
Cash and cash equivalents	25	0.96	12,292	-	12,292

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40. FINANCIAL INSTRUMENTS (Contd.)

(b) Interest rate risk (contd.)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	Total RM'000
At 31 December 2008					
Group					
Fixed rate					
Fixed rate term loan	30	5.30	2,750	250	3,000
Hire purchase and finance lease liabilities	31	6.00	32	-	32
Floating rate					
Cash and cash equivalents	25	2.92	597,782	-	597,782
Company					
Fixed rate					
Fixed rate term loan	30	5.30	2,750	250	3,000
Floating rate					
Cash and cash equivalents	25	3.27	297,097	-	297,097

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 95 (2008: 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 of the Company that are not included in the above tables are not subject to interest rate risks.

40. FINANCIAL INSTRUMENTS (Contd.)

(c) Foreign currency risk

Other than the Group's investment in foreign associates and foreign subsidiaries, the Group does not operate internationally but is exposed to mainly the 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.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional Currency of Group Companies	Net Financial Assets/(Liabilities) Held Non-Functional Currencies				Total RM'000
	United States Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Singapore Dollar RM'000	
At 31 December 2009					
Ringgit Malaysia	1,382	(3)	(299)	(48)	1,032
At 31 December 2008					
Ringgit Malaysia	3,989	(449)	(2,121)	(421)	998

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

40. FINANCIAL INSTRUMENTS (Contd.)

(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.

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 four (2008: five) customers representing approximately 24% (2008: 53%) 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.

40. FINANCIAL INSTRUMENTS (Contd.)

(f) Fair values (contd.)

(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.

(iv) Fixed rate term loan

The fixed rate term loan is repayable in 16 equal instalments of RM1,500,000 each, the first to be made 12 months from the date of first drawdown and the remainder at successive three months intervals thereafter.

(v) Revolving loan

The revolving credit is secured by fixed deposits of RM6,000,000 (2008: RM Nil) placed in lien and the maturity of the revolving credit is on 12 February 2011.

	Note	Group		Company	
		Carrying amount	Fair value	Carrying amount	Fair value
		RM'000	RM'000	RM'000	RM'000
At 31 December 2009					
Bonds and medium-term notes	20	15,831	15,831	-	-
Fixed rate term loan	30	250	237	250	237
Revolving loan	30	507,890	507,890	507,890	507,890
At 31 December 2008					
Bonds and medium-term notes	20	20,913	22,555	-	-
Fixed rate term loan	30	3,000	2,898	3,000	2,898

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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 comprise the following main business segments:

Continuing operations:

- (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) Project and repair maintenance
To provide operations and maintenance of Information and Communication Technology business ventures and provision of mechanical and electrical engineering.

41. SEGMENT INFORMATION (Contd.)

Discontinued operations:

- (vi) Event Management
Managed and operated Sepang F1 Circuit and organised and promoted motor sports and entertainment events.
- (vii) Auction
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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

41. SEGMENT INFORMATION (Contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Continuing Operations								Discontinued Operations				
	Airport Operations		Non-Airport Operations										
	Duty free and non dutiable goods	Airport services	Agriculture and horticulture	Hotel	Project and repair maintenance	Others	Eliminations	Total	Auction	Event management	Eliminations	Total	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2009													
Revenue													
External sales													
Aeronautical	-	790,483	-	-	-	-	-	790,483	-	-	-	-	790,483
Non-aeronautical:													
Retail	351,609	-	-	-	-	-	-	351,609	-	-	-	-	351,609
Others	-	354,482	48,530	57,511	34,478	-	-	495,001	146	61,313	-	61,459	556,460
Inter-segment sales	1,126	128,277	2,470	1,661	80,197	4,000	(217,731)	-	-	600	(600)	-	-
Inter-segment dividends	-	-	-	-	-	63,000	(63,000)	-	-	-	-	-	-
Total revenue	352,735	1,273,242	51,000	59,172	114,675	67,000	(280,731)	1,637,093	146	61,913	(600)	61,459	1,698,552
Results													
Segment results	9,164	508,137	9,231	(296)	14,607	40,728	(89,927)	491,644	(1,062)	(966)	673	(1,355)	490,289
Finance costs	-	(14,124)	-	-	-	(53)	-	(14,177)	-	-	-	-	(14,177)
Share of profit of associates	-	1,457	-	-	-	1,174	-	2,631	-	-	-	-	2,631
Profit/(loss) before tax	9,164	495,470	9,231	(296)	14,607	41,849	(89,927)	480,098	(1,062)	(966)	673	(1,355)	478,743
Income tax expense	(3,341)	(94,275)	(255)	(165)	(4,108)	(14,171)	16,150	(100,165)	-	-	-	-	(100,165)
Profit/(loss) for the year	5,823	401,915	8,976	(461)	10,499	27,678	(73,777)	379,933	(1,062)	(966)	673	(1,355)	378,578
Assets													
Segment assets	126,608	6,453,210	78,734	119,377	122,930	3,608,669	(5,423,686)	5,085,842	496	-	-	496	5,086,338
Investment in associates	-	133,734	-	-	-	-	-	133,734	-	-	-	-	133,734
Total assets	126,608	6,586,944	78,734	119,377	122,930	3,608,669	(5,423,686)	5,219,576	496	-	-	496	5,220,072

41. SEGMENT INFORMATION (Contd.)

	Continuing Operations								Discontinued Operations				
	Airport Operations		Non-Airport Operations										
	Duty free and non dutiable goods	Airport services	Agriculture and horticulture	Hotel	Project and repair maintenance	Others	Eliminations	Total	Auction	Event management	Eliminations	Total	operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2009 (contd.)													
Liabilities													
Segment liabilities representing total													
liabilities	28,922	3,834,610	26,843	18,009	57,681	1,420,548	(3,541,098)	1,845,515	229	-	-	229	1,845,744
Other segment information													
Capital expenditure	12,322	180,032	3,916	3,628	291	125,015	-	325,204	-	1,143	-	1,143	326,347
Depreciation	2,733	85,778	708	15,204	782	5,648	-	110,853	-	1,157	-	1,157	112,010
Amortisation of:													
- prepaid land lease payments	-	121	-	-	-	-	-	121	-	-	-	-	121
- plantation development	-	-	2,833	-	-	-	-	2,833	-	-	-	-	2,833
- concession rights	-	36,667	-	-	-	-	-	36,667	-	-	-	-	36,667
Other significant non cash items:													
Provision for/(writeback of):													
- employee benefits	122	1,832	(4)	(20)	245	206	-	2,381	-	2	-	2	2,383
- doubtful debts	-	4,932	-	38	183	-	-	5,153	-	-	-	-	5,153
- lease	-	(52,000)	-	-	-	-	-	(52,000)	-	-	-	-	(52,000)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

41. SEGMENT INFORMATION (Contd.)

	Continuing Operations									Discontinued Operations			
	Airport Operations			Non-Airport Operations									
	Duty free and non dutiable goods	Airport services	Agriculture and horticulture	Hotel	Event management	Project and repair maintenance	Others	Eliminations	Total	Event management	Auction	Total	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2008													
Revenue													
External sales													
Aeronautical	-	652,498	-	-	-	-	-	-	652,498	-	-	-	652,498
Non-aeronautical:													
Retail	304,904	-	-	-	-	-	-	-	304,904	-	-	-	304,904
Others	-	321,751	67,350	61,709	-	26,761	-	-	477,571	78,116	2,536	80,652	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	-	117,868	114,756	(295,209)	1,434,973	78,116	2,536	80,652	1,515,625
Results													
Segment results	36,383	345,235	30,869	2,934	-	14,642	94,743	(104,716)	420,090	10,241	(3,162)	7,079	427,169
Finance costs	-	-	-	-	-	(5)	(277)	-	(282)	-	-	-	(282)
Share of profit of associates	-	3,339	-	-	-	-	(951)	-	2,388	-	-	-	2,388
Profit/(loss) before tax	36,383	348,574	30,869	2,934	-	14,637	93,515	(104,716)	422,196	10,241	(3,162)	7,079	429,275
Income tax expense	(10,250)	(97,759)	(8,382)	(591)	-	(3,854)	(30,532)	28,116	(123,252)	(155)	(47)	(202)	(123,454)
Profit/(loss) for the year	26,133	250,815	22,487	2,343	-	10,783	62,983	(76,600)	298,944	10,086	(3,209)	6,877	305,821
Assets													
Segment assets	114,630	6,604,497	76,817	130,000	152,808	114,215	4,892,428	(7,150,077)	4,935,318	-	4,306	4,306	4,939,624
Investment in associates	-	52,663	-	-	-	-	-	-	52,663	-	-	-	52,663
Total assets	114,630	6,657,160	76,817	130,000	152,808	114,215	4,892,428	(7,150,077)	4,987,981	-	4,306	4,306	4,992,287

41. SEGMENT INFORMATION (Contd.)

	Continuing Operations									Discontinued Operations			
	Airport Operations			Non-Airport Operations									
	Duty free and non dutiable goods	Airport services	Agriculture and horticulture	Hotel	Event management	Project and repair maintenance	Others	Eliminations	Total	Event management	Auction	Total	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2008 (contd.)													
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	2,657	1,809,666
Other segment information													
Capital expenditure	2,324	142,884	4,350	7,270	-	548	123,747	-	281,123	1,144	-	1,144	282,267
Depreciation	1,158	101,360	524	13,790	-	870	2,081	-	119,784	2,108	255	2,363	122,147
Amortisation of:													
- prepaid land													
lease payments	-	121	-	-	-	-	-	-	121	-	-	-	121
- plantation development expenditure	-	-	2,873	-	-	-	-	-	2,873	-	-	-	2,873
- concession rights	-	32,155	-	-	-	-	-	-	32,155	-	-	-	32,155
Other significant non cash items:													
Provision for/(writeback of):													
- employee benefits	11	3,709	17	(30)	-	190	591	-	4,493	11	(58)	(47)	4,446
- doubtful debts	-	(40,442)	-	(32)	-	2,309	5,021	(5,021)	(38,165)	169	-	169	(37,996)

MAKING A DIFFERENCE

We believe that we have a great responsibility to serve our partners and the public in the best possible way. Which is why, in everything we do, every cause we champion, every change we implement, we aim to make a positive difference for everyone.



MAHB (MALAYSIA AIRPORTS HOLDINGS BHD) TRAFFIC 2009

PASSENGER MOVEMENTS	2009	2008	+/-
Terminal passengers [international]	22,740,774	20,723,584	9.7%
Terminal passengers [domestic]	28,060,843	26,158,770	7.3%
Transit passengers	533,690	565,522	-5.6%
Total Passenger Movements	51,335,307	47,447,876	8.2%

AIRCRAFT MOVEMENTS	2009	2008	+/-
Commercial aircraft [international]	184,867	164,744	12.2%
Commercial aircraft [domestic]	350,926	331,527	5.9%
Total commercial aircraft	535,793	496,271	8.0%
All other aircraft	301,371	215,303	40.0%
Total Aircraft Movements	837,164	711,574	17.6%

CARGO MOVEMENTS [kg]	2009	2008	+/-
Cargo movements [international]	654,523,260	761,649,816	-14.1%
Cargo movements [domestic]	138,176,452	155,679,351	-11.2%
Transit cargo	11,264,310	15,110,722	-25.5%
Total Cargo Movements	803,964,021	932,439,889	-13.8%

MAIL MOVEMENTS [kg]	2009	2008	+/-
Mail movements [international]	15,317,458	13,125,589	16.7%
Mail movements [domestic]	9,122,829	12,971,450	-29.7%
Transit mail	170,577	994	17060.7%
Total Mail Movements	24,610,864	26,098,033	-5.7%

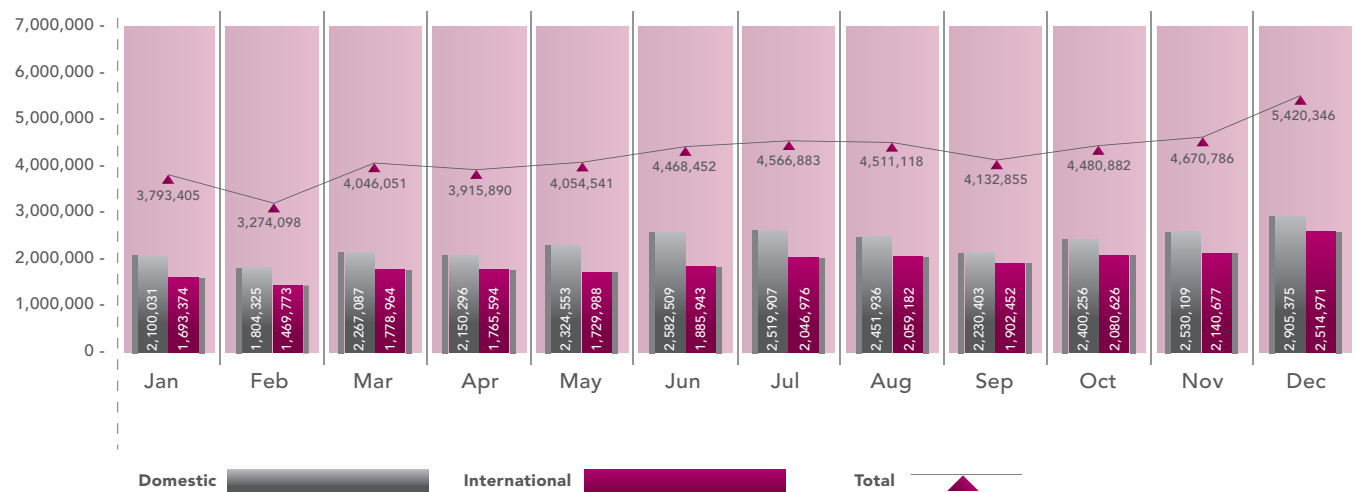
PASSENGER MOVEMENTS 2009

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2009*	2008*	% + / -	Domestic	Int'l	Total
KLIA	5,044,578	4,952,233	9,996,811	9,617,629	9,784,043	19,401,672	29,682,093	27,529,355	7.8%	-	283,610	283,610
Penang	921,785	929,712	1,851,497	719,636	750,981	1,470,617	3,325,423	3,405,762	-2.4%	1,408	1,901	3,309
Kota Kinabalu	1,848,377	1,858,939	3,707,316	530,530	528,034	1,058,564	4,868,526	4,689,164	3.8%	66,584	36,062	102,646
Kuching	1,564,921	1,570,183	3,135,104	191,767	193,531	385,298	3,574,632	3,238,614	10.4%	48,395	5,835	54,230
Langkawi	591,674	608,668	1,200,342	77,761	80,403	158,164	1,359,271	1,196,956	13.6%	427	338	765
Kota Bharu	490,927	512,235	1,003,162	-	-	-	1,003,162	836,060	20.0%	-	-	0
Ipoh	-	-	-	10,743	11,194	21,937	21,937	5,376	308.1%	-	-	0
Kuala Terengganu	247,668	268,166	515,834	2,524	5,261	7,785	523,619	487,495	7.4%	-	-	0
Alor Setar	208,578	212,736	421,314	-	-	-	421,314	307,564	37.0%	-	-	0
Melaka	17	22	39	9,727	8,810	18,537	18,576	23,751	-21.8%	-	-	0
Subang	334,743	335,593	670,336	76,202	73,302	149,504	819,840	307,747	166.4%	-	-	0
Kuantan	106,024	106,066	212,090	7,439	7,383	14,822	226,912	259,529	-12.6%	-	-	0
Tioman	15,288	15,546	30,834	8,834	9,389	18,223	49,057	48,767	0.6%	-	-	0
Pangkor	3,623	3,994	7,617	-	-	-	7,617	8,132	-6.3%	-	-	0
Redang	9,556	10,785	20,341	3,865	4,040	7,905	28,246	34,957	-19.2%	-	-	0
Labuan	222,248	224,027	446,275	564	9	573	476,876	550,859	-13.4%	30,028	-	30,028
Lahad Datu	49,162	49,396	98,558	-	-	-	98,558	99,983	-1.4%	-	-	0
Sandakan	328,413	332,080	660,493	1,205	1,122	2,327	672,469	618,927	8.7%	9,649	-	9,649
Tawau	426,874	431,469	858,343	3,933	4,325	8,258	866,601	768,967	12.7%	-	-	0
Bintulu	235,048	225,166	460,214	-	3	3	487,060	417,918	16.5%	26,843	-	26,843
Miri	790,561	807,649	1,598,210	7,878	8,648	16,526	1,620,345	1,537,840	5.4%	5,609	-	5,609
Sibu	458,688	468,336	927,023	59	-	59	939,732	831,772	13.0%	12,650	-	12,650
Mulu	24,869	24,386	49,255	-	-	-	49,255	43,652	12.8%	-	-	0
Limbang	23,060	22,452	45,512	-	-	-	45,512	49,181	-7.5%	-	-	0
STOL Sabah	-	-	-	-	-	-	0	3,741	-100.0%	-	-	0
STOL Sarawak	69,075	75,248	144,323	-	-	-	148,674	145,807	2.0%	4,351	-	4,351
Peninsular Malaysia	7,974,461	7,955,756	15,930,217	10,534,360	10,734,806	21,269,166	37,487,067	34,451,451	8.8%	1,835	285,849	287,684
Sabah	2,875,074	2,895,911	5,770,985	536,232	533,490	1,069,722	6,983,030	6,731,641	3.7%	106,261	36,062	142,323
Sarawak	3,166,222	3,193,420	6,359,641	199,704	202,182	401,886	6,865,210	6,264,784	9.6%	97,848	5,835	103,683
Total 2009	14,015,757	14,045,087	28,060,843	11,270,296	11,470,478	22,740,774	51,335,307	47,447,876	8.2%	205,944	327,746	533,690
Total 2008	13,093,916	13,064,854	26,158,770	10,368,535	10,355,049	20,723,584	47,447,876			235,311	330,211	565,522
% change	7.0%	7.5%	7.3%	8.7%	10.8%	9.7%	8.2%			-12.5%	-0.7%	-5.6%

Note: *Including transit passengers

PASSENGER MOVEMENTS 2009

PASSENGER MOVEMENTS AT MAHB AIRPORTS

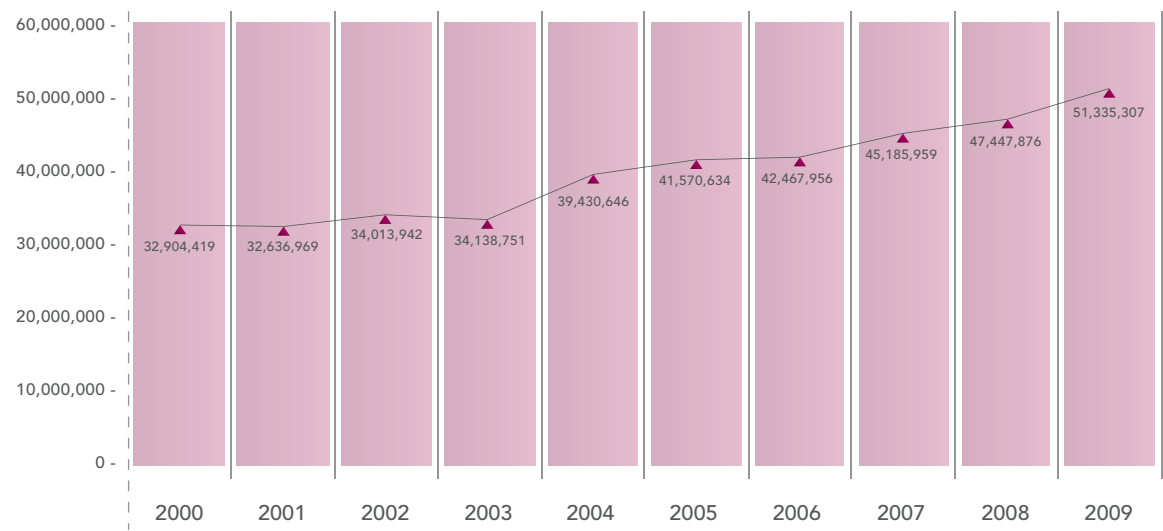


PASSENGER MOVEMENTS (2000 - 2009)

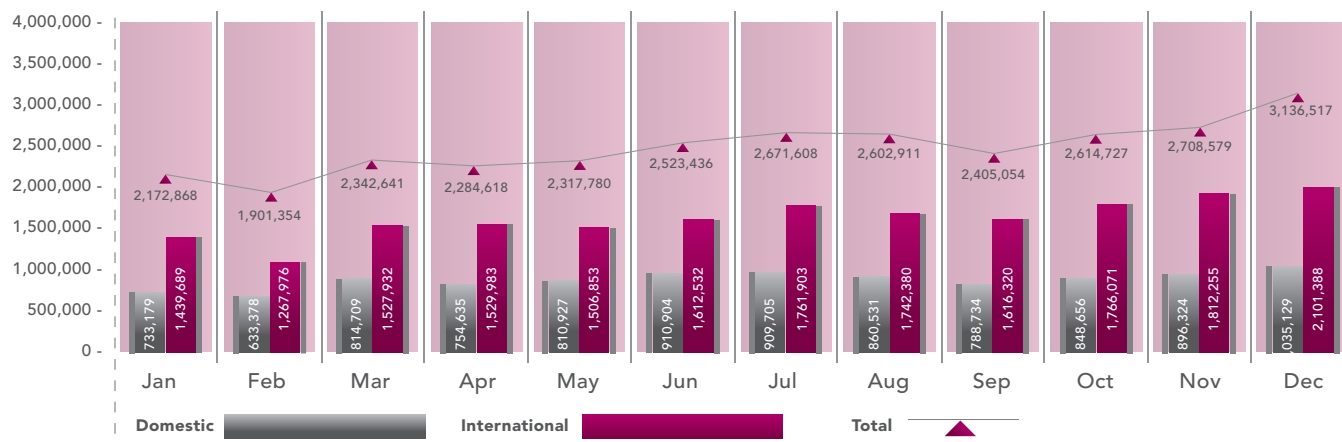
AIRPORTS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% + / -
KLIA	14,732,876	14,538,831	16,398,230	17,454,564	21,058,572	23,213,926	24,129,748	26,453,379	27,529,355	29,682,093	7.8%
Penang	2,740,505	2,558,999	2,508,693	2,334,669	2,987,993	2,834,545	3,103,772	3,173,117	3,405,762	3,325,423	-2.4%
Kota Kinabalu	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	4,868,526	3.8%
Kuching	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	3,574,632	10.4%
Langkawi	958,066	829,498	712,988	726,817	845,276	830,334	934,024	1,122,911	1,196,956	1,359,271	13.6%
Johor Bahru	1,026,729	998,693	874,278	651,352	-	-	-	-	-	-	-
Kota Bharu	512,834	506,632	534,959	589,950	639,871	635,397	678,306	759,316	836,060	1,003,162	20.0%
Ipoh	148,095	131,730	132,314	115,286	103,123	74,451	64,711	814	5,376	21,937	308.1%
Kuala Terengganu	343,186	355,063	309,202	394,240	435,620	419,475	398,252	430,800	487,495	523,619	7.4%
Alor Setar	311,224	306,514	287,465	353,778	346,502	323,669	292,549	291,006	307,564	421,314	37.0%
Melaka	13,917	9,171	7,438	31,108	46,692	27,683	18,509	27,209	23,751	18,576	-21.8%
Subang	2,100,727	1,955,688	1,130,169	72,491	90,593	83,602	83,502	95,583	307,747	819,840	166.4%
Kuantan	419,441	433,270	388,746	351,179	349,375	298,184	273,005	262,486	259,529	226,912	-12.6%
Tioman	74,762	83,358	64,067	56,900	57,957	54,054	57,559	46,260	48,767	49,057	0.6%
Pangkor	6,498	8,999	8,811	6,095	10,247	11,193	9,866	8,906	8,132	7,617	-6.3%
Redang	-	-	-	-	20,750	30,650	28,928	33,738	34,957	28,246	-19.2%
Labuan	558,877	619,260	635,458	696,961	686,103	642,582	575,684	535,294	550,859	476,876	-13.4%
Lahad Datu	102,492	104,270	108,151	107,914	117,584	116,973	108,697	77,024	99,983	98,558	-1.4%
Sandakan	452,824	449,679	449,613	497,999	574,213	621,513	633,194	626,192	618,927	672,469	8.7%
Tawau	464,784	472,301	495,462	551,168	620,847	680,901	660,331	736,646	768,967	866,601	12.7%
Bintulu	352,154	384,201	422,715	427,894	464,576	487,077	449,673	381,158	417,918	487,060	16.5%
Miri	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	1,620,345	5.4%
Sibu	657,375	725,449	759,704	817,687	903,108	920,930	898,923	809,955	831,772	939,732	13.0%
Mulu	31,016	36,601	44,371	41,280	54,767	52,914	48,825	37,463	43,652	49,255	12.8%
Limbang	71,526	76,642	77,821	83,459	96,209	105,652	89,814	50,107	49,181	45,512	-7.5%
STOL Sabah	6,809	6,850	6,896	6,945	7,099	6,009	5,933	1,942	3,741	0	-100.0%
STOL Sarawak	130,735	155,339	173,123	165,704	167,805	173,956	153,199	134,079	145,807	148,674	2.0%
Peninsular Malaysia	23,388,860	22,716,446	23,357,360	23,138,429	26,992,571	28,837,163	30,072,731	32,705,525	34,451,451	37,487,067	8.8%
Sabah	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	6,983,030	3.7%
Sarawak	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	6,865,210	9.6%
Grand Total	32,904,419	32,636,969	34,013,942	34,138,751	39,430,646	41,570,634	42,467,956	45,185,959	47,447,876	51,335,307	8.2%
% change	11.6%	-0.8%	4.2%	0.4%	17.7%	5.4%	2.2%	6.4%	5.0%	8.2%	

PASSENGER MOVEMENTS (2000 - 2009)

PASSENGER MOVEMENTS AT MAHB AIRPORTS (2000-2009)



PASSENGER MOVEMENTS 2009 AT KL INTERNATIONAL AIRPORT



INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2009	2008	2009	2008	2009	2008	
SOUTH EAST ASIA							
Banda Aceh	27,981	25,450	28,961	28,782	56,942	54,232	5.0%
Bandar Seri Begawan	101,748	89,862	100,145	89,435	201,893	179,297	12.6%
Bandung	96,590	79,015	105,907	86,814	202,497	165,829	22.1%
Bangkok	631,522	634,248	627,438	634,350	1,258,960	1,268,598	-0.8%
Cebu	3,812	5,383	3,495	4,950	7,307	10,333	-29.3%
Chiang Mai	45,212	50,189	45,435	50,513	90,647	100,702	-10.0%
Clark Field	45,195	50,517	47,291	51,748	92,486	102,265	-9.6%
Denpasar	333,852	284,415	337,124	264,650	670,976	549,065	22.2%
Dili	0	0	358	0	358	0	-
Hanoi	93,790	111,381	124,277	139,595	218,067	250,976	-13.1%
Ho Chi Minh City	197,728	156,787	199,977	154,700	397,705	311,487	27.7%
Jakarta	602,492	550,493	611,548	568,620	1,214,040	1,119,113	8.5%
Krabi	41,597	31,044	40,011	29,973	81,608	61,017	33.7%
Manado	14,981	3,531	14,777	3,717	29,758	7,248	310.6%
Manila	98,429	104,517	99,421	98,737	197,850	203,254	-2.7%
Mataram	1,054	0	15,317	15,451	16,371	15,451	6.0%
Medan	190,687	171,538	205,867	176,688	396,554	348,226	13.9%
Padang	65,389	58,029	69,698	58,684	135,087	116,713	15.7%
Palembang	33,726	31,830	35,574	30,003	69,300	61,833	12.1%
Pekan Baru	23,487	17,295	24,386	17,120	47,873	34,415	39.1%
Phnom Penh	92,482	87,876	84,527	82,040	177,009	169,916	4.2%
Phuket	174,688	155,111	173,597	149,330	348,285	304,441	14.4%
Siem Reap	53,946	45,802	48,378	42,416	102,324	88,218	16.0%
Singapore	1,255,947	968,129	1,229,143	937,726	2,485,090	1,905,855	30.4%
Solo City	38,642	50,099	47,211	56,248	85,853	106,347	-19.3%
Surabaya	229,363	218,322	227,363	208,315	456,726	426,637	7.1%
Ujung Pandang	21,408	8,939	22,314	9,573	43,722	18,512	136.2%
Utapao	0	2,937	0	2,293	0	5,230	-100.0%
Vientiane	19,721	18,008	19,205	17,874	38,926	35,882	8.5%
Yangon	58,900	58,071	49,753	35,812	108,653	93,883	15.7%
Yogyakarta	51,433	40,596	63,733	50,212	115,166	90,808	26.8%
Total	4,645,802	4,109,414	4,702,231	4,096,369	9,348,033	8,205,783	13.9%

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2009	2008	2009	2008	2009	2008	
NORTH EAST ASIA							
Beijing	100,347	101,226	102,798	102,255	203,145	203,481	-0.2%
Chengdu	11,699	230	12,635	230	24,334	460	5190.0%
Chongqing	330	0	428	0	758	0	-
Fuzhou	13,437	17,117	15,605	17,382	29,042	34,499	-15.8%
Guangzhou	207,815	160,552	204,482	157,636	412,297	318,188	29.6%
Guilin	35,351	9,026	36,236	9,747	71,587	18,773	281.3%
Haikou	29,624	28,974	29,800	29,356	59,424	58,330	1.9%
Hangzhou	76,458	48,069	77,551	53,879	154,009	101,948	51.1%
Hong Kong	463,508	446,844	491,945	479,812	955,453	926,656	3.1%
Kaohsiung	9,133	14,359	8,614	13,938	17,747	28,297	-37.3%
Kunming	13,356	11,235	14,077	12,855	27,433	24,090	13.9%
Macau	141,767	197,482	146,454	213,782	288,221	411,264	-29.9%
Nagoya	0	335	0	792	0	1,127	-100.0%
Nanning	7,105	5,915	7,840	7,060	14,945	12,975	15.2%
Osaka	56,596	67,611	68,281	81,374	124,877	148,985	-16.2%
Pyongyang	0	532	0	462	0	994	-
Sapporo	0	0	283	0	283	0	-
Seoul	113,233	132,766	116,136	132,356	229,369	265,122	-13.5%
Shanghai Pu Dong	129,262	142,807	138,405	145,066	267,667	287,873	-7.0%
Shenyang	0	464	0	465	0	929	-100.0%
Shenzhen	130,339	135,354	128,565	141,199	258,904	276,553	-6.4%
Taipei	214,198	174,626	216,707	175,528	430,905	350,154	23.1%
Tianjin	33,124	0	37,836	0	70,960	0	-
Tokyo	153,797	167,755	158,532	177,876	312,329	345,631	-9.6%
Wuhan	0	0	465	0	465	0	-
Xi An	176	0	612	0	788	0	-
Xiamen	39,567	38,486	38,474	37,574	78,041	76,060	2.6%
Zhengzhou	0	306	0	297	0	603	-100.0%
Total	1,980,222	1,902,071	2,052,761	1,990,921	4,032,983	3,892,992	3.6%

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

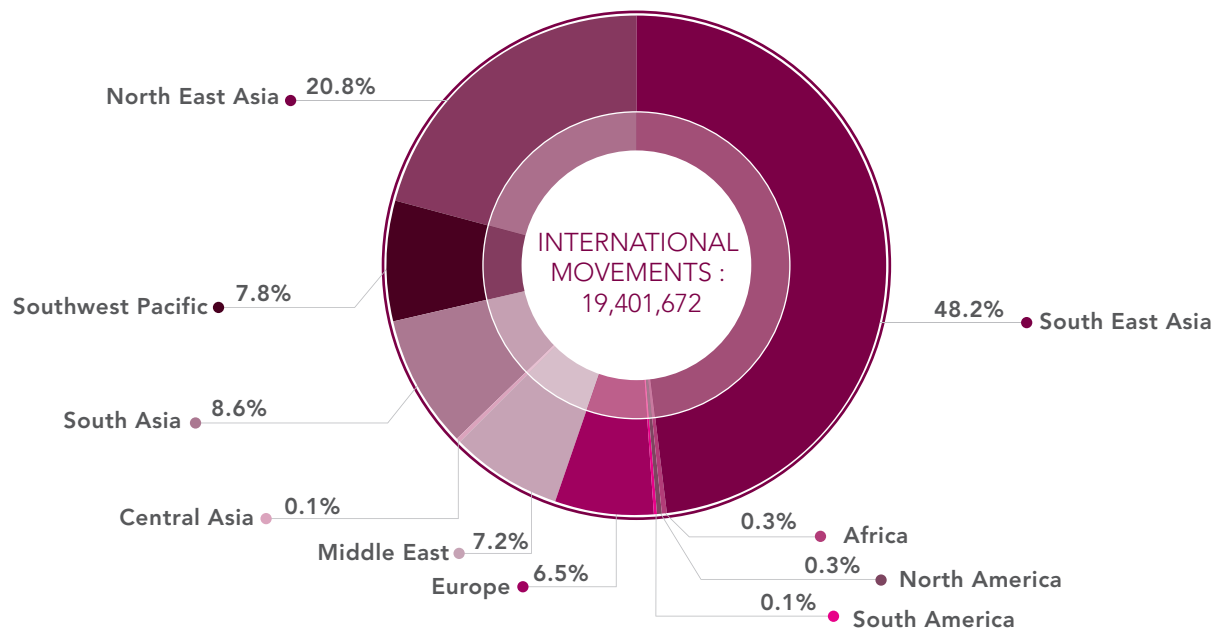
	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2009	2008	2009	2008	2009	2008	
SOUTHWEST PACIFIC							
Adelaide	43,022	45,005	43,795	46,696	86,817	91,701	-5.3%
Auckland	46,830	51,324	50,254	51,885	97,084	103,209	-5.9%
Avalon	0	3	0	0	0	3	-100.0%
Brisbane	36,414	49,493	27,302	40,955	63,716	90,448	-29.6%
Christmas Island	2,010	1,895	1,869	1,756	3,879	3,651	6.2%
Gold Coast	62,942	49,873	64,520	53,063	127,462	102,936	23.8%
Melbourne	255,240	179,038	249,312	179,042	504,552	358,080	40.9%
Perth	187,688	114,409	184,267	110,157	371,955	224,566	65.6%
Port Moresby	3,250	802	3,467	679	6,717	1,481	353.5%
Sydney	128,000	157,489	131,626	165,280	259,626	322,769	-19.6%
Total	765,396	649,331	756,412	649,513	1,521,808	1,298,844	17.2%
SOUTH ASIA							
Bangalore	25,956	38,178	28,562	40,446	54,518	78,624	-30.7%
Chennai	179,580	212,684	179,377	202,785	358,957	415,469	-13.6%
Chittagong	0	2,633	0	61	0	2,694	-100.0%
Colombo	91,034	92,636	82,730	95,679	173,764	188,315	-7.7%
Delhi	83,596	111,609	85,690	101,261	169,286	212,870	-20.5%
Dhaka	151,720	203,956	186,983	127,006	338,703	330,962	2.3%
Hyderabad	23,234	26,363	23,671	25,438	46,905	51,801	-9.5%
Islamabad	0	0	4,113	0	4,113	0	-
Karachi	36,833	42,767	24,045	33,022	60,878	75,789	-19.7%
Kathmandu	27,659	48,235	32,829	37,714	60,488	85,949	-29.6%
Kochi	6,255	0	7,237	0	13,492	0	-
Kolkata	5,359	0	5,576	0	10,935	0	-
Male	35,488	25,728	36,199	27,436	71,687	53,164	34.8%
Mumbai	73,806	81,098	72,732	75,099	146,538	156,197	-6.2%
Peshawar	0	0	4,474	3,358	4,474	3,358	33.2%
Thiruchilapally	63,800	4,131	75,949	5,454	139,749	9,585	1358.0%
Thiruvananthapuram	5,000	0	5,886	0	10,886	0	-
Total	809,320	890,018	856,053	774,759	1,665,373	1,664,777	0.04%

	ARRIVAL		DEPARTURE		TOTAL		
	2009	2008	2009	2008	2009	2008	%+/-
CENTRAL ASIA							
Tashkent	14,974	15,940	14,043	14,438	29,017	30,378	-4.5%
Almaty	1,365	0	1,162	0	2,527	0	-
Total	16,339	15,940	15,205	14,438	31,544	30,378	3.8%
MIDDLE EAST							
Abu Dhabi	75,922	82,236	78,333	83,719	154,255	165,955	-7.1%
Amman	0	0	58	0	58	0	-
Bahrain	67,634	52,835	66,206	52,904	133,840	105,739	26.6%
Beirut	9,778	10,266	9,681	10,720	19,459	20,986	-7.3%
Cairo	26,098	18,937	26,701	19,753	52,799	38,690	36.5%
Damascus	0	235	0	105	0	340	-100.0%
Dammam	7,149	9,669	1,138	1,848	8,287	11,517	-28.0%
Doha	74,503	81,622	70,157	80,898	144,660	162,520	-11.0%
Dubai	247,902	202,481	233,881	201,292	481,783	403,773	19.3%
Jeddah	87,201	89,881	98,116	91,416	185,317	181,297	2.2%
Kuwait	10,686	12,385	12,619	13,980	23,305	26,365	-11.6%
Madinah	20,327	12,586	18,402	22,843	38,729	35,429	9.3%
Riyadh	33,649	32,445	17,531	17,571	51,180	50,016	2.3%
Sanaa	6,150	7,594	5,842	6,982	11,992	14,576	-17.7%
Tehran Imam Khomeini	50,843	39,214	49,705	39,206	100,548	78,420	28.2%
Tehran Mehrabad	0	11,662	0	10,144	0	21,806	-100.0%
Total	717,842	664,048	688,370	653,381	1,406,212	1,317,429	6.7%

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		
	2009	2008	2009	2008	2009	2008	%+/-
EUROPE							
Amsterdam	172,936	186,799	183,928	198,211	356,864	385,010	-7.3%
Frankfurt	60,052	65,287	62,738	71,410	122,790	136,697	-10.2%
Istanbul	13,884	9,487	14,267	10,128	28,151	19,615	43.5%
London	198,771	201,326	203,391	199,238	402,162	400,564	0.4%
London Stansted	60,569	0	62,346	0	122,915	0	-
Moscow	105	244	154	170	259	414	-37.4%
Paris	60,793	69,946	63,896	76,400	124,689	146,346	-14.8%
Rome	28,981	41,652	29,522	45,237	58,503	86,889	-32.7%
Stockholm	17,896	18,206	17,987	19,408	35,883	37,614	-4.6%
Vienna	0	0	0	23	0	23	-100.0%
Zurich	0	1,468	0	2,352	0	3,820	-100.0%
Total	613,987	594,415	638,229	622,577	1,252,216	1,216,992	2.9%
NORTH AMERICA							
Los Angeles	19,712	40,103	20,065	42,163	39,777	82,266	-51.6%
New York	7,388	13,198	9,507	11,909	16,895	25,107	-32.7%
Total	27,100	53,301	29,572	54,072	56,672	107,373	-47.2%
SOUTH AMERICA							
Buenos Aires	11,797	13,774	13,786	14,723	25,583	28,497	-10.2%
Total	11,797	13,774	13,786	14,723	25,583	28,497	-10.2%
AFRICA							
Cape Town	4,218	6,128	7,638	10,110	11,856	16,238	-27.0%
Djibouti	0	149	0	109	0	258	-100.0%
Harare	305	0	305	0	610	0	-
Johannesburg	12,943	15,126	11,321	14,502	24,264	29,628	-18.1%
Mauritius	12,358	13,327	12,160	14,151	24,518	27,478	-10.8%
Total	29,824	34,730	31,424	38,872	61,248	73,602	-16.8%
Grand Total	9,617,629	8,927,042	9,784,043	8,909,625	19,401,672	17,836,667	8.8%

KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2009



AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

AIRLINES	PASSENGER MOVEMENTS	MARKET SHARE %
Malaysia Airlines	6,515,516	33.1
AirAsia	5,024,742	25.5
AirAsia X	981,241	5.0
Indonesia AirAsia	910,038	4.6
Cathay Pacific Airways	539,004	2.7
Singapore Airlines	492,447	2.5
Emirates	411,658	2.1
KLM-Royal Dutch Airlines	409,083	2.1
Thai Airways International	337,652	1.7
SilkAir	302,160	1.5

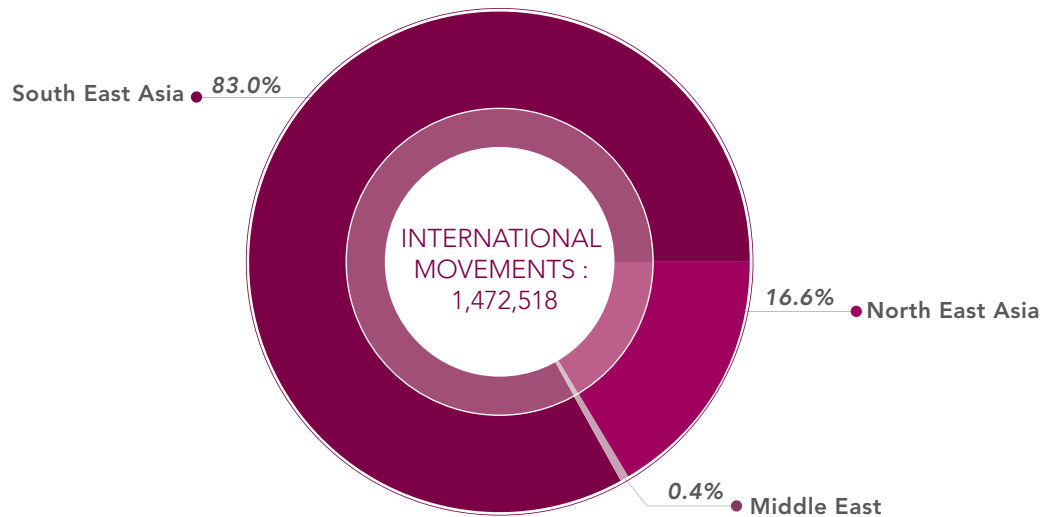
10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA

AIRLINES	PASSENGER MOVEMENTS	% CHANGE OVER 2008
SilkAir	302,160	665.8
Air Niugini	8,522	475.4
AirAsia X	981,241	281.9
Jetstar Asia	219,419	204.9
Tiger Airways	279,612	196.7
Yemenia Yemen Airlines	34,157	67.5
Xiamen Airlines	55,603	48.8
Indonesia AirAsia	910,038	43.3
AirAsia	5,024,742	31.1
Gulf Air	134,049	26.8

DOMESTIC TRAFFIC AT KLIA

AIRLINES	PASSENGER MOVEMENTS	% CHANGE OVER 2008
Malaysia Airlines	4,407,339	1.2%
AirAsia	5,588,493	10.6%

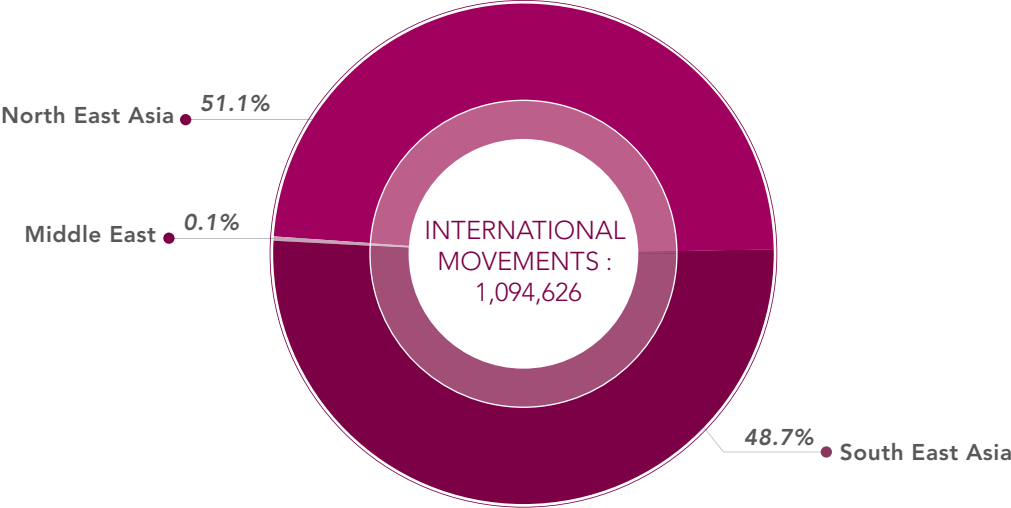
PENANG INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2009



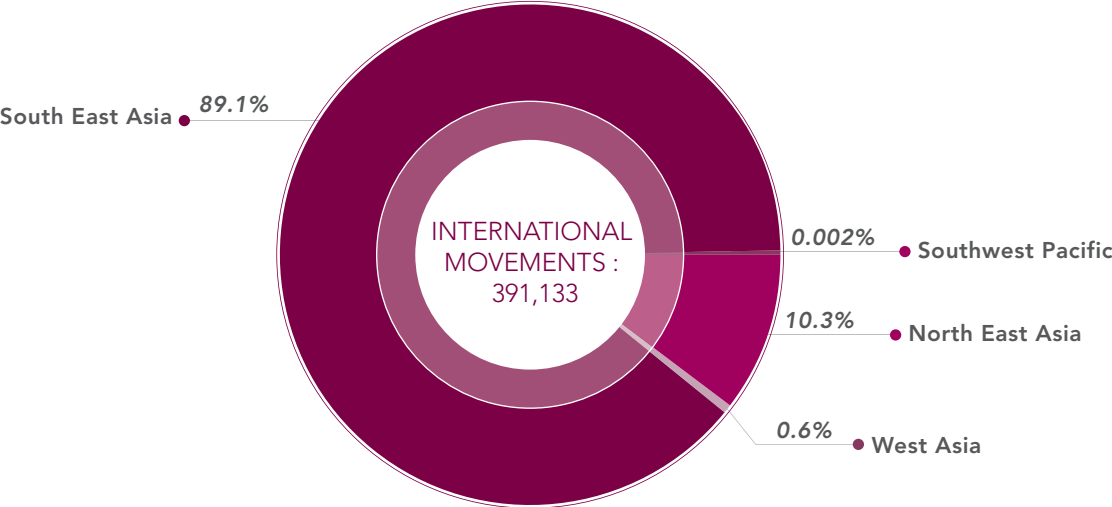
LANGKAWI INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2009



KOTA KINABALU INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2009



KUCHING INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2009

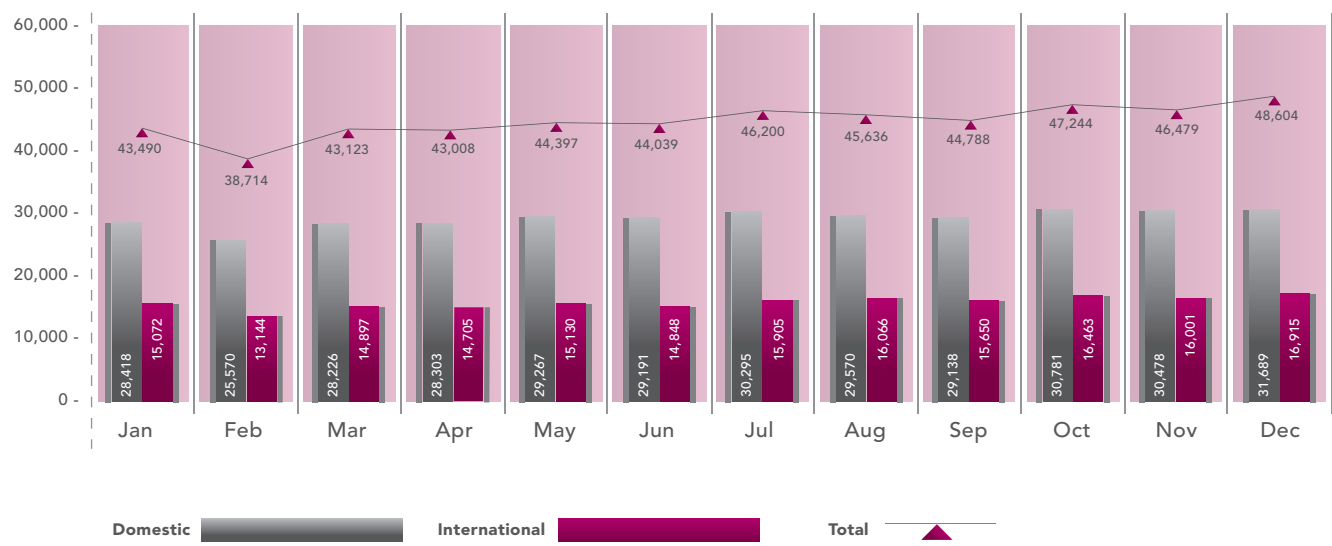


COMMERCIAL AIRCRAFT MOVEMENTS 2009

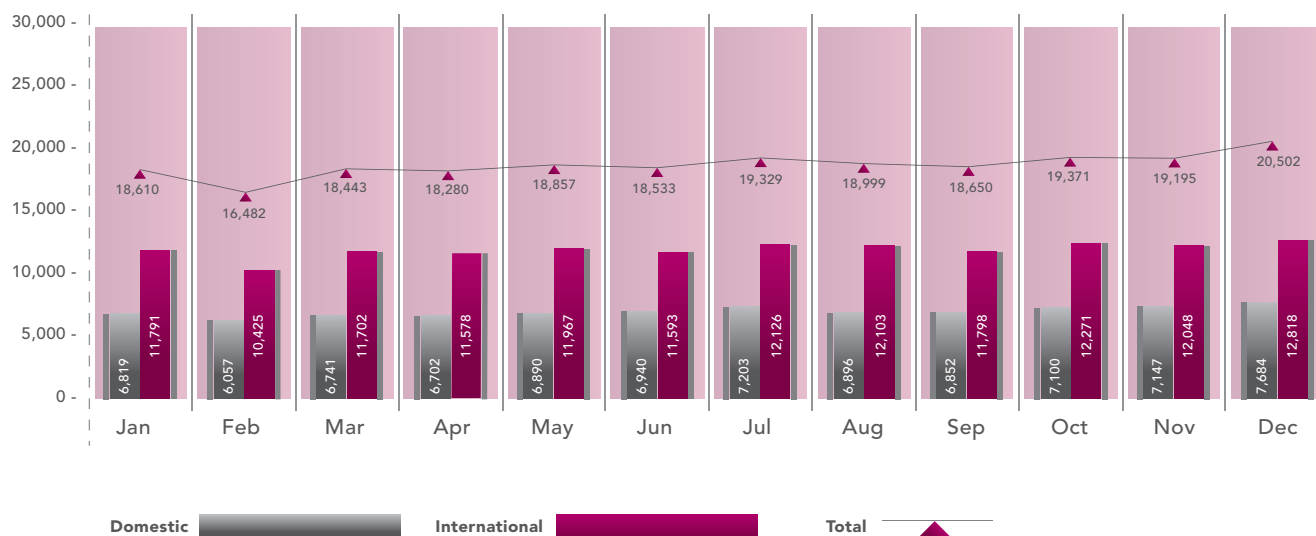
AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2009	2008	% + / -
KLIA	82,666	365	83,031	141,226	994	142,220	225,251	209,681	7.4%
Penang	20,797	5	20,802	17,533	8	17,541	38,343	38,335	0.02%
Kota Kinabalu	40,476	1,023	41,499	11,159	19	11,178	52,677	52,463	0.4%
Kuching	33,084	3,317	36,401	4,799	237	5,036	41,437	36,087	14.8%
Langkawi	10,971	0	10,971	1,667	0	1,667	12,638	12,242	3.2%
Kota Bharu	9,829	3,880	13,709	0	0	0	13,709	14,083	-2.7%
Ipoh	0	0	0	384	0	384	384	183	109.8%
Kuala Terengganu	5,930	0	5,930	61	15	76	6,006	6,038	-0.5%
Alor Setar	4,578	0	4,578	0	0	0	4,578	2,934	56.0%
Melaka	0	0	0	616	0	616	616	700	-12.0%
Subang	15,771	0	15,771	4,126	0	4,126	19,897	11,448	73.8%
Kuantan	2,710	0	2,710	237	0	237	2,947	3,334	-11.6%
Tioman	960	0	960	631	0	631	1,591	1,603	-0.7%
Pangkor	502	0	502	0	0	0	502	503	-0.2%
Redang	584	0	584	278	0	278	862	1,083	-20.4%
Labuan	7,426	3,137	10,563	7	298	305	10,868	11,212	-3.1%
Lahad Datu	2,846	76	2,922	0	0	0	2,922	2,922	0.0%
Sandakan	8,061	1,841	9,902	32	280	312	10,214	8,991	13.6%
Tawau	8,466	296	8,762	96	27	123	8,885	7,334	21.1%
Bintulu	9,395	1,547	10,942	0	6	6	10,948	8,933	22.6%
Miri	28,890	9,816	38,706	130	0	130	38,836	35,178	10.4%
Sibu	15,246	1,028	16,274	0	1	1	16,275	14,307	13.8%
Mulu	1,570	0	1,570	0	0	0	1,570	1,642	-4.4%
Limbang	1,697	0	1,697	0	0	0	1,697	1,860	-8.8%
STOL Sabah	0	0	0	0	0	0	0	459	-100.0%
STOL Sarawak	12,140	0	12,140	0	0	0	12,140	12,716	-4.5%
Peninsular Malaysia	155,298	4,250	159,548	166,759	1,017	167,776	327,324	302,167	8.3%
Sabah	67,275	6,373	73,648	11,294	624	11,918	85,566	83,381	2.6%
Sarawak	102,022	15,708	117,730	4,929	244	5,173	122,903	110,723	11.0%
Total 2009	324,595	26,331	350,926	182,982	1,885	184,867	535,793	496,271	8.0%
Total 2008	304,445	27,082	331,527	163,066	1,678	164,744	496,271		
% change	6.6%	-2.8%	5.9%	12.2%	12.3%	12.2%	8.0%		

COMMERCIAL AIRCRAFT MOVEMENTS 2009

COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS



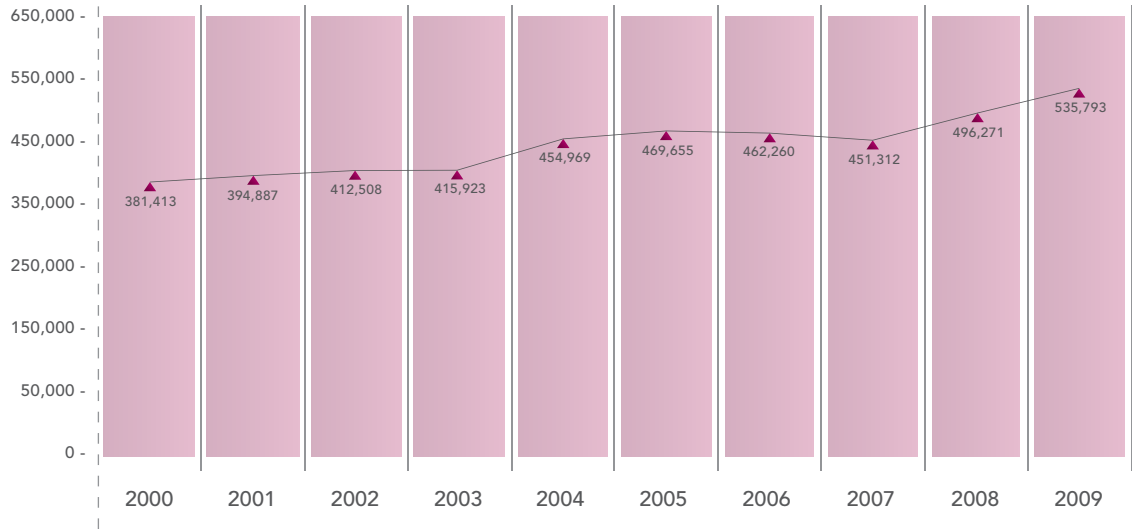
COMMERCIAL AIRCRAFT MOVEMENTS 2009 AT KL INTERNATIONAL AIRPORT



COMMERCIAL AIRCRAFT MOVEMENTS (2000 - 2009)

AIRPORTS											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% + / -
KLIA	109,339	113,147	127,462	139,101	164,483	181,341	182,548	192,282	209,681	225,251	7.4%
Penang	27,672	28,866	28,861	26,516	29,182	31,173	31,448	34,508	38,335	38,343	0.02%
Kota Kinabalu	39,889	38,680	42,177	42,491	50,313	49,680	50,594	49,881	52,463	52,677	0.4%
Kuching	34,551	36,625	39,477	38,676	41,353	39,430	37,167	34,192	36,087	41,437	14.8%
Pulau Langkawi	8,947	9,448	7,910	7,168	7,352	8,021	8,287	10,828	12,242	12,638	3.2%
Johor Bahru	11,432	11,513	9,291	8,848	-	-	-	-	-	-	-
Kota Bharu	4,588	4,808	6,255	7,520	8,888	8,765	10,368	13,074	14,083	13,709	-2.7%
Ipoh	2,117	1,946	1,662	1,572	1,402	1,145	954	12	183	384	109.8%
Kuala Terengganu	3,210	3,366	3,196	4,221	4,776	4,623	3,792	4,533	6,038	6,006	-0.6%
Alor Setar	2,968	2,978	2,940	3,646	3,568	3,267	2,820	2,668	2,934	4,578	56.0%
Melaka	458	278	182	1,102	2,135	1,328	596	714	700	616	-12.0%
Subang	25,423	22,441	14,685	5,140	6,981	8,988	9,158	7,234	11,448	19,897	73.8%
Kuantan	3,782	4,046	3,764	3,743	3,748	3,500	2,748	3,253	3,334	2,947	-11.6%
Tioman	2,000	2,708	2,357	2,173	1,885	1,668	1,836	1,597	1,603	1,591	-0.7%
Pangkor	520	652	519	511	534	530	514	517	503	502	-0.2%
Redang	-	-	-	-	741	1,110	934	1,053	1,083	862	-20.4%
Labuan	7,261	7,572	8,358	9,661	10,450	9,292	9,332	10,127	11,212	10,868	-3.1%
Lahad Datu	2,556	2,694	2,886	2,882	2,948	3,010	3,203	2,195	2,922	2,922	0.0%
Sandakan	9,214	9,325	9,474	9,985	10,184	10,876	10,034	7,719	8,991	10,214	13.6%
Tawau	6,428	6,547	6,928	7,450	8,019	8,531	8,005	6,863	7,334	8,885	21.1%
Bintulu	11,642	12,646	14,111	13,288	13,240	13,146	11,388	6,542	8,933	10,948	22.6%
Miri	32,706	36,010	39,545	40,468	42,306	40,302	39,462	33,022	35,178	38,836	10.4%
Sibu	15,301	16,589	16,791	16,593	17,162	16,683	15,092	11,765	14,307	16,275	13.8%
Mulu	2,684	3,484	4,536	3,422	3,066	2,620	2,220	1,638	1,642	1,570	-4.4%
Limbang	4,840	5,130	4,688	4,994	5,625	5,490	4,242	2,300	1,860	1,697	-8.8%
STOL Sabah	905	902	922	936	812	814	800	338	459	0	-100.0%
STOL Sarawak	10,980	12,486	13,531	13,173	13,816	14,322	14,718	12,457	12,716	12,140	-4.5%
Peninsular Malaysia	202,456	206,197	209,084	211,261	235,675	255,459	256,003	272,273	302,167	327,324	8.3%
Sabah	66,253	65,720	70,745	73,405	82,726	82,203	81,968	77,123	83,381	85,566	2.6%
Sarawak	112,704	122,970	132,679	130,614	136,568	131,993	124,289	101,916	110,723	122,903	11.0%
Grand Total	381,413	394,887	412,508	415,280	454,969	469,655	462,260	451,312	496,271	535,793	8.0%
% change	-1.3%	3.5%	4.5%	0.7%	9.4%	3.2%	-1.6%	-2.4%	10.0%	8.0%	

COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS (2000 - 2009)



ALL AIRCRAFT MOVEMENTS (2000 - 2009)

AIRPORTS											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% + / -
KLIA	109,925	113,590	127,952	139,947	165,115	182,537	183,869	193,710	211,228	226,751	7.3%
Penang	29,788	32,676	32,503	30,558	33,069	34,616	36,259	39,265	43,796	43,621	-0.4%
Kota Kinabalu	41,411	40,157	44,528	44,748	52,352	51,824	52,055	52,047	54,317	53,554	-1.4%
Kuching	37,203	39,815	42,975	42,138	45,340	43,253	40,292	37,348	39,188	44,761	14.2%
Pulau Langkawi	11,267	12,724	9,686	8,913	8,711	8,964	27,622	43,234	41,837	39,815	-4.8%
Johor Bahru	17,780	18,591	28,759	22,253	-	-	-	-	-	-	-
Kota Bharu	5,348	5,668	8,527	10,010	11,869	11,194	38,352	58,996	57,102	74,863	31.1%
Ipoh	5,096	6,330	8,562	8,505	7,075	26,657	30,626	32,462	2,183	40,883	1772.8%
Kuala Terengganu	3,668	3,880	4,159	5,508	5,834	5,622	3,792	8,781	10,045	9,875	-1.7%
Alor Setar	29,846	36,592	24,539	18,318	14,784	17,632	18,495	20,277	17,705	24,031	35.7%
Melaka	26,132	33,274	40,030	57,636	70,369	77,504	74,888	64,936	60,512	54,160	-10.5%
Subang	38,129	35,691	28,170	19,616	22,757	29,668	36,626	44,302	46,989	55,148	17.4%
Kuantan	4,132	4,294	4,043	4,054	4,088	3,757	2,973	3,487	3,551	3,110	-12.4%
Tioman	2,354	2,994	2,641	2,633	2,447	2,146	2,256	1,989	2,141	2,180	1.8%
Pangkor	837	898	764	657	698	752	541	589	545	502	-7.9%
Redang	-	-	-	-	741	1,121	934	1,053	1,083	862	-20.4%
Labuan	7,585	7,750	8,871	9,896	10,668	9,510	9,554	10,349	11,328	11,045	-2.5%
Lahad Datu	2,674	2,774	2,990	3,035	3,055	3,160	3,376	2,336	3,012	3,077	2.2%
Sandakan	10,395	10,257	10,569	10,588	10,823	11,662	10,776	8,410	9,622	12,915	34.2%
Tawau	7,669	7,787	8,148	8,368	8,900	9,814	9,215	7,992	8,546	9,876	15.6%
Bintulu	12,097	12,972	14,485	13,627	13,546	13,619	11,804	7,093	16,787	51,009	203.9%
Miri	36,250	39,580	42,714	43,460	45,269	42,865	42,680	35,502	38,172	41,996	10.0%
Sibu	15,743	16,995	17,113	16,885	17,650	17,330	15,638	12,536	14,672	17,449	18.9%
Mulu	2,684	3,484	4,654	3,524	3,122	2,642	2,220	1,660	1,664	1,592	-4.3%
Limbang	4,840	5,130	4,688	5,046	5,691	5,568	4,366	2,552	2,112	1,949	-7.7%
STOL Sabah	905	902	922	938	812	814	800	338	459	0	-100.0%
STOL Sarawak	10,980	12,486	13,531	13,305	13,838	14,394	14,854	12,719	12,978	12,140	-6.5%
Peninsular Malaysia	284,302	307,202	320,335	328,608	347,557	402,170	457,233	513,081	498,717	575,801	15.5%
Sabah	70,639	69,627	76,028	77,573	86,610	86,784	85,776	81,472	87,284	90,467	3.6%
Sarawak	119,797	130,462	140,160	137,985	144,456	139,671	131,854	109,410	125,573	170,896	36.1%
Grand Total	474,738	507,291	536,523	544,166	578,623	628,625	674,863	703,963	711,574	837,164	17.6%
% change	0.4%	6.9%	5.8%	1.4%	6.3%	8.6%	7.4%	4.3%	1.1%	17.6%	

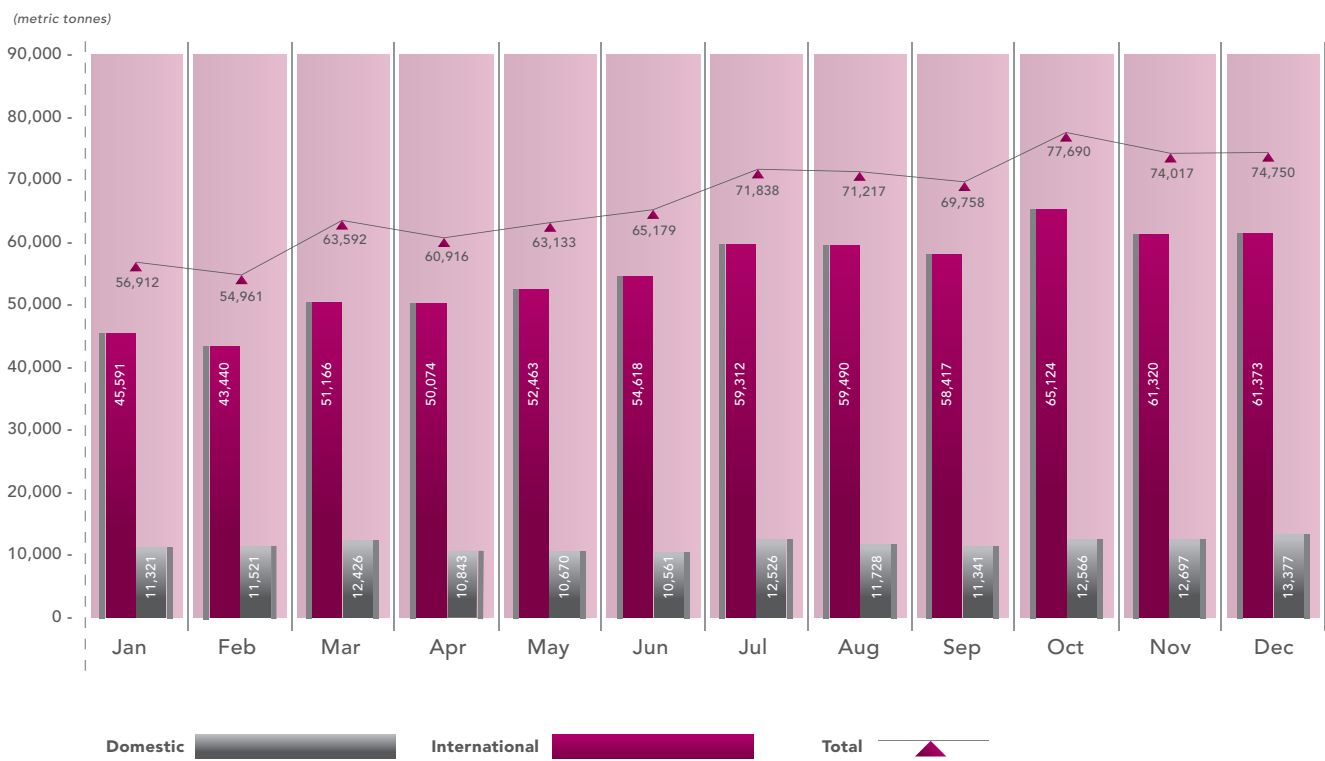
CARGO MOVEMENTS 2009

AIRPORTS (Kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2009 *	2008 *	% + / -	Domestic	int.	Total
KLIA	15,775,070	37,773,580	53,548,650	252,992,489	278,017,828	531,010,317	584,558,967	649,076,855	-9.9%	0	0	0
Penang	17,085,560	3,804,225	20,889,785	40,990,724	69,249,201	110,239,925	137,775,171	192,936,282	-28.6%	0	6,645,462	6,645,462
Kota Kinabalu	11,273,367	6,646,319	17,919,686	997,517	2,143,218	3,140,735	25,079,184	34,532,328	-27.4%	2,818,139	1,200,624	4,018,763
Kuching	12,624,384	6,772,363	19,396,747	664,986	554,597	1,219,583	20,830,387	19,165,542	8.7%	195,559	18,498	214,057
Langkawi	393,932	26,688	420,620	149,170	1,981	151,151	571,771	589,088	-2.9%	0	0	-
Kota Bharu	120,464	64,411	184,875	-	-	-	184,875	181,327	2.0%	0	0	-
Ipoh	-	-	-	-	-	-	0	-	-	0	0	-
Kuala Terengganu	17,861	5,788	23,649	-	-	-	23,649	23,842	-0.8%	0	0	-
Alor Setar	10,309	23,283	33,592	-	-	-	33,592	41,193	-18.5%	0	0	-
Melaka	-	-	-	54,777	72,659	127,436	127,436	178,618	-28.7%	0	0	-
Subang	3,825,054	7,244,532	11,069,586	4,051,622	3,414,504	7,466,126	18,535,712	18,472,811	0.3%	0	0	-
Kuantan	66,244	3,617	69,861	-	-	-	69,861	70,079	-0.3%	0	0	-
Tioman	-	-	-	-	-	-	0	-	-	0	0	-
Pangkor	-	-	-	-	-	-	0	-	-	0	0	-
Labuan	1,953,103	661,536	2,614,639	942,213	225,775	1,167,987	4,165,312	4,566,226	-8.8%	382,686	0	382,686
Lahad Datu	-	-	-	-	-	-	0	-	-	0	0	-
Sandakan	775,948	1,322,831	2,098,779	-	-	-	2,098,779	3,054,589	-31.3%	0	0	-
Tawau	545,317	1,405,852	1,951,169	-	-	-	1,951,169	1,262,197	54.6%	0	0	-
Bintulu	1,221,778	680,767	1,902,545	-	-	-	1,902,982	1,978,424	-3.8%	437	0	437
Miri	2,028,510	1,892,863	3,921,373	-	-	-	3,921,373	4,146,405	-5.4%	0	0	-
Sibu	708,272	147,339	855,611	-	-	-	855,611	735,380	16.3%	0	0	-
Mulu	338,928	6,781	345,709	-	-	-	345,709	262,161	31.9%	0	0	-
Limbang	243,888	286,134	530,022	-	-	-	530,022	474,513	11.7%	0	0	-
STOL Sabah	-	-	-	-	-	-	0	-	-	0	0	-
STOL Sarawak	252,194	147,360	399,554	-	-	-	402,459	692,029	-41.8%	2,905	0	2,905
Peninsular Malaysia	37,294,494	48,946,124	86,240,618	298,238,782	350,756,173	648,994,955	741,881,035	861,570,095	-13.9%	-	6,645,462	6,645,462
Sabah	14,547,735	10,036,538	24,584,273	1,939,730	2,368,993	4,308,722	33,294,444	43,415,340	-23.3%	3,200,825	1,200,624	4,401,449
Sarawak	17,417,954	9,933,606	27,351,560	664,986	554,597	1,219,583	28,788,542	27,454,454	4.9%	198,901	18,498	217,399
Total 2009	69,260,184	68,916,268	138,176,452	300,843,497	353,679,763	654,523,260	803,964,021	932,439,889	-13.8%	3,399,726	7,864,584	11,264,310
Total 2008	77,130,751	78,548,600	155,679,351	348,687,778	412,962,038	761,649,816	932,439,889			1,091,323	14,019,399	15,110,722
% change	-10.2%	-12.3%	-11.2%	-13.7%	-14.4%	-14.1%	-13.8%			211.5%	-43.9%	-25.5%

* Including transit cargo

CARGO MOVEMENTS 2009

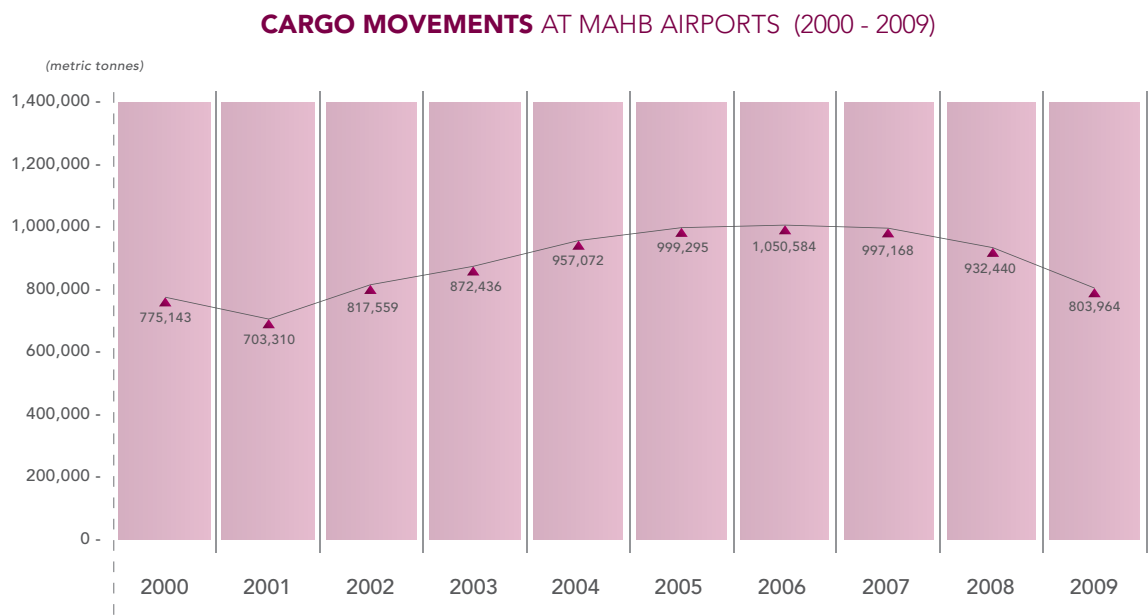
CARGO MOVEMENTS AT MAHB AIRPORTS



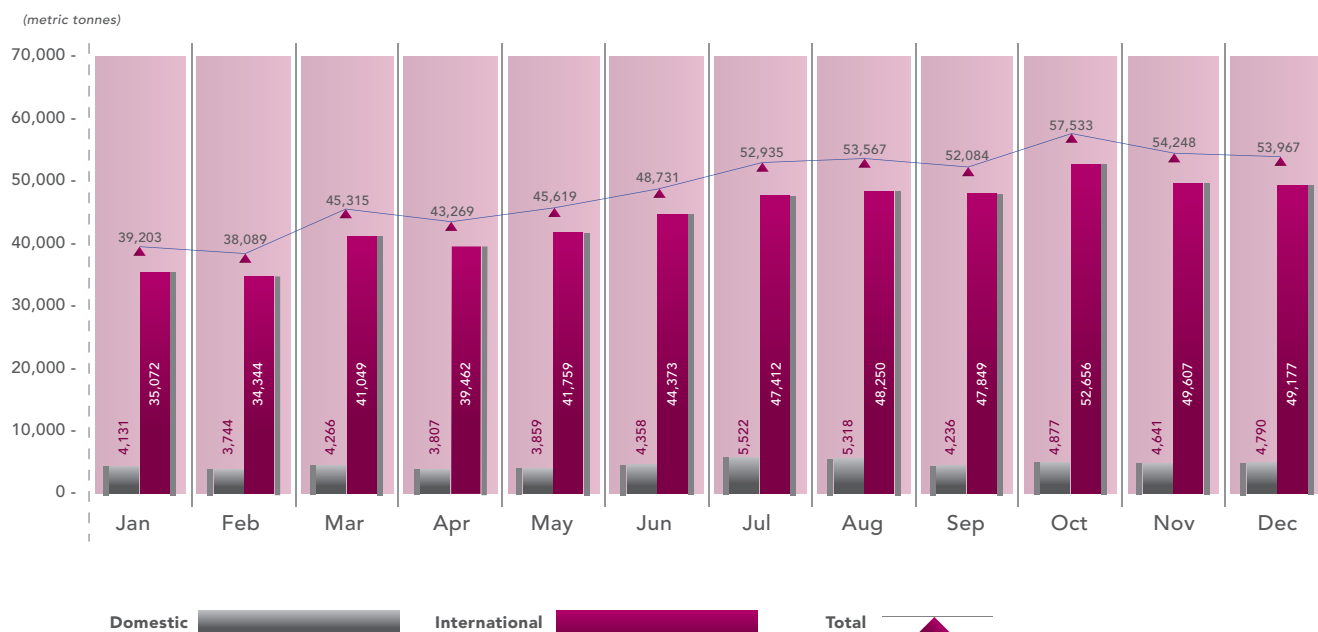
CARGO MOVEMENTS (2000 - 2009)

AIRPORTS (Metric tonnes)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% + / -
KLIA	510,594	440,864	527,124	586,195	651,747	653,654	672,888	644,100	649,077	584,559	-9.9%
Penang	171,787	176,317	202,044	197,567	212,369	221,971	225,952	208,582	192,936	137,775	-28.6%
Kota Kinabalu	27,347	24,887	28,112	25,638	27,191	25,473	28,356	35,638	34,532	25,079	-27.4%
Kuching	24,200	22,897	24,835	26,278	26,073	28,407	29,716	23,818	19,166	20,830	8.7%
Langkawi	403	213	210	287	325	449	487	524	589	572	-2.9%
Johor Bahru	6,014	4,157	3,849	3,697	0	0	0	0	0	0	-
Kota Bharu	343	407	404	315	235	168	210	163	181	185	2.0%
Ipoh	359	361	388	498	735	437	357	10	0	0	-
Kuala Terengganu	160	186	151	160	124	94	70	47	24	24	-0.8%
Alor Setar	95	54	30	17	67	118	111	55	41	34	-18.5%
Melaka	86	48	49	214	602	370	146	219	179	127	-28.7%
Subang	15,893	14,445	12,261	14,358	18,670	46,082	71,953	63,382	18,473	18,536	0.3%
Kuantan	109	121	96	64	64	75	109	103	70	70	-0.3%
Tioman	0	0	0	0	0	0	0	0	0	0	-
Pangkor	2	0	0	0	0	0	0	0	0	0	-
Labuan	2,597	2,946	3,176	2,733	2,653	3,077	3,207	3,985	4,566	4,165	-8.8%
Lahad Datu	353	389	469	400	390	334	170	0	0	0	-
Sandakan	2,527	2,562	2,665	3,713	4,053	4,531	5,475	6,224	3,055	2,099	-31.3%
Tawau	3,781	3,935	3,612	2,701	2,968	3,885	3,030	2,134	1,262	1,951	54.6%
Bintulu	1,167	1,196	1,176	940	1,375	2,110	2,205	2,252	1,978	1,903	-3.8%
Miri	4,200	4,096	3,903	3,881	4,721	5,392	4,080	3,564	4,146	3,921	-5.4%
Sibu	1,874	2,006	1,916	1,701	1,567	1,377	1,040	892	735	856	16.3%
Mulu	0	0	18	4	102	459	240	191	262	346	31.9%
Limbang	217	173	249	226	179	289	379	440	475	530	11.7%
STOL Sabah	34	3,658	4	2	2	1	1	0	0	0	-
STOL Sarawak	1,000	1,046	818	847	862	540	403	845	692	402	-41.8%
Peninsular Malaysia	705,846	637,173	746,607	803,372	884,937	923,419	972,283	917,186	861,570	741,881	-13.9%
Sabah	36,639	34,723	38,037	35,187	37,257	37,301	40,238	47,982	43,415	33,294	-23.3%
Sarawak	32,658	31,414	32,915	33,876	34,878	38,575	38,062	32,001	27,454	28,789	4.9%
Grand Total	775,143	703,310	817,559	872,436	957,072	999,295	1,050,584	997,168	932,440	803,964	-13.8%
% change	17.8%	-9.3%	16.2%	6.7%	9.7%	4.4%	5.1%	-5.1%	-6.5%	-13.8%	

CARGO MOVEMENTS (2000 - 2009)



CARGO MOVEMENTS 2009 AT KL INTERNATIONAL AIRPORT



INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

(Kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2009	2008	2009	2008	2009	2008	
SOUTH EAST ASIA							
Banda Aceh	896	0	1,382	0	2,278	0	-
Bandar Seri Begawan	105,985	86,068	1,161,785	1,275,942	1,267,770	1,362,010	-6.9%
Bandung	0	0	157	0	157	0	-
Bangkok	8,533,635	11,405,431	7,983,475	12,774,146	16,517,110	24,179,577	-31.7%
Batam	0	0	501	0	501	0	-
Cebu	66,116	112,692	89,742	152,650	155,858	265,342	-41.3%
Chiang Mai	0	0	1,359	0	1,359	0	-
Clark Field	468,938	424,244	966,141	1,169,702	1,435,079	1,593,946	-10.0%
Denpasar Bali	1,379,061	1,315,335	547,469	452,025	1,926,530	1,767,360	9.0%
Hanoi	593,825	573,247	756,244	802,795	1,350,069	1,376,042	-1.9%
Ho Chi Minh City	1,632,657	2,191,481	1,741,876	2,398,245	3,374,533	4,589,726	-26.5%
Jakarta	12,002,966	9,831,968	8,381,827	11,373,699	20,384,793	21,205,667	-3.9%
Manado	5,976	0	0	0	5,976	0	-
Manila	2,712,543	2,633,798	3,702,137	3,862,040	6,414,680	6,495,838	-1.2%
Mataram	98	0	5,460	6,923	5,558	6,923	-19.7%
Medan	1,522,208	1,688,443	679,734	302,487	2,201,942	1,990,930	10.6%
Padang	33,173	0	20,470	0	53,643	0	-
Palembang	12,533	0	480	0	13,013	0	-
Pekan Baru	6,248	0	3,729	0	9,977	0	-
Phnom Penh	608,568	873,433	824,707	743,695	1,433,275	1,617,128	-11.4%
Phuket	10,373	106,564	28,028	27,692	38,401	134,256	-71.4%
Siem Reap	7,632	2,684	7,122	14,344	14,754	17,028	-13.4%
Singapore	14,802,759	17,961,229	15,697,025	20,830,825	30,499,784	38,792,054	-21.4%
Solo City	126,597	0	70	0	126,667	0	-
Subic Bay	527,454	8,818,709	190,573	2,575,544	718,027	11,394,253	-93.7%
Surabaya	1,013,491	643,093	640,467	596,371	1,653,958	1,239,464	33.4%
Ujung Pandang	129,032	0	0	0	129,032	0	-
Utapao	0	22,054	0	1,804	0	23,858	-100.0%
Vientiane	3,319	0	14,325	0	17,644	0	-
Yangon	334,139	184,356	664,410	618,673	998,549	803,029	24.3%
Yogyakarta	175,716	67,741	6,971	8,520	182,687	76,261	139.6%
Total	46,815,938	58,942,570	44,117,666	59,988,122	90,933,604	118,930,692	-23.5%

	ARRIVAL		DEPARTURE		TOTAL		
(Kg)	2009	2008	2009	2008	2009	2008	%+/-
NORTH EAST ASIA							
Beijing	4,427,370	2,983,136	2,575,124	3,424,506	7,002,494	6,407,642	9.3%
Chengdu	82,991	93,776	25,353	69,710	108,344	163,486	-33.7%
Fuzhou	116,864	117,814	16,862	97,431	133,726	215,245	-37.9%
Guangzhou	14,011,370	5,308,133	4,824,586	2,378,242	18,835,956	7,686,375	145.1%
Guilin	291	0	4,554	0	4,845	0	-
Haikou	39,233	0	9,350	0	48,583	0	-
Hangzhou	2,255,232	4,505	74,452	33,251	2,329,684	37,756	6070.4%
Hong Kong	26,842,659	28,217,483	22,892,889	25,746,426	49,735,548	53,963,909	-7.8%
Kaoshiung	353,693	411,118	133,436	139,492	487,129	550,610	-11.5%
Kunming	403,302	1,004,403	56,400	410,912	459,702	1,415,315	-67.5%
Macau	950,701	146,557	32,496	53,214	983,197	199,771	392.2%
Nagoya	0	3,821	0	12,882	0	16,703	-100.0%
Nanning	191,445	77,924	0	1	191,445	77,925	145.7%
Osaka	3,854,446	3,913,084	4,774,076	5,703,807	8,628,522	9,616,891	-10.3%
Seoul	18,299,249	21,872,922	15,020,189	15,326,375	33,319,438	37,199,297	-10.4%
Shanghai Pu Dong	20,217,274	20,727,062	14,310,445	14,117,300	34,527,719	34,844,362	-0.9%
Shenzhen	1,958,376	718,758	88,947	220,664	2,047,323	939,422	117.9%
Taipei	13,760,572	19,753,604	12,926,120	18,385,540	26,686,692	38,139,144	-30.0%
Tianjin	672,801	0	64,563	0	737,364	0	-
Tokyo	7,678,253	10,287,657	10,861,448	14,076,586	18,539,701	24,364,243	-23.9%
Xiamen	1,897,286	1,796,932	1,179,129	1,419,873	3,076,415	3,216,805	-4.4%
Total	118,013,408	117,434,184	89,870,419	101,616,212	207,883,827	219,054,901	-5.1%
SOUTHWEST PACIFIC							
Adelaide	1,494,450	1,275,538	1,366,798	2,016,329	2,861,248	3,291,867	-13.1%
Auckland	2,043,489	2,040,877	2,179,739	2,609,279	4,223,228	4,650,156	-9.2%
Avalon	185,413	375,493	0	208,614	185,413	584,107	-68.3%
Brisbane	1,100,263	1,575,986	962,312	1,262,649	2,062,575	2,838,635	-27.3%
Christmas Island	0	0	0	42,602	0	42,602	-100.0%
Gold Coast	96,226	18,855	1,497,144	192,045	1,593,370	210,900	655.5%
Melbourne	7,884,226	8,099,497	12,231,882	12,137,587	20,116,108	20,237,084	-0.6%
Perth	1,996,259	1,546,328	3,977,113	4,261,224	5,973,372	5,807,552	2.9%
Port Moresby	18,921	1,222	83,140	6,295	102,061	7,517	1257.7%
Sydney	3,897,377	3,788,573	13,103,521	15,796,901	17,000,898	19,585,474	-13.2%
Total	18,716,624	18,722,369	35,401,649	38,533,525	54,118,273	57,255,894	-5.5%

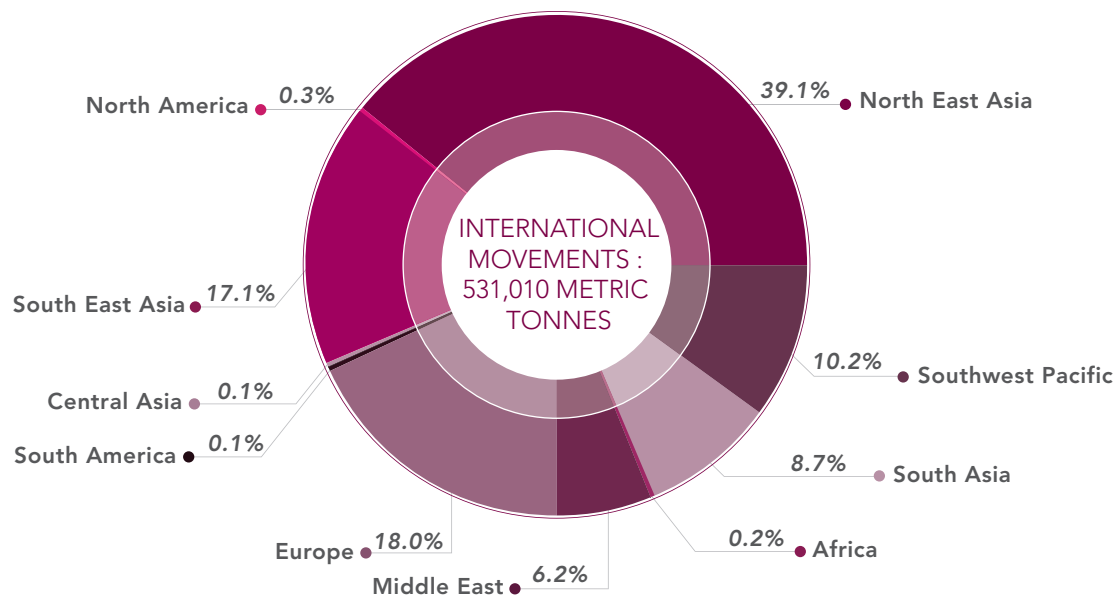
INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

(Kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2009	2008	2009	2008	2009	2008	
SOUTH ASIA							
Bangalore	657,738	1,255,121	1,456,015	2,580,494	2,113,753	3,835,615	-44.9%
Chennai	3,951,263	5,697,138	4,668,254	6,799,837	8,619,517	12,496,975	-31.0%
Colombo	1,231,496	2,137,543	1,981,714	2,310,361	3,213,210	4,447,904	-27.8%
Delhi	4,037,642	3,105,632	4,474,921	4,187,344	8,512,563	7,292,976	16.7%
Dhaka	5,964,136	6,731,492	4,461,557	6,638,208	10,425,693	13,369,700	-22.0%
Hyderabad	663,951	872,742	666,725	820,468	1,330,676	1,693,210	-21.4%
Islamabad	0	0	101,113	0	101,113	0	-
Karachi	1,368,457	1,724,007	1,366,501	1,889,056	2,734,958	3,613,063	-24.3%
Kathmandu	221,964	323,521	4,802	3,490	226,766	327,011	-30.7%
Male	376,962	696,420	1,681,377	1,678,758	2,058,339	2,375,178	-13.3%
Mumbai	3,236,110	3,353,927	3,459,849	3,074,120	6,695,959	6,428,047	4.2%
Peshawar	0	0	1,138	854	1,138	854	33.3%
Tiruchirapally	116,733	0	122	0	116,855	0	-
Total	21,826,452	25,897,543	24,324,088	29,982,990	46,150,540	55,880,533	-17.4%
CENTRAL ASIA							
Tashkent	83,795	58,162	414,019	799,794	497,814	857,956	-42.0%
Total	83,795	58,162	414,019	799,794	497,814	857,956	-42.0%
WEST ASIA							
Abu Dhabi	838,097	433,768	2,901,690	3,165,523	3,739,787	3,599,291	3.9%
Bahrain	201,695	180,281	1,961,080	1,760,343	2,162,775	1,940,624	11.4%
Beirut	83,750	47,780	737,544	547,351	821,294	595,131	38.0%
Cairo	118,578	83,388	181,529	158,852	300,107	242,240	23.9%
Dammam	12,322	2,569	5,119	43,826	17,441	46,395	-62.4%
Doha	2,145,652	981,200	3,856,065	2,243,023	6,001,717	3,224,223	86.1%
Dubai	2,870,377	2,274,694	11,022,903	10,035,850	13,893,280	12,310,544	12.9%
Jeddah	972,749	1,504,196	2,472,302	2,303,680	3,445,051	3,807,876	-9.5%
Kuwait	106,197	53,941	579,120	610,844	685,317	664,785	3.1%
Madinah	0	988	86,334	26,171	86,334	27,159	217.9%
Riyadh	70,282	44,917	139,983	234,510	210,265	279,427	-24.8%
Sanaa	32,174	19,950	115,660	168,710	147,834	188,660	-21.6%
Sharjah	95,325	0	103,598	0	198,923	0	-
Tehran Imam Khomeini	110,564	98,130	1,077,709	939,698	1,188,273	1,037,828	14.5%
Tehran Merabad	0	20,505	0	233,761	0	254,266	-100.0%
Total	7,657,762	5,746,307	25,240,636	22,472,142	32,898,398	28,218,449	16.6%

	ARRIVAL		DEPARTURE		TOTAL		
(Kg)	2009	2008	2009	2008	2009	2008	%+/-
EUROPE							
Amsterdam	8,943,149	13,368,053	19,915,982	20,484,433	28,859,131	33,852,486	-14.8%
Basel	1,519,805	20,691	81,788	0	1,601,593	20,691	7640.5%
Frankfurt	11,951,943	15,633,695	13,660,446	12,445,763	25,612,389	28,079,458	-8.8%
Istanbul	1,178,956	1,489,415	1,167,445	1,132,998	2,346,401	2,622,413	-10.5%
London Heathrow	4,017,307	4,920,489	7,920,290	7,010,580	11,937,597	11,931,069	0.1%
London Stansted	869,599	17,919	1,153,734	0	2,023,333	17,919	11191.6%
Luxembourg	2,061,883	2,347,734	5,142,599	6,189,101	7,204,482	8,536,835	-15.6%
Milan	3,276,197	5,057,216	1,307,364	1,318,763	4,583,561	6,375,979	-28.1%
Moscow	0	0	0	1,524	0	1,524	-100.0%
Paris	2,555,760	2,958,678	3,687,324	3,964,642	6,243,084	6,923,320	-9.8%
Rome	2,124,196	3,123,607	1,708,785	2,019,928	3,832,981	5,143,535	-25.5%
Stockholm	417,720	804,760	818,357	1,317,034	1,236,077	2,121,794	-41.7%
Valencia	0	0	0	98,872	0	98,872	-
Zurich	0	95,535	0	53,800	0	149,335	-100.0%
Total	38,916,515	49,837,792	56,564,114	56,037,438	95,480,629	105,875,230	-9.8%
NORTH AMERICA							
Anchorage	0	0	0	33,129	0	33,129	-100.0%
Los Angeles	421,241	705,954	754,925	1,316,116	1,176,166	2,022,070	-41.8%
New York	82,231	287,606	83,599	130,920	165,830	418,526	-60.4%
Riverside March	0	1,045,081	0	442,772	0	1,487,853	-100.0%
Total	503,472	2,038,641	838,524	1,922,937	1,341,996	3,961,578	-66.1%
SOUTH AMERICA							
Buenos Aires	114,629	236,679	398,149	407,111	512,778	643,790	-20.4%
Total	114,629	236,679	398,149	407,111	512,778	643,790	-20.4%
AFRICA							
Cape Town	89,379	115,327	139,695	286,958	229,074	402,285	-43.1%
Djibouti	0	0	0	1,800	0	1,800	-100.0%
Harare	0	0	16,617	0	16,617	0	-
Johannesburg	198,991	154,748	431,747	433,664	630,738	588,412	7.2%
Mauritius	55,524	69,273	260,505	282,967	316,029	352,240	-10.3%
Total	343,894	339,348	848,564	1,005,389	1,192,458	1,344,737	-11.3%
Grand Total	252,992,489	279,253,595	278,017,828	312,765,660	531,010,317	592,019,255	-10.3%

INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

KL INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS 2009



AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

AIRLINES	CARGO MOVEMENTS (MT)	MARKET SHARE %
Malaysia Airlines	326,915	61.6%
Korean Air	26,581	5.0%
Cathay Pacific Airways	22,208	4.2%
Singapore Airlines	21,491	4.0%
China Airlines	17,359	3.3%
Thai Airways International	12,240	2.3%
AirAsia X	10,759	2.0%
KLM-Royal Dutch Airlines	10,618	2.0%
Federal Express	10,106	1.9%
Japan Airlines International	8,699	1.6%
Emirates	8,264	1.6%

3 HIGHEST GROWTH INTERNATIONAL PERFORMANCE* AT KLIA

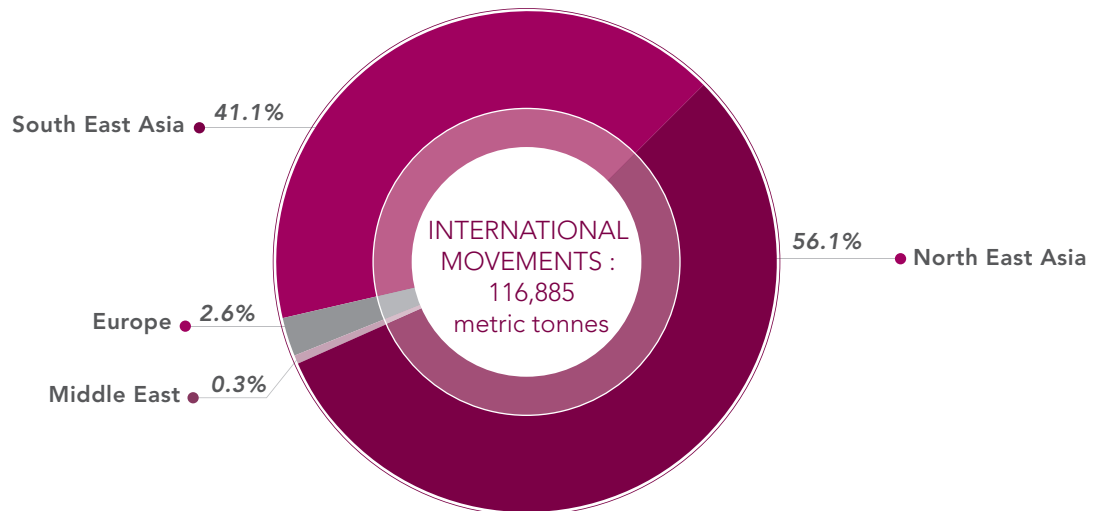
AIRLINES	CARGO MOVEMENTS (MT)	% CHANGE OVER 2008
AirAsia X	10,759	3690.0%
Qatar Airways	6,205	78.9%
Gulf Air	2,048	36.5%

Note: *1,000 metric tonnes and above

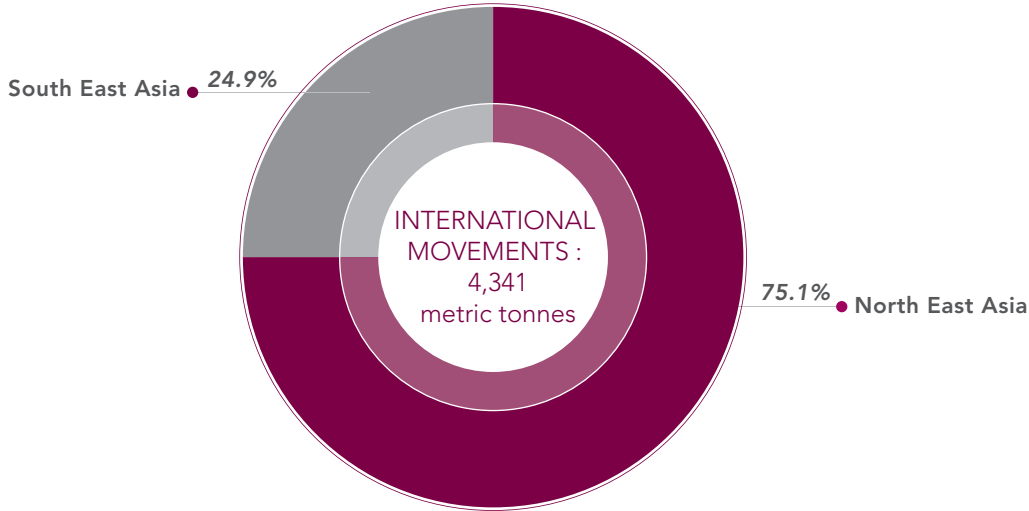
KUCHING INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2009



PENANG INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2009



KOTA KINABALU INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2009

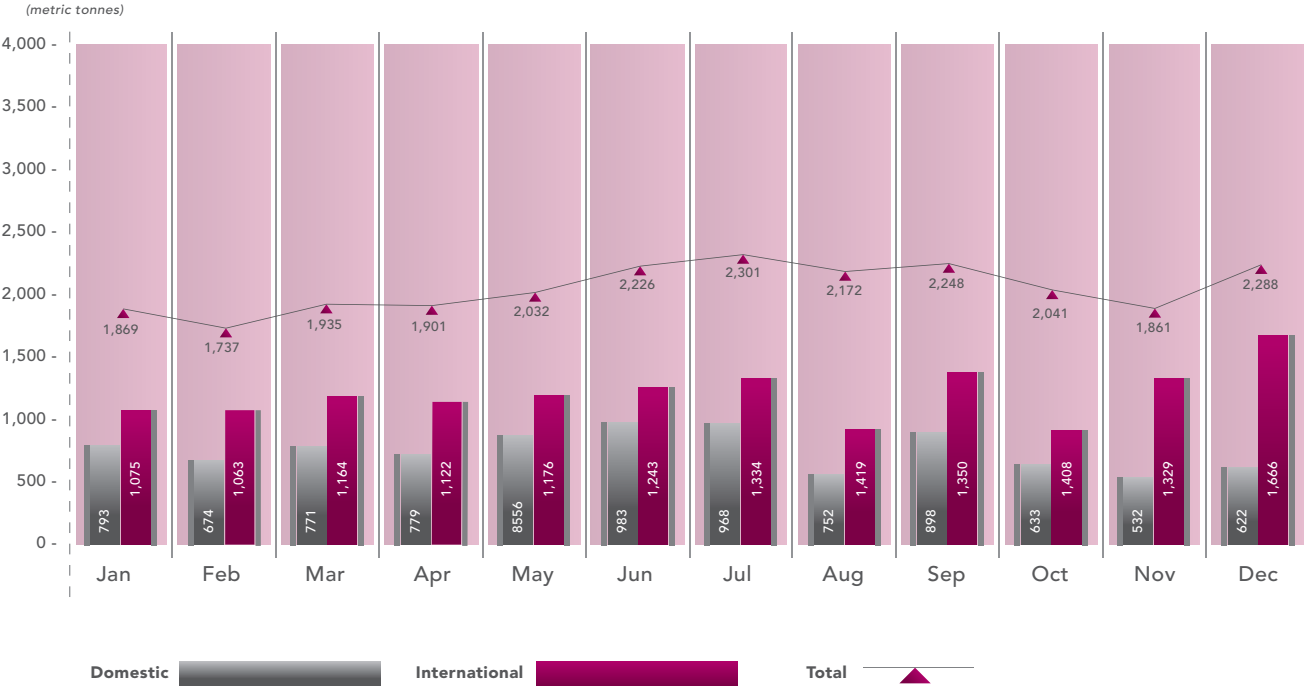


MAIL MOVEMENTS 2009

AIRPORTS (Kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2009 *	2008 *	% + / -	Domestic	int.	Total
KLIA	311,197	1,459,049	1,770,246	7,797,235	7,493,342	15,290,577	17,060,823	18,417,840	-7.4%	0	0	0
Penang	4,715	756	5,471	930	490	1,420	6,891	397	1635.8%	0	0	0
Kota Kinabalu	846,852	734,876	1,581,728	8,606	10,610	19,216	1,744,192	3,148,620	-44.6%	111,206	32,042	143,248
Kuching	334,764	452,676	787,440	6,035	201	6,236	820,962	998,565	-17.8%	27,286	0	27,286
Langkawi	47,643	25,659	73,302	-	9	9	73,311	82,503	-11.1%	0	0	0
Kota Bharu	166,034	155,765	321,799	-	-	-	321,799	236,400	36.1%	0	0	0
Ipoh	-	-	-	-	-	-	0	-	-	0	0	0
Kuala Terengganu	2,747	2,281	5,028	-	-	-	5,028	8,132	-38.2%	0	0	0
Alor Setar	13,579	41,596	55,175	-	-	-	55,175	1,738	-	0	0	0
Melaka	-	-	-	-	-	-	0	-	-	0	0	0
Subang	-	-	-	-	-	-	0	-	-	0	0	0
Kuantan	-	-	-	-	-	-	0	1	-	0	0	0
Tioman	-	-	-	-	-	-	0	-	-	0	0	0
Pangkor	-	-	-	-	-	-	0	-	-	0	0	0
Labuan	312,127	47,828	359,955	-	-	-	359,955	398,574	-9.7%	0	0	0
Lahad Datu	189,606	22,801	212,407	-	-	-	212,407	193,101	10.0%	0	0	0
Sandakan	212,383	41,243	253,626	-	-	-	253,626	233,083	8.8%	0	0	0
Tawau	233,924	7,925	241,849	-	-	-	241,849	280,657	-13.8%	0	0	0
Bintulu	304,955	76,821	381,776	-	-	-	381,819	338,945	12.6%	43	0	43
Miri	1,753,455	417,249	2,170,704	-	-	-	2,170,704	1,665,004	30.4%	0	0	0
Sibu	248,145	601,206	849,351	-	-	-	849,351	-	-	0	0	0
Mulu	-	-	-	-	-	-	0	-	-	0	0	0
Limbang	19,602	26,302	45,904	-	-	-	45,904	84,396	-	0	0	0
STOL Sabah	-	-	-	-	-	-	0	-	-	0	0	0
STOL Sarawak	5,720	1,348	7,068	-	-	-	7,068	10,077	-29.9%	0	0	0
Peninsular Malaysia	545,915	1,685,106	2,231,021	7,798,165	7,493,841	15,292,006	17,523,027	18,747,011	-6.5%	-	-	0
Sabah	1,794,892	854,673	2,649,565	8,606	10,610	19,216	2,812,029	4,254,035	-33.9%	111,206	32,042	143,248
Sarawak	2,666,641	1,575,602	4,242,243	6,035	201	6,236	4,275,808	3,096,987	38.1%	27,329	-	27,329
Total 2009	5,007,448	4,115,381	9,122,829	7,812,806	7,504,652	15,317,458	24,610,864	26,098,033	-5.7%	138,535	32,042	170,577
Total 2008	6,455,340	6,516,110	12,971,450	7,769,234	5,356,355	13,125,589	26,098,033			994	-	994
% change	-22.4%	-36.8%	-29.7%	0.6%	40.1%	16.7%	-5.7%			13837.1%	-	17060.7%

* Including transit mail

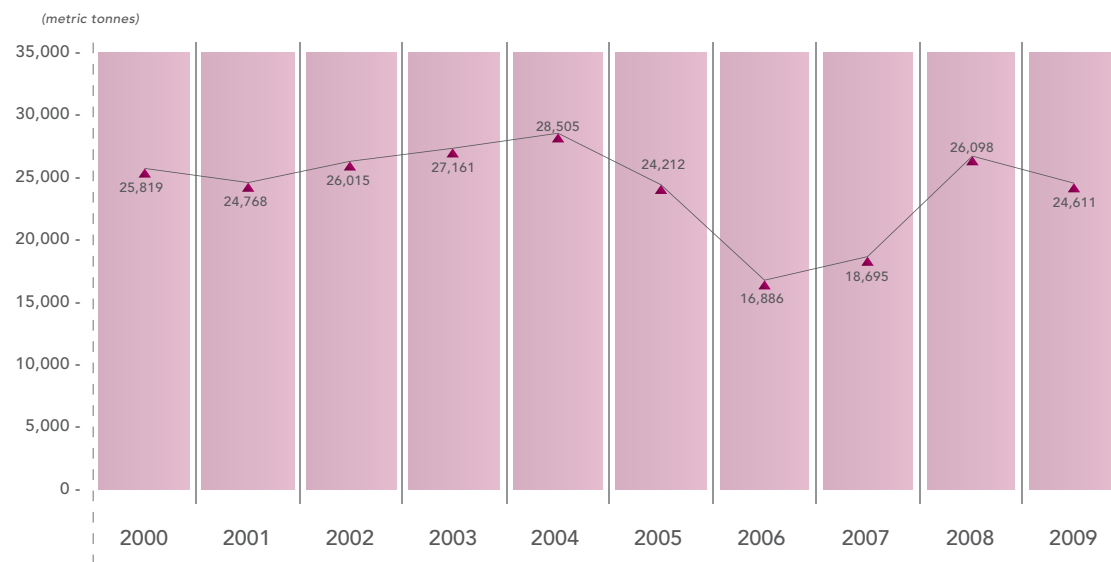
MAIL MOVEMENTS AT MAHB AIRPORTS 2009



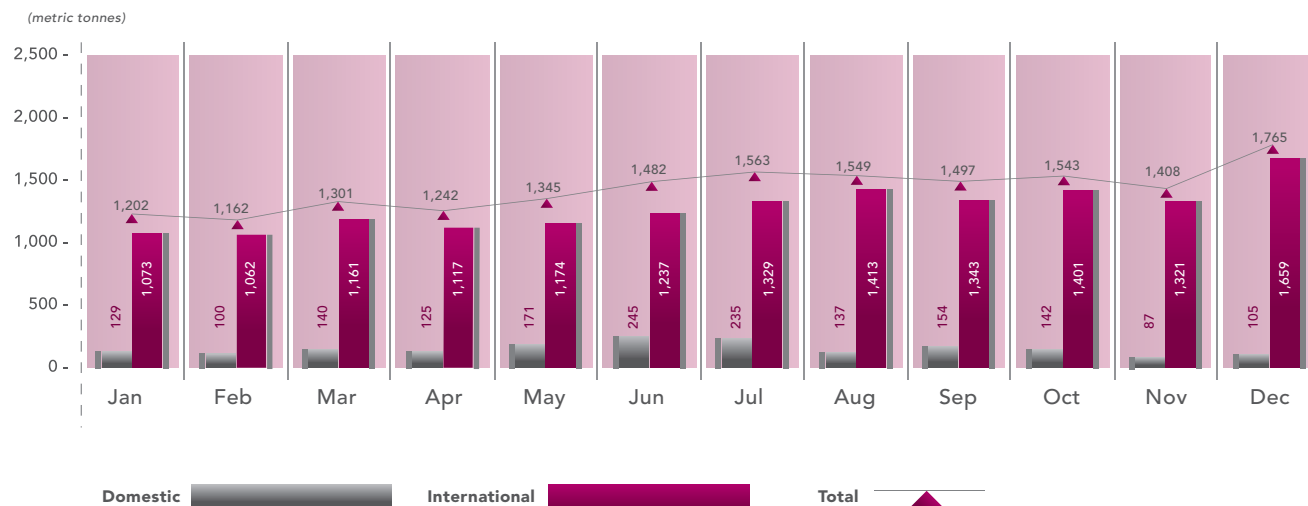
MAIL MOVEMENTS (2000 - 2009)

AIRPORTS (Metric tonnes)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	% + / -
KLIA	4,618	4,947	4,858	3,787	3,621	2,999	4,558	8,794	18,418	17,061	-7.4%
Penang	63	32	1	992	1,563	9	2	1.4	0.4	7	1635.8%
Kota Kinabalu	4,795	3,019	5,214	5,737	5,940	5,032	3,787	4,044	3,149	1,744	-44.6%
Kuching	4,575	5,503	5,181	5,131	5,344	5,086	3,467	3,137	999	821	-17.8%
Langkawi	37	22	25	42	44	46	58	58	83	73	-11.1%
Johor Bahru	4	0	0	0	-	-	-	-	-	-	-
Kota Bharu	237	285	287	305	384	226	171	175	236	322	36.1%
Ipoh	13	0	0	0	0	0	0	0	0	0	-
Kuala Terengganu	119	112	136	164	174	132	10	4	8	5	-38.2%
Alor Setar	1	0	0	0	0	0	0	0	2	55	3074.6%
Melaka	9	0	0	0	0	0	0	0	0	0	-
Subang	7,642	7,120	7,142	7,860	8,003	7,006	1,656	0	0	0	-
Kuantan	6	6	0	9	12	2	0	0	0	0	-100.0%
Tioman	0	0	0	0	0	0	0	0	0	0	-
Pangkor	0	0	0	0	0	0	0	0	0	0	-
Labuan	251	269	288	307	276	257	291	334	399	360	-9.7%
Lahad Datu	224	199	201	155	165	154	212	157	193	212	10.0%
Sandakan	493	514	360	216	202	52	90	9	233	254	8.8%
Tawau	510	606	510	453	431	264	102	27	281	242	-13.8%
Bintulu	171	168	151	122	151	134	240	83	339	382	12.6%
Miri	1,287	1,441	1,118	1,283	1,255	1,633	1,439	1,806	1,665	2,171	30.4%
Sibu	763	527	543	598	909	1,089	698	59	0	849	-
STOL Sabah	0	0	0	0	0.011	0.047	0.06	0	0	0	-
STOL Sarawak	0	0	0	0	32	90	106	6	94	53	-43.9%
Peninsular Malaysia	12,749	12,524	12,449	13,160	13,801	10,421	6,455	9,033	18,747	17,523	-6.5%
Sabah	6,274	4,607	6,573	6,868	7,013	5,759	4,481	4,572	4,254	2,812	-33.9%
Sarawak	6,797	7,638	6,993	7,133	7,691	8,032	5,950	5,090	3,097	4,276	38.1%
Grand Total	25,819	24,768	26,015	27,161	28,505	24,212	16,886	18,695	26,098	24,611	-5.7%
% change	23.7%	-4.1%	5.0%	4.4%	4.9%	-15.1%	-30.3%	10.7%	39.6%	-5.7%	

MAIL MOVEMENTS AT MAHB AIRPORTS (2000-2009)



MAIL MOVEMENTS 2009 AT KL INTERNATIONAL AIRPORT



INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		
(Kg)	2009	2008	2009	2008	2009	2008	%+/-
SOUTH EAST ASIA							
Bandar Seri Begawan	4,462	5,187	72,995	69,757	77,457	74,944	3.4%
Bangkok	352,069	3,105,530	1,285,471	1,310,395	3,051,047	4,415,925	2.7%
Clark Field	1,765,576	42	51,444	31,715	51,473	31,757	-30.9%
Denpasar Bali	156	245	0	0	156	245	-36.3%
Hanoi	24	16	9,186	1,386	9,210	1,402	556.9%
Ho Chi Minh City	2,936	2,847	27,586	17,197	30,522	20,044	52.3%
Jakarta	472,665	400,596	265,775	217,083	738,440	517,679	19.6%
Manila	29	42	51,444	31,715	51,473	31,787	62.1%
Medan	5	2,880	26,420	32,462	26,425	35,342	-25.2%
Phnom Penh	34	84	106,083	62,910	106,117	62,994	68.5%
Phuket	500	295	688	274	1,188	569	108.8%
Singapore	659,004	708,418	86,667	78,121	745,671	786,539	-5.2%
Surabaya	50	0	0	0	50	0	-
Utapao	463	2,296	10,287	0	10,790	2,296	368.2%
Yangon	160	602	31,279	6,224	31,439	6,620	368.2%
Total	3,258,133	4,578,028	2,124,086	1,967,621	5,382,219	6,545,649	-17.8%
NORTH EAST ASIA							
Beijing	6,594	27,646	61,154	58,537	67,748	86,183	-21.4%
Christmas Island	0	0	865	0	865	0	-
Fuzhou	224	0	23	19	247	19	1200.0%
Guangzhou	561,188	242,886	55,739	56,821	616,927	299,707	105.8%
Hong Kong	333,843	443,851	200,404	196,531	534,247	640,382	-16.6%
Kaohsiung	0	0	2,784	158	2,784	158	1662.0%
Kunming	0	0	30	1	30	1	2900.0%
Macau	37,238	414	329	1	329	1	32800.0%
Osaka	0	0	8,683	6,645	17,978	13,180	36.4%
Seoul	9,295	6,535	45,310	34,165	447,913	245,852	82.2%
Shanghai Pu Dong	402,603	211,687	8,033	10,377	45,271	10,791	319.5%
Shenzhen	0	0	0	0	0	0	-
Taipei	490,623	426,508	51,568	44,470	542,191	470,978	15.1%
Tokyo	299,476	289,389	191,004	162,830	490,480	452,219	8.5%
Xiamen	0	0	18	0	18	0	-
Total	2,141,084	1,648,916	625,944	570,555	2,767,028	2,219,471	24.7%

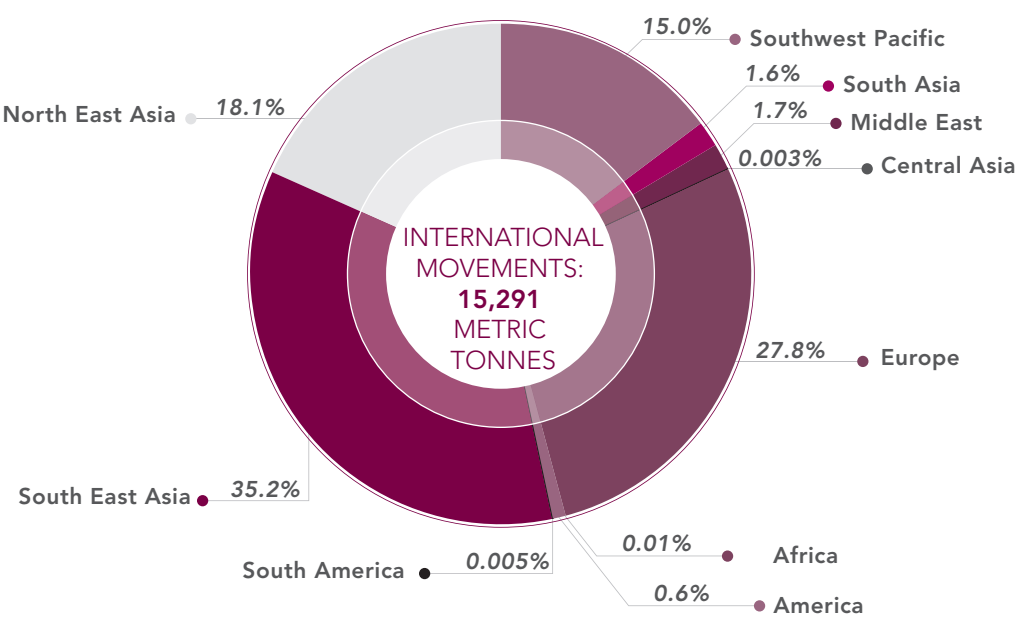
INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

(Kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2009	2008	2009	2008	2009	2008	
SOUTHWEST PACIFIC							
Auckland	2,940	1,926	287,628	187,340	290,568	189,266	53.5%
Brisbane	0	0	10,567	3,082	10,567	3,082	95.3%
Melbourne	2,062	0	1,101,928	582,170	817,083	35,253	19.4%
Perth	13,979	4,906	54,865	30,347	68,844	189,266	53.5%
Sydney	538	20,794	816,545	663,811	817,083	684,605	19.4%
Total	19,519	27,626	2,271,533	1,466,750	2,291,052	1,494,376	53.3%
SOUTH ASIA							
Chennai	18,696	40,866	9,122	11,320	27,818	52,186	-46.7%
Colombo	38,215	13,270	37,479	34,836	75,694	48,106	57.3%
Delhi	0	1	25,250	14,058	25,250	14,059	79.6%
Dhaka	10,101	6,400	20,081	6,599	30,182	12,999	132.2%
Islamabad	0	0	18	0	18	0	-
Karachi	170	60	29,075	966	29,245	1,026	2750.4%
Male	115	0	5,368	3,023	5,483	3,023	81.4%
Mumbai	4,073	1,630	47,213	16,101	51,286	17,731	189.2%
Total	71,370	62,227	173,606	86,903	244,976	149,130	64.3%
MIDDLE EAST							
Abu Dhabi	2,786	32	1,556	3	4,342	35	12305.7%
Bahrain	3,738	18,362	0	383	3,738	1,989	87.9%
Beirut	0	0	176	99	176	99	77.8%
Cairo	1,090	4,461	0	0	1,090	4,461	-75.6%
Dammam	103	61	0	0	103	61	68.9%
Doha	147,456	20,596	82	117	147,538	20,713	612.3%
Dubai	22,161	3,432	26,449	26,468	57,903	44,830	29.2%
Jeddah	2,959	3,432	26,449	18,379	3,738	1,989	87.9%
Kuwait	9,685	2,937	518	111	147,538	20,713	612.3%
Riyadh	1,703	1,794	0	383	103	61	68.9%
Sanaa	315	683	82	117	4,342	35	12305.7%
Tehran	1,273	4,702	572	367	1,845	5,069	-63.6%
Total	193,269	58,666	65,137	45,951	258,406	104,617	147.0%

	ARRIVAL		DEPARTURE		TOTAL		
(Kg)	2009	2008	2009	2008	2009	2008	%+/-
CENTRAL ASIA							
Tashkent	440	73	0	0	440	73	502.7%
Total	440	73	0	0	440	73	502.7%
EUROPE							
Amsterdam	546,520	408,724	80,495	58,970	627,015	467,694	34.1%
Frankfurt	17,109	14,584	20,440	16,666	37,549	31,250	20.2%
Istanbul	0	0	804	117	804	117	587.2%
London	1,478,832	934,466	2,021,308	1,042,207	3,500,140	1,976,673	77.1%
Luxembourg	0	0	4,167	0	4,167	0	-
Paris	2,034	308	77,911	26,016	79,945	26,324	203.7%
Rome	0	0	804	117	4,167	0	587.2%
Stockholm	1,660	0	2,332	24	206	242	16533.3%
Zurich	0	0	0	780	0	780	-100.0%
Total	2,046,155	1,358,082	2,207,663	1,145,022	4,253,818	2,503,104	69.9%
NORTH AMERICA							
Los Angeles	34,606	18,891	23,551	49,292	58,157	68,183	-14.7%
New York	32,088	0	135	16	32,223	16	201293.8%
Total	66,694	18,891	23,686	49,308	90,380	68,199	32.5%
SOUTH AMERICA							
Buenos Aires	334	97	394	9,674	728	9,771	-92.5%
Total	334	97	394	9,674	728	9,771	-92.5%
AFRICA							
Cape Town	0	0	0	13	0	13	-
Johannesburg	6	6	1,289	1,086	1,295	1,092	18.6%
Mauritius	231	312	4	11	235	323	-27.2%
Total	237	318	1,293	1,110	1,530	1,428	7.1%
Grand Total	7,797,235	7,752,924	7,493,342	5,342,894	15,290,577	13,095,818	16.8%

INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

KL INTERNATIONAL AIRPORT MAIL MOVEMENTS BY SECTORS 2009



MOVEMENTS AT MAHB STOLports IN SABAH & SARAWAK 2009/2008

STOLports	AIRCRAFT MOVEMENTS	% CHG	PASSENGERS	% CHG	CARGO & MAIL (KG)	% CHG
SARAWAK REGION						
Bakalalan	388	19.8%	5,350	32.7%	-	-
Bario	1,606	-6.5%	15,698	0.6%	258,364	-25.8%
Lawas	3,194	-7.1%	48,744	6.6%	-	-100.0%
Long Banga	228	7.5%	2,673	3.6%	-	-
Long Lellang	224	-37.4%	2,111	-12.3%	-	-
Long Akah	256	-17.9%	1,250	-24.1%	-	-
Long Seridan	208	-2.8%	1,870	11.0%	18,549	-13.0%
Marudi	3,104	-12.1%	35,999	-16.8%	132,614	-20.9%
Mukah	2,932	12.4%	34,979	21.1%	-	-
Belaga	-	-	-	-	-	-
Long Semado	-	-	-	-	-	-
Kapit	-	-	-	-	-	-
Total	12,140	-4.5%	148,674	2.0%	409,527	-41.7%
SABAH REGION						
Kudat	-	-	-	-	-	-
Long Pasia	-	-	-	-	-	-
Semporna	-	-	-	-	-	-
Total	-	-	-	-	-	-
GRAND TOTAL	12,140	-7.9%	-7.9%	-0.6%	409,527	-41.7%

AIRLINES OPERATING AT KL INTERNATIONAL AIRPORT 2009 (DECEMBER)

		Weekly flight frequency			Weekly flight frequency
1	Air Astana	1	30	Jetstar Asia	19
2	Air Bagan	1	31	KLM-Royal Dutch Airlines	7
3	Air China	5	32	Korean Air	7+5C
4	Air India Express	7	33	Kuwait Airways	3
5	Air Mauritius	2	34	Lion Air	1
6	Air Niugini	1	35	Lufthansa German Airlines	4
7	Air Zimbabwe	2	36	Malaysia Airlines	421 int+19C/399 dom
8	AirAsia	425 int/455 dom	37	Merpati Nusantara Airlines	7
9	AirAsia X	52	38	Myanmar Airways International	4
10	Biman Bangladesh Airlines	3	39	Nepal Airlines Corporation	4
11	Cargolux Airlines International (cargo)	2	40	Neptune Air (cargo)	1
12	Cathay Pacific Airways	21	41	Pakistan International Airlines	2
13	Cebu Pacific Air	7	42	Qatar Airways	8
14	China Airlines	7+3C	43	Royal Brunei Airlines	7
15	China Eastern Airlines	7	44	Saudi Arabian Airlines	3
16	China Southern Airlines	7	45	Shenzhen Airlines	9
17	Egyptair	4	46	SilkAir	30
18	Emirates	14	47	Singapore Airlines	24
19	Etihad Airways	6	48	SriLankan Airlines	10
20	EVA Airways	6	49	Thai AirAsia	21
21	Federal Express (cargo)	11	50	Thai Airways International	18
22	Garuda Indonesia	21	51	Tiger Airways	23
23	GMG Airlines	7	52	Transmile Air (cargo)	7
24	Gulf Air	7	53	United Airways Bangladesh	1
25	Indian Airlines	7	54	United Parcel Services (cargo)	5
26	Indonesia AirAsia	76	55	Uzbekistan Airways	2
27	Iran Air	4	56	Vietnam Airlines	7
28	Japan Airlines International	14+1C	57	Xiamen Airlines	4
29	Jet Airways India	7	58	Yemenia Yemen Airways	2

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 number, 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.

STATISTICS OF SHAREHOLDINGS

STATEMENT OF SHAREHOLDINGS

Share Capital

Authorised Share Capital : RM2,000,000,001/-

Issued and Fully Paid-Up Capital : RM 1,100,000,001/-

Class of Equity Securities : 1,100,000,000 Ordinary Shares of RM1/- each; and 1 Special Rights Redeemable Preference Share of RM 1/-

Voting Rights : One vote per ordinary share
The Special Share has no voting right other than that referred to in Note 26 of the Financial Statements.

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2010

A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

SIZE OF HOLDINGS	NO. OF HOLDERS		NO. OF HOLDINGS		PERCENTAGE	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 - 99	27	1	693	66	0.00	0.00
100 - 1,000	6,777	25	6,718,775	21,000	0.61	0.00
1,001 - 10,000	4,320	44	15,292,413	226,300	1.39	0.02
10,001 - 100,000	405	46	12,147,300	2,082,512	1.10	0.19
100,001 - 54,999,999 (*)	116	48	216,066,368	100,501,973	19.64	9.14
55,000,000 & above (**)	2	0	746,942,600	0	67.90	0.00
Total	11,647	164	997,168,149	102,831,851	90.65	9.35

	NO. OF HOLDERS	NO. OF HOLDINGS	PERCENTAGE
Grand Total	11,811	1,100,000,000	100.00

Remark

* Less than 5% of Issued Holdings

** 5% and above of Issued Holdings

Note(s):

The above information is based on records as provided by Bursa Malaysia Depository Sdn Bhd and number of holders reflected is in reference to CDS account numbers.

ANALYSIS OF SHAREHOLDINGS (CONTD.)

B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2010

(Without aggregating securities from different securities accounts belonging to the same person)

NAME OF SHAREHOLDERS	NO OF HOLDINGS	PERCENTAGE
1. Khazanah Nasional Berhad	660,000,000	60.00
2. Employees Provident Fund Board	86,942,600	7.90
3. HSBC Nominees (Asing) Sdn Bhd (Exempt AN For JPMorgan Chase Bank, National Association (BERMUDA))	41,402,600	3.76
4. Amanahraya Trustees Berhad (Skim Amanah Saham Bumiputera)	29,398,400	2.67
5. Mayban Nominees (Tempatan) Sdn Bhd (Mayban Trustees Berhad For Public Regular Savings Fund (N14011940100))	20,688,300	1.88
6. HSBC Nominees (Tempatan) Sdn Bhd (Nomura Asset Mgmt Malaysia For Employees Provident Fund)	18,243,900	1.66
7. HSBC Nominees (Asing) Sdn Bhd (Exempt AN For JPMorgan Chase Bank, National Association (Resident USA-2))	17,352,500	1.58
8. Amanahraya Trustees Berhad (Amanah Saham Wawasan 2020)	12,899,900	1.17
9. Cartaban Nominees (Asing) Sdn Bhd (SSBT Fund S71Z For First Eagle Overseas Variable Fund)	5,795,580	0.53
10. Citigroup Nominees (Tempatan) Sdn Bhd (Exempt AN For Prudential Fund Management Berhad)	5,270,600	0.48
11. BHR Enterprise Sdn Bhd	5,151,600	0.47
12. Mayban Nominees (Tempatan) Sdn Bhd (Avenue Invest Berhad For Kumpulan Wang Amanah Pencen (E00170-220136))	5,020,900	0.46
13. Setiausaha Kerajaan Pulau Pinang	5,000,000	0.45
14. Citigroup Nominees (Asing) Sdn Bhd	4,990,453	0.45
15. HSBC Nominees (Asing) Sdn Bhd (SG Nantes For Socgen International Sicav)	4,968,110	0.45
16. Tabung Amanah Warisan Negeri Johor	4,900,000	0.45
17. Chief Minister, State Of Sabah	4,500,000	0.41
18. State Financial Secretary Sarawak	4,500,000	0.41
19. Amanahraya Trustees Berhad (Public Growth Fund)	4,447,300	0.40
20. Amanahraya Trustees Berhad (Public Sector Select Fund)	4,442,100	0.40
21. Mayban Securities Nominees (Tempatan) Sdn Bhd (Kumpulan Wang Amanah Pencen For Kerajaan Negeri Negeri Sembilan)	4,400,000	0.40
22. Kerajaan Negeri Pahang	4,100,000	0.37
23. State Secretary Kedah Incorporated	4,100,000	0.37
24. Amanahraya Trustees Berhad (AS 1Malaysia)	3,753,600	0.34

STATISTICS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS (CONTD.)

NAME OF SHAREHOLDERS	NO OF HOLDINGS	PERCENTAGE
25. SBB Nominees (Tempatan) Sdn. Bhd. (Employees Provident Fund Board)	3,643,000	0.33
26. Amanahraya Trustees Berhad (Amanah Saham Malaysia)	3,250,000	0.30
27. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pheim Asset Management Sdn Bhd For Employees Provident Fund)	3,247,000	0.30
28. Citigroup Nominees (Tempatan) Sdn Bhd (ING Insurance Berhad (INV-IL PAR))	3,203,000	0.29
29. Amanahraya Trustees Berhad (Public Equity Fund)	3,202,000	0.29
30. HSBC Nominees (Asing) Sdn Bhd (Exempt AN For JPMorgan Chase Bank, National Association (Norges BK Lend))	3,021,300	0.27

C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 31 MARCH 2010

- The Minister of Finance (Incorporated)

D. SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2010 *(as shown in the register of substantial shareholders)*

NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES HELD		PERCENTAGE
	DIRECT	INDIRECT	
Khazanah Nasional Berhad	660,000,000	-	60.00
Employees Provident Fund Board	86,942,600	30,677,300	10.69

E. DIRECTOR’S SHAREHOLDINGS AS AT 31 MARCH 2010 *(as shown in the register of director’s shareholding)*

NAME OF DIRECTORS	NO. OF SHARES HELD		PERCENTAGE
	DIRECT	INDIRECT	
Tan Sri Datuk Dr. Aris bin Osman @ Othman	-	-	-
Tan Sri Bashir Ahmad bin Abdul Majid	-	-	-
Dato’ Long See Wool	-	-	-
Dyg Sadiyah 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	-	-	-

SHAREHOLDERS AND INVESTORS INFORMATION

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Milenium
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 Main Market of 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 is 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
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
Tel : 603-8777 7011
Fax : 603-8777 7512

LIST OF PROPERTIES

Register Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value at 31 Dec 2009 (RM 0'000)
LEASED PROPERTIES					
Malaysia Airports (Sepang) Sdn. Bhd. Federal Land Commissioner* Location: District of Sepang, Selangor Malaysia	KLIA	A total right of occupation of 50 years (Expiry date of 4 May 2048)	22,620 acres		
Malaysia Airports Holdings Bhd. Federal Land Commissioner** Location: District of Petaling, Selangor Malaysia	Sultan Abdul Aziz Shah Airport	A total right of occupation of 60 years (Expiry date of 31 December 2067)	1,122 acres		
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	2,523
Malaysia Airports Sdn. Bhd. Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia	4 units of apartments	Freehold	-	342	826
Malaysia Airports Sdn. Bhd. Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia	10 units of apartments	Freehold	-	744	958

Register Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value at 31 Dec 2009 (RM 0'000)
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	-
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		275
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		227

Note:

* Pursuant to the KLIA Land Lease Agreement dated 18 October 1999 entered into between Malaysia Airports (Sepang) Sdn. Bhd. and the Federal Land Commissioner, Malaysia Airports (Sepang) Sdn. Bhd. has been granted the right of use of the KLIA land for a period of 50 years.

However, following a restructuring exercise for MAHB, the Land Lease Agreement was replaced by a new Land Lease Agreement dated 12 February 2009. Malaysia Airports (Sepang) Sdn. Bhd. has been granted the right of use of the KLIA land for a period of 25 years.

** Pursuant to the Land Lease Agreement dated 26 October 2007 entered into between Malaysia Airports Holdings Bhd and the Federal Land Commissioner, Malaysia Airports has been granted a lease of land of Sultan Abdul Aziz Shah (SAAS) Airport for a period of 60 years.

GROUP CORPORATE DIRECTORY

MALAYSIA AIRPORTS HOLDINGS BERHAD

(487092-W)

Registered/Business Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

MALAYSIA AIRPORTS SDN BHD

(230646-U)

Registered/Business Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

MALAYSIA AIRPORTS (SEPANG) SDN BHD

(320480-D)

Registered Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

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:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

Business Address:

3rd Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8776 8600
Fax : 603-8787 3747

MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN BHD

**(formerly known as Malaysia Airports
Management & Technical Services Sdn Bhd)**
(375245-X)

Registered/Business Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

MALAYSIA AIRPORTS (PROPERTIES) SDN BHD

(484656-H)

Registered Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

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:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

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

MAB AGRICULTURE-HORTICULTURE SDN BHD

(467902-D)

Registered Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

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 INTERNATIONAL
AEROSPACE CENTRE SDN BHD**

(438244-H)

Registered Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

Business Address:

Unit M8 & M9, Skypark Terminal
Sultan Abdul Aziz Shah Airport
47200 Subang, Selangor Darul Ehsan
Tel : 603-7846 3870
Fax : 603-7846 3300

GROUP CORPORATE DIRECTORY

MALAYSIA AIRPORTS TECHNOLOGIES SDN BHD

(512262-H)

Registered Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

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

MALAYSIA AIRPORTS MSC SDN BHD **(formerly known as KLIA.Com Sdn Bhd)**

(516854-V)

Registered Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

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

URUSAN TEKNOLOGI WAWASAN SDN BHD

(459878-D)

Registered Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

Business Address:

1st Floor, Civil Engineering Building
Engineering Complex
Kuala Lumpur International Airport
64000 Sepang, Selangor Darul Ehsan
Tel : 603-8776 7002
Fax : 603-8787 2455

AIRPORT AUTOMOTIVE WORKSHOP SDN BHD

(808167-P)

Registered Address:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

Business Address:

1st Floor, Civil Engineering Building
Engineering Complex
Kuala Lumpur International Airport
64000 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:

Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel : 603-8777 7000
Fax : 603-8777 7778/603-8777 7512

AIRPORTS IN MALAYSIA

KL INTERNATIONAL AIRPORT

64000 KLIA Sepang
Selangor Darul Ehsan, Malaysia
Tel : 603-8777 8888
Fax : 603-8926 5510

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 Subang
Selangor Darul Ehsan, Malaysia
Tel : 603-7845 3245
Fax : 604-7846 3679

SULTAN AZLAN SHAH AIRPORT

31350 Ipoh, Perak Darul Ridzuan
Malaysia
Tel : 605-318 8202
Fax : 605-312 2295

SULTAN ABDUL HALIM AIRPORT

06200 Alor Setar
Kedah Darul Aman, Malaysia
Tel : 604-714 2994
Fax : 604-714 5345

SULTAN ISMAIL PETRA AIRPORT

16100 Kota Bharu
Kelantan Darul Naim, Malaysia
Tel : 609-773 7400
Fax : 609-773 2852

SULTAN MAHMUD AIRPORT

21300 Kuala Terengganu
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

MELAKA INTERNATIONAL AIRPORT

75350 Melaka, Malaysia
Tel : 606-317 5860
Fax : 606-317 5214

KOTA KINABALU INTERNATIONAL AIRPORT

Beg Berkunci No. 134
Aras 5, Bangunan Terminal
88740 Kota Kinabalu
Sabah, Malaysia
Tel : 6088-325 555
Fax : 6088-219 081

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

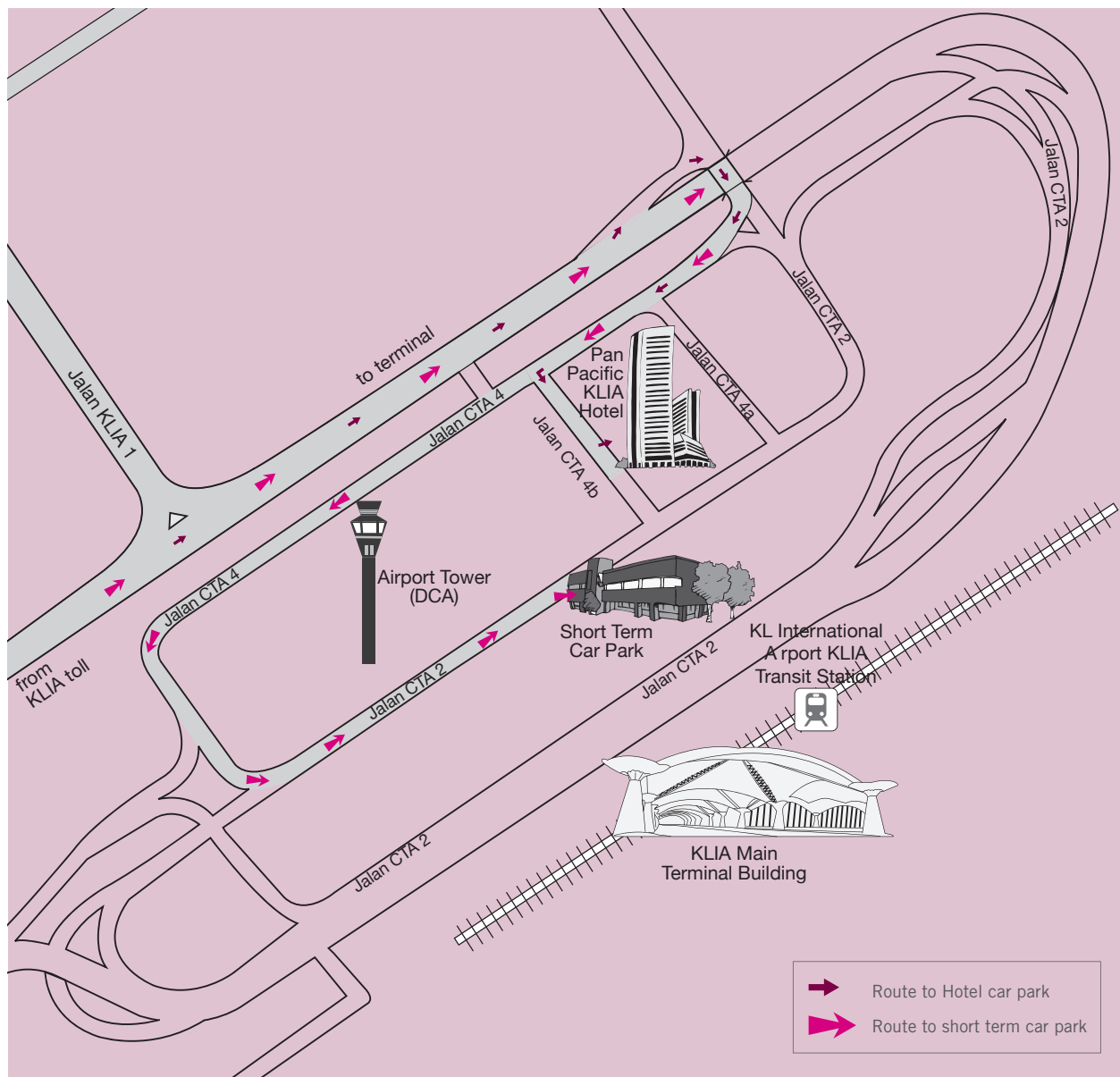
MIRI AIRPORT

Peti Surat 851
97008 Miri, Sarawak, Malaysia
Tel : 6085-615 204/205
Fax : 6085-614 537

LIMBANG AIRPORT

98700 Limbang
Sarawak, Malaysia
Tel : 085-212 090
Fax : 085-214 979

MAP TO THE AGM VENUE



PROXY FORM

Malaysia Airports Holdings Berhad (487092-W)
Incorporated In Malaysia

No. of Shares Held:	
---------------------	--

I/We _____ NRIC No./Passport No./Company No. _____
FULL NAME IN CAPITAL LETTERS

of _____
FULL ADDRESS

being a Member(s) of **MALAYSIA AIRPORTS HOLDINGS BERHAD**, hereby appoint _____

_____ NRIC. No./Passport No. _____
FULL NAME IN CAPITAL LETTERS

of _____
FULL ADDRESS

or failing him/her _____ NRIC. No./Passport No. _____
FULL NAME IN CAPITAL LETTERS

of _____
FULL ADDRESS

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Gateway Ballroom, Level 1, Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 27 May 2010 at 11.00 a.m. for the following purposes:-

Please indicate with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

		For	Against
Resolution 1	Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2009.		
Resolution 2	Declaration and approval for the payment of a final dividend of 14.9 sen less income tax of 25% for the financial year ended 31 December 2009.		
Resolution 3	Approval of the payment of Directors' Fees for the financial year ended 31 December 2009.		
Resolution 4	Approval of the increase of Directors' Fees from 1 June 2010 onwards.		
Resolution 5	Re-election of Tan Sri Datuk Dr. Aris bin Othman as Director.		
Resolution 6	Re-election of Datuk Siti Maslamah binti Osman as Director.		
Resolution 7	Re-election of Hajah Jamilah binti Dato' Hj. Hashim as Director.		
Resolution 8	Re-appointment of Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
Resolution 9	Authority under Section 132D of the Companies Act, 1965 for Directors to issue shares.		

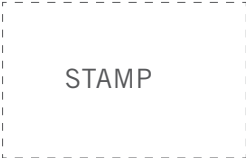
As witness my/our hands this _____ day of _____ 2010

Signature of Member/Common Seal



Notes :

- 1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- 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 Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.
- 4. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an 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.



The Company Secretary
Malaysia Airports Holdings Berhad (487092-W)
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA
Sepang
Selangor Darul Ehsan