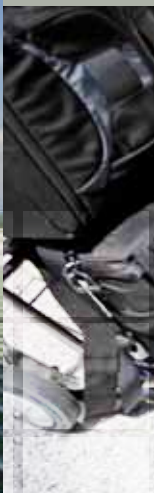




MALAYSIA AIRPORTS HOLDINGS BERHAD 487092-W
Malaysia Airports Corporate Office, Persiaran Korporat KLIA
64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia
Tel: +603-8777 7000 Fax: +603-8777 7778

www.malaysiaairports.com.my



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12th AGM

Date : 28 April 2011, Thursday

Time : 11.00 a.m.

Venue : Ballroom, Level 1

Pan Pacific Kuala Lumpur
International Airport Hotel



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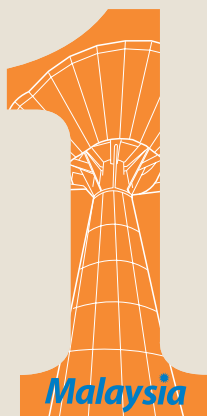
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POSITIONING FOR THE SUCCESS



In realising our aspiration to be a World-Class Airport Business, Malaysia Airports Holdings Berhad comprehends what it takes to arrive at our future destination.

We are 'Positioning For The Success' by clearly charting our course towards a promising future while remaining confident and optimistic that all strategic initiatives created and implemented in the areas of increasing traffic growth, enhancing service excellence and focusing on commercial development will act as our foundation while we take off into a new phase of achievement.

All efforts are in place and MAHB is poised to seize opportunities in its bid to achieve a sustainable trajectory of growth.



OUR VISION

World-Class Airport Business

OUR MISSION

‘Providing World Class Aviation Gateways; Managing Cost-Effective Airport Network And Services; And Exceeding The Expectations Of Customers, Shareholders And Other Stakeholders’

MAHB driven by passenger growth

Malaysia Airports Holdings Bhd (MAHB) (Jan 11, 8) Maintain buy at RM4.50. Passenger growth for the 9-year ended Dec 31, 2009 is 7.7% year-on-year (y-o-y). In previously, following better expected performance year (YTD) 2009, passenger traffic 45.9 million growth at the month (LCCT) The LCCT grew 28.2% y-o-y while other airports grew 10.1%.

MAHB's syariah notes draw huge response
MAHB's syariah notes have drawn a huge response from investors, with a total of RM1.5 billion in subscriptions received for the RM1 billion notes. The notes were issued at a discount of 10% to the par value of RM1.00 per RM100 of face value.

MAHB unit to sell RM1b Islamic notes
KUALA LUMPUR: Malaysia Airports Holdings Bhd's wholly owned subsidiary, MAHB Islamic Finance, has announced that it will be selling a RM1 billion of Islamic sukuk (notes) to the public.

MAHB's 5-year plan well received
The 5-year business plan for MAHB, which was presented to the board of directors at a meeting on Jan 11, 2010, has been well received by investors and analysts.

MAHB 5-YEAR PLAN TARGETS FOR 2014	2010	2011	2012	2013	2014
Revenue (RM million)	1,217	1,314	1,412	1,510	1,608
Operating Profit (RM million)	1,137	1,234	1,332	1,430	1,528
Net Profit (RM million)	1,037	1,134	1,232	1,330	1,428

MAHB eyes RM1b earnings and 10% ROE by 2014
MAHB is targeting to achieve RM1 billion in earnings and a 10% return on equity (ROE) by 2014. The company's 5-year business plan, which was presented to the board of directors at a meeting on Jan 11, 2010, outlines the company's strategy to achieve these targets.

MAHB looking at managing two more Asian airports
MAHB is looking at managing two more Asian airports, which would increase its portfolio of airports to five. The company is currently in discussions with potential partners to acquire or manage these airports.

Education standards take off at Malaysia Airports' adopted schools
The adoption of education standards by schools in the vicinity of Malaysia Airports has led to a significant improvement in the quality of education. The standards are based on the best practices of international schools.

Blood donation drive at airports
MAHB is organising a blood donation drive at its airports to support the National Blood Centre. The drive is aimed at increasing the number of blood donors and ensuring a steady supply of blood for medical purposes.

Showcasing green initiatives at airports
MAHB is showcasing its green initiatives at its airports to promote sustainable development. The initiatives include the use of renewable energy, water conservation, and waste management.

MAHB targets RM1b profit
MAHB is targeting a profit of RM1 billion by 2014. The company's 5-year business plan, which was presented to the board of directors at a meeting on Jan 11, 2010, outlines the company's strategy to achieve this target.

MAHB optimising resources
MAHB is optimising its resources to improve its operational efficiency and reduce costs. The company is implementing various measures to streamline its processes and improve its service quality.

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MAHB mantap

Catat peningkatan keuntungan untuk lapan tahun berturut-turut

MAHB mencatatkan peningkatan jumlah penumpang sebanyak dua digit pada 2010 dengan kira-kira 57.8 juta.

MAHB gears up on overseas expansion
MAHB is gearing up for overseas expansion, with a focus on the Asian region. The company is currently in discussions with potential partners to acquire or manage airports in Asia.

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Getting it green



Go Green
Join The Star in encouraging the public to reduce their carbon footprint by adopting the 10 Simple Steps.

1. Reduce usage of air-conditioners
2. Use less paper
3. Avoid use of plastic containers
4. Conserve water
5. Recycle
6. Switch off - Turn off all power appliances when not in use

Malaysia leads the world
Kudos to Malaysia Airports and DRB

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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 2010. The Annual Report also contains the Notice of the Twelfth 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, Pan Pacific KLIA Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 28 April 2011 at 11.00 a.m.

This was a year that marked a new chapter in the illustrious history of MAHB with the unveiling of our future roadmap in terms of our business direction for 2010 to 2014, the “Runway to Success”. It is therefore apt that the theme for our Annual Report is “Positioning for the Success”.

The Annual Report and Audited Financial Statements provide comprehensive statements of our strategic direction, latest undertakings, achievements and awards, 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 March 2010, Khazanah Nasional Berhad (“Khazanah”), a major shareholder of the Company, had pared down its stakes in MAHB by approximately 7.7% from 67.7% to 60%. Subsequently, in November 2010, Khazanah had divested a further 6% stake in MAHB, thereby reducing its shareholding to 54%.

This was a year that marked a new chapter in the illustrious history of MAHB with the unveiling of our future roadmap in terms of our business direction for 2010 to 2014, the “Runway to Success”. It is therefore apt that the theme for our Annual Report is “Positioning for the Success”.

For the year 2011, ten (10) resolutions are proposed for consideration at the AGM. The purpose and reasons for each of the resolutions are explained under the Explanatory Notes of the Notice of AGM. I hope that you will find the brief explanations helpful in order to make a better decision.

In line with the Company's dividend policy to distribute a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board is recommending for the payment of a final dividend of 11.75 sen per share less income tax of 25% for the financial year ended 31 December 2010. This is subject to the shareholders' approval at the AGM, and will be paid on 31 May 2011 to the respective ordinary shareholders who are registered in the Records of Depositors on 16 May 2011.

The Directors retiring at the 12th Annual General Meeting are Ahmad Jauhari bin Yahya, Mohd Izani bin Ghani, Datuk Alias bin Haji Ahmad, Jeremy bin Nasrulhaq and Izlan bin Izhab. However, Izlan bin Izhab has advised that he does not wish to seek for re-election at the 12th Annual General Meeting.

At the AGM, the Board is recommending the re-election of four (4) Directors who are due for retirement, namely, Ahmad Jauhari bin Yahya, Mohd Izani bin Ghani, Datuk Alias bin Haji Ahmad and Jeremy bin Nasrulhaq and being eligible, offer themselves for re-election. Their biographical details are enclosed under the "Statement Accompanying Notice of AGM" from pages 14 to 17 of the Annual Report for your ease of reference.

I also believe that you should be able to comprehend the rest of the agenda/proposed resolutions which include, amongst others, the presentation of the audited financial statements, the proposed payment of Directors' fees, the re-appointment

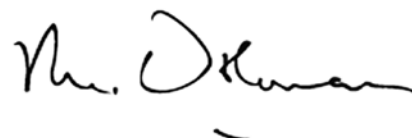
of the auditors, the authority to issue and allot shares, and the proposed amendments to the Company's Articles of Association, whereby brief explanations are also provided under the "Explanatory Notes" for your understanding.

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

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

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

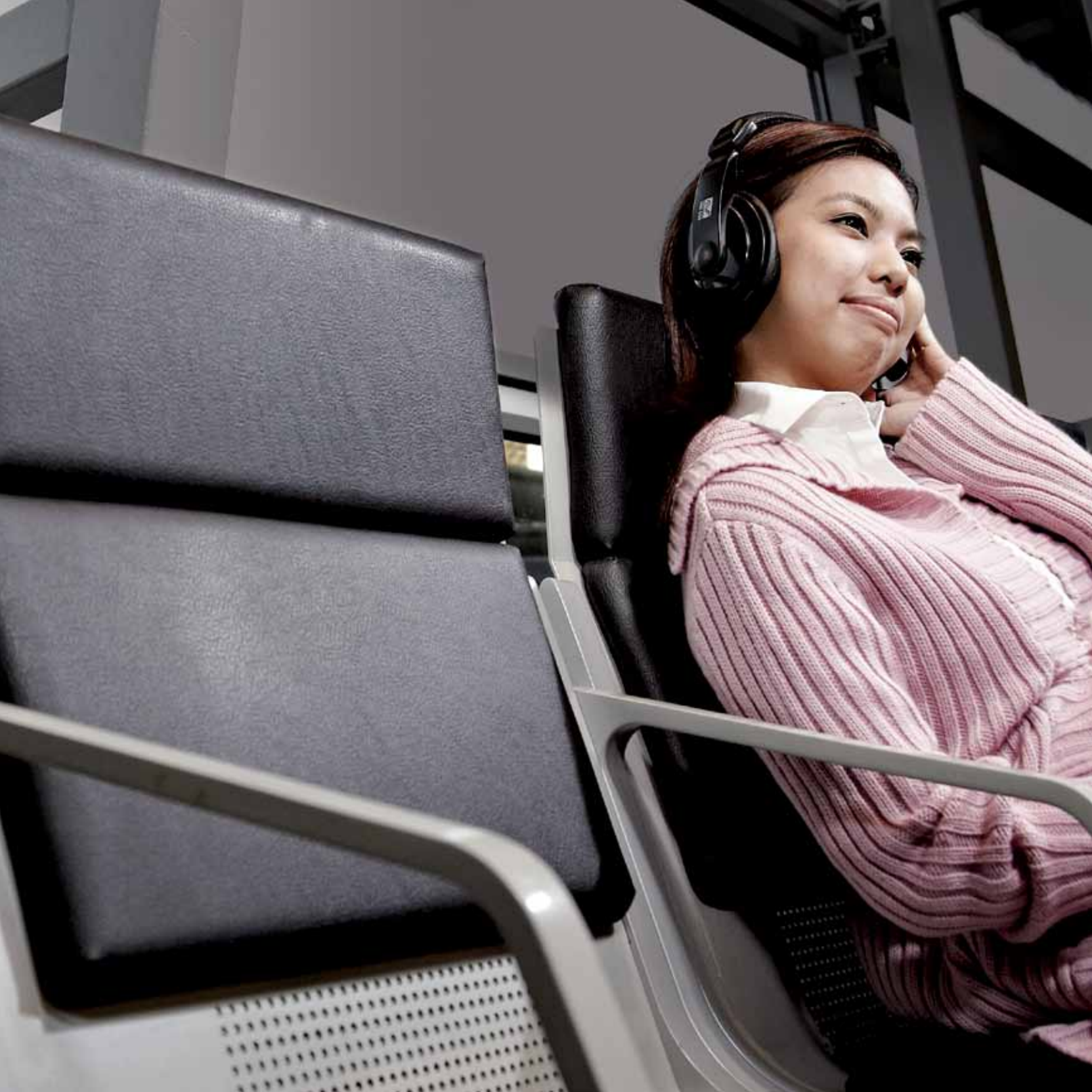
Yours sincerely,



TAN SRI DATUK DR. ARIS BIN OTHMAN
Chairman, Malaysia Airports Holdings Berhad

**TO DATE WE HAVE
CATERED TO MORE THAN
57 MILLION PASSENGERS.
MILLIONS MORE WILL MAKE
THEIR MARK HERE.**

POSITIONING FOR THE SUCCESS.



NOTICE OF 12th Annual General Meeting

**NOTICE IS HEREBY GIVEN
THAT THE 12TH ANNUAL
GENERAL MEETING OF
MALAYSIA AIRPORTS
HOLDINGS BERHAD
("MAHB" OR "THE
COMPANY") WILL BE HELD
AT GATEWAY BALLROOM,
LEVEL 1, PAN PACIFIC
KUALA LUMPUR
INTERNATIONAL AIRPORT
HOTEL, KUALA LUMPUR
INTERNATIONAL AIRPORT,
JALAN CTA 4B, 64000 KLIA,
SEPANG, SELANGOR
DARUL EHSAN ON
THURSDAY, 28 APRIL 2011
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 2010 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 2010 together with the Reports of the Directors and Auditors.

RESOLUTION 2

To declare and approve the payment of a final dividend of 11.75 sen per share less 25% income tax in respect of the financial year ended 31 December 2010 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 11.75 sen per share less 25% income tax in respect of the financial year ended 31 December 2010, will be paid on 31 May 2011 to the respective ordinary shareholders who are registered in the Records of Depositors on 16 May 2011.

RESOLUTION 3

To approve the payment of Directors' Fees for the financial year ended 31 December 2010.

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 RM338,000.00 to the Non-Executive Directors for the financial year ended 31 December 2010.

RESOLUTION 4

To re-elect Ahmad Jauhari bin Yahya who shall retire in accordance with Article 129 of the Company's Articles of Association and being eligible, offers himself for re-election.

RESOLUTION 5

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

Explanatory Note for Resolutions 4 and 5:-

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

RESOLUTION 6

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

RESOLUTION 7

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

Explanatory Note for Resolutions 6 and 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.

To note:

Izlan bin Izhab shall retire in accordance with Article 131 of the Company's Articles of Association and has advised that he does not wish to seek for re-election at the 12th Annual General Meeting.

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.

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."

NOTICE OF 12th Annual General Meeting

Explanatory Note:-

This is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965, obtained from the shareholders at the last Annual General Meeting. As at the date of the Notice, the Company has not issued any new shares pursuant to this mandate which was granted to the Directors at the 11th Annual General Meeting held on 27 May 2010 which will lapse at the conclusion of the 12th Annual General Meeting.

This mandate will provide flexibility for the Company to undertake any possible fund raising activities, including but not limited to placement of shares for purpose of funding the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting."

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

RESOLUTION 10

Special Resolution

- Proposed Amendments to the Articles of Association of the Company

"That, the Proposed Amendments to the Articles of Association of the Company as set out from pages 18 to 26 of the Annual Report be and are hereby approved and adopted.

And that the Directors and Secretary be and are hereby authorised to take all steps as they may deem necessary and expedient in order to implement, finalise and give full effect to the proposed amendments to the Articles of Association of the Company."

Explanatory Note:-

The Special Resolution proposed above, if passed, will streamline the Company's Articles of Association to be in line with the latest Main Market Listing Requirements of Bursa Malaysia Securities Berhad, prevailing statutory and regulatory requirements as well as to render clarity and consistency throughout.

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 12th Annual General Meeting to be held on 28 April 2011, a final dividend of 11.75 sen per share less 25% income tax in respect of the financial year ended 31 December 2010, will be paid on 31 May 2011 to Depositors whose names registered in the Records of Depositors on 16 May 2011. 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 16 May 2011, 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

Selangor
Selangor Darul Ehsan
6 April 2011

Notes to the Notice of Annual General Meeting

1. All resolutions at the Meeting will be decided on a show of hands, unless otherwise instructed.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand seal of its attorney.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
5. Please note that in order to attend and vote at the Meeting, a member must be registered in the Record of Depositors at 4.00 p.m. on 21 April 2011 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 12th Annual General Meeting

Statement Accompanying Notice of 12th 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 at the 12th Annual General Meeting as per Resolutions 4, 5, 6 and 7 of the Notice of 12th Annual General Meeting, respectively:

Name	Ahmad Jauhari bin Yahya
Age	56
Nationality	Malaysian
Qualification	Bachelor of Science (Hons) Degree in Electrical and Electronic Engineering, University of Nottingham, United Kingdom
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	17 March 2011
Membership of MAHB Board Committees	Nil
Working Experience	- Managing Director, Malakoff Berhad (1994 – 2010) - Managing Director, Malaysian Resources Corporation Berhad (1993) - Managing Director, Time Engineering Berhad (1992) - The New Straits Times Press (M) Berhad - Senior Group General Manager, Production and Circulation (1990) - Production and Technical Director (1983) - Engineering Manager (1982) - ESSO Malaysia Berhad (1977 – 1979) - Director, Central Electricity Generating Company Limited (Jordan) - Director, Shuaibah Expansion Project Company Limited (Saudi Arabia) - Honorary President of Penjanabebas (Association of Independent Power Producers in Malaysia)
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	Nil (only appointed w.e.f. 17 March 2011)

Name	Mohd Izani bin Ghani
Age	43
Nationality	Malaysian
Qualification	• Member of Malaysian Institute of Accountants • Fellow Member of the Association of Chartered Certified Accountants • Bachelor of Science (Economics) specializing in Accounting and Finance, London School of Economics and Political Science, United Kingdom
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	21 March 2011
Membership of MAHB Board Committees	• Board Finance & Investment Committee
Working Experience	• Director and Chief Financial Officer, Khazanah Nasional Berhad (2010 – Present) • Khazanah Nasional Berhad (2005 – 2010) • Putrajaya Holdings Sdn Bhd (1999 – 2005) • Renong Group (1993 -1999)
Occupation	Company Director
Any other directorships in public companies	• Rantau Abang Capital Berhad • Bank Muamalat Malaysia Berhad
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	Nil (only appointed w.e.f. 21 March 2011)

STATEMENT ACCOMPANYING NOTICE OF 12th Annual General Meeting

Name	Datuk Alias bin Haji Ahmad
Age	63
Nationality	Malaysian
Qualification	• Bachelor of Arts (Honors) Degree majoring in (Economics and Sociology), University of Malaya • Diploma of Education, University of Malaya
Position on the MAHB Board	Independent Non-Executive
Date first appointed to the MAHB Board	1 December 2003
Membership of MAHB Board Committees	• Board Nomination & Remuneration Committee (Chairman) • Board Procurement Committee • Board Audit Committee • Board Risk Management Committee
Working Experience	• Deputy Secretary General (Finance), Ministry of Health (April 2001 – July 2003) • Federal Secretary General for Sabah (1999 – 2001) • Deputy Secretary (Supply), Secretary for Defences Industries, Secretary of Development Division, Secretary to the Main Coordinating Committee, Secretary to the Cabinet Committee (1988 – 1998) • Director of Vocational Training, Manpower Department, Ministry of Labour (1987 – 1988) • Special Officer, Minister of Trade & Industry (1984 – 1987) • Special Officer, Minister of Finance (1976 – 1984) • Assistant Secretary (Finance) (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	14 out of 15

Name	Jeremy bin Nasrulhaq
Age	58
Nationality	Malaysian
Qualification	• Fellow Member of the Chartered Institute of Management Accountants, United Kingdom • Registered Chartered Accountant, Malaysian Institute of Accountants • Bachelor of Science Degree in Agribusiness Science, Universiti Putra Malaysia
Position on the MAHB Board	Independent Non-Executive
Date first appointed to the MAHB Board	15 August 2007
Membership of MAHB Board Committees	• Board Audit Committee • Board Nomination & Remuneration Committee
Working Experience	• Director, Sweetet Development Sdn Bhd • Supply Chain Director, Unilever Malaysia and Singapore (January 2006 – April 2007) • Commercial Director-cum-National Finance Director, Unilever Malaysia (July 2003 – December 2005) • Supply Chain Director, Unilever Malaysia (August 2002 – June 2003) • Regional Finance Officer, Unilever Asia Foods (August 2001 – July 2002) • Finance, Legal, IT and Supply Chain, Unilever Malaysia (1978 – 1991 and 1997 – August 2001) • General Manager, Operations, Boustead Trading Sdn Bhd (1991 – 1997)
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 15

PROPOSED AMENDMENTS TO THE Company's Articles of Association

The details of the proposed amendments to the Company's Articles of Association are as follows:

Articles No.	Existing Articles	Amended Articles
Article 1 – Interpretation	“Approved Market Place” means a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositors) Exemption Order, 1998. “Central Depositories Act” means Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendments or re-enactment thereof for the time being in force. “Central Depository” means Malaysian Central Depository Sdn Bhd (Company No. 165570-W). “Depositor” means a holder of Securities Account as defined by the Central Depositories Act. “Member” means unless otherwise expressed to the contrary, includes a depository who shall be treated if he were a member pursuant to Section 35 of the Securities Industry (Central Depository) Act but excludes the Central Depository in its capacity as a bare trustee member. “Record of Depositors” means a record provided by the Central Depository to the Company under Chapter 24.0 of the Rules. “Rules” means the rules of the Malaysian Central Depository (Company No. 165570-W) and any appendices thereto as amended from time to time. “Securities Account” means an account established by the Central Depository for a Depositor for the recording of deposits of securities and for dealing in such securities by the Depositor. New definition	Deleted. “Depositories Act” means The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force. “Depository” means Bursa Malaysia Depository Sdn Bhd. “depositor” means a holder of securities account established by the Depository. “Member” includes a depositor who will be treated as if he were a member pursuant to section 35 of the Depositories Act but excludes the Depository in its capacity as a bare trustee. “Record of Depositors” means a record provided by the Depository to the Company under Chapter 24.0 of the Rules of the Depository. “Rules of the Depository” means the Rules of Bursa Malaysia Depository Sdn Bhd, including any amendment that may be made from time to time. “securities account” means an account established by the Depository for a depositor for the recording of deposit of securities and for dealing in such securities by the depositor. “Exchange” means Bursa Malaysia Securities Berhad or such other name by which it may be known from time to time.

Articles No.	Existing Articles	Amended Articles
Article 1 – Interpretation (cont’d.)	New definition (cont’d.)	(the term “Kuala Lumpur Stock Exchange”, wherever it appears in this Articles of Association, shall be replaced with the term “Exchange”). “market day” means a day on which the stock market of the Exchange is open for trading in securities. “Listing Requirements” means Bursa Malaysia Securities Berhad Main Market Listing Requirements, including any amendment that may be made from time to time. “securities” means shares, debentures, notes, stocks or bonds issued or proposed to be issued, in the Company, and includes any right, option or interest in respect thereof and includes any securities which fall within the definition of/meaning assigned to “securities” in the Capital Markets and Services Act 2007. <i>All references to the above interpretation throughout the whole Articles of Association be changed accordingly.</i>
Article 9(A)	New Article – Allotment of securities	The Company must ensure that all allotment of securities for which listing is sought are made by way of crediting the securities accounts of the allottees with such securities save and except where it is specifically exempted from compliance with the Depositories Act, in which event it shall so similarly be exempted from compliance with the Listing Requirements. For this purpose, the Company must notify the Depository of the names of allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the securities accounts of such allottees. The Company must allot securities and dispatch notices of allotment to the allottees within the stipulated timeframe as may be prescribed or allowed by the Exchange.

PROPOSED AMENDMENTS TO THE Company's Articles of Association

Articles No.	Existing Articles	Amended Articles
Article 11	Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and <u>balance sheets</u> and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up on a proposal for the disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six months.	Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or on a proposal for the disposal of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares is in arrears for more than six months.
Article 19	The certificates of title to shares shall be issued under seal and signed by <u>one Director and countersigned by the Secretary</u> or some other person appointed by the Directors, or with the authority of a resolution of the Directors and subject to the approval of the Company's Auditors for the time being, such certificate may be issued under the Seal but without such signatures or with signatures affixed by means of some method or system of mechanical signature.	The certificates of title to shares shall be issued under seal and signed by two (2) Directors or a Director and the Secretary or some other person appointed by the Directors, or with the authority of a resolution of the Directors and subject to the approval of the Company's Auditors for the time being, such certificate may be issued under the Seal but without such signatures or with signatures affixed by means of some method or system of mechanical signature.

Articles No.	Existing Articles	Amended Articles
Article 47	Transmission of securities from Foreign Register: (1) Where- (a) the securities of the Company are listed on an <u>Approved Market Place</u>; and (b) such company is exempted from compliance with <u>section 14 of the Securities Industry (Central Depositories) Act, 1991, or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998</u>, as the case may be, under <u>The Rules of the Central Depository</u> in respect of such securities, such companies shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the companies in the jurisdiction of the <u>Approved Market Place</u> (hereinafter referred to as "The Foreign Register"), to the register of holders maintained by the registrar of companies in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:-	Transmission of securities from Foreign Register: (1) Where- (a) the securities of the Company are listed on another stock exchange; and (b) such company is exempted from compliance with the Depositories Act and any statutory modification, amendments or re-enactment thereof for the time being in force, as the case may be, under the Rules of the Depository in respect of such securities such companies shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the companies in the jurisdiction of other stock exchange (hereinafter referred to as "The Foreign Register"), to the register of holders maintained by the registrar of companies in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:-
Article 50	The register and any register of holders of debentures of the Company may on due notice being given as required by the Act, be closed at such time or time as the Directors shall deem expedient, so that the same be not closed for any greater period in the aggregate than thirty days in the year.	The register and any register of holders of debentures of the Company may on due notice being given as required by the Act, be closed at such time or time as the Directors shall deem expedient, so that the same be not closed for any greater period in the aggregate than thirty days in the year. Any notice of intention to fix the books closing date and its reason, stating the books closing date which must be at least ten (10) market days after the date of announcement to the Exchange or such other period as may be prescribed by the Exchange.

PROPOSED AMENDMENTS TO THE Company's Articles of Association

Articles No.	Existing Articles	Amended Articles
Article 80 (1)	The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where is in an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting <u>shall be given by advertisement in the daily press</u> and in writing to each stock exchange upon which the company is listed.	The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where is in an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting must be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the company is listed. The Company shall hold all general meetings within Malaysia and may hold such general meetings within Malaysia at more than one (1) venue using any technology that allows all members a reasonable opportunity to participate.
Article 98	Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member present in person or by proxy shall have one vote and upon a poll every Member present in person or by proxy shall have one vote for every share held by him. Subject to Articles 100 and 103, a proxy may but need not be a member of the Company.	Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member present in person or by proxy shall have one vote and upon a poll every Member present in person or by proxy shall have one vote for every share held by him. Subject to Articles 100 and 103, a proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (a), (b) and (c) of the Act shall not apply to the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

Articles No.	Existing Articles	Amended Articles
Article 109(1) & (2)	The number of Directors shall be not less than two nor (unless otherwise determine by the Company in general meeting) more than twelve. The following shall be the first Directors: (a) Muhammad bin Arshad (b) Sabarina Laila Mohd Hashim ~~All the Directors of the Company shall be natural persons.~~	The number of Directors shall be not less than two nor (unless otherwise determine by the Company in general meeting) more than twelve. The following shall be the first Directors: (a) Muhammad bin Arshad (b) Sabarina Laila Mohd Hashim
Articles 115 (1)	The office of any Director including a Government Appointed Director shall ipso facto be vacated if such Director- (a) ceases to be a Director by virtue of the Act, (b) becomes bankrupt or makes any arrangement or composition with his creditors generally, (c) becomes prohibited from being a Director by reason of any order made under the Act, (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder, (e) resigns his office by notice in writing to the Company, (f) is removed by a resolution of the Company in General meeting	The office of any Director including a Government Appointed Director shall ipso facto be vacated if such Director- (a) ceases to be a Director by virtue of the Act, (b) becomes bankrupt or makes any arrangement or composition with his creditors generally during his term of office, (c) becomes prohibited from being a Director by reason of any order made under the Act, (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office, (e) resigns his office by notice in writing to the Company, (f) is removed by a resolution of the Company in General meeting

PROPOSED AMENDMENTS TO THE Company's Articles of Association

Articles No.	Existing Articles	Amended Articles
Article 134	No meeting of the Directors shall be held outside Malaysia and the proceedings of any meeting purported to be held outside Malaysia shall not be valid.	Meeting of the Directors can be held within or outside Malaysia and can be held at two (2) or more venues within or outside Malaysia using any telecommunication device or such other communication facilities that enable the Directors as a whole to participate for the entire duration of the meeting. Participation by a Director in a meeting using any telecommunication device or other communication facilities shall be treated as presence in person and shall be counted towards the quorum notwithstanding the fact that he/she is not physically present at the venue where the meeting is to be held.
Articles 141	A resolution in writing signed or approved by letter or telegram by all the Directors who may at the time be present in Malaysia, being not less than are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at meeting of the Directors duly called and constituted. Provided that where a Director is not so present but has an Alternate who is so present then such resolution must also be signed by such Alternate. All such resolutions shall be described as "Directors' Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book and submitted for confirmation at a meeting of the Directors next following the receipt thereof by him. A Directors' Resolution shall be in operative if it shall purport to authorise or to do any act which a meeting of Directors has decided shall not be authorised or done, until confirmed by a meeting of the Directors.	A resolution in writing signed or approved by letter or telegram by all the Directors who may at the time be present in Malaysia, being not less than are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at meeting of the Directors duly called and constituted. Provided that where a Director is not so present but has an Alternate who is so present then such resolution must also be signed by such Alternate. All such resolutions shall be described as "Directors' Resolution" and may consist of several documents in the like form each signed by one or more of the Directors and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book and submitted for confirmation at a meeting of the Directors next following the receipt thereof by him. A Directors' Resolution shall be in operative if it shall purport to authorise or to do any act which a meeting of Directors has decided shall not be authorised or done, until confirmed by a meeting of the Directors.

Articles No.	Existing Articles	Amended Articles
Article 168	Any dividend may be paid by banker's draft, money order, cheque or warrant sent through the post to the registered address of the Member or person entitled thereto. Every such draft, money order, cheque or warrant shall be made payable to the order of the persons to whom it is sent and payment of same if purporting to be endorsed, shall be a good discharge to the Company. Every such draft, money order, cheque or warrant shall be sent at the risk of the persons entitle to the money represented thereby.	Any dividend, interest or other money payable in cash in respect of shares may be paid by banker's draft, money order, cheque or warrant or warrant sent through the post to the last registered address of the member or person entitled thereto or paid via electronic transfer of remittance to the bank account provided by the holder who is named on the Register of Members and/or Record of Depositors. Every such draft, money order, cheque or warrant or electronic transfer of remittance shall be payable to the order of the person to whom it is sent or remitted , and payment of same if purporting to be endorsed, shall operate as a good discharge to the Company. Every such cheque or warrant or electronic transfer of remittance shall be sent or remitted at the risk of the person entitled to the money represented thereby.
Article 172	A copy of <u>every balance sheet and profit and loss account</u> which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' report relating thereto and of the Directors' report shall not more than six month after the close of the financial year and not less than <u>fourteen days</u> before the date of the meeting be sent to every Member of, every holder of debenture of, and trustee for every debenture holder of, the Company and to every other person who is entitle to receive notice of general meeting from the Company under the provisions of the Act or of these Articles.	A copy of audited financial statements which is to be laid before the Company in general meeting (including every document required by law to be annexed thereto) together with a copy of the Auditors' and Directors' reports in printed form or in CD-ROM form or in such other form of electronic media shall not more than six month after the close of the financial year and not less than twenty-one days (or such other shorter period as may be allowed by the Act or Listing Requirements) before the date of the meeting be sent to every Member of, every holder of debenture of, and trustee for every debenture holder of, the Company and to every other person who is entitle to receive notice of general meeting from the Company under the provisions of the Act or of these Articles. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a Member requires a printed form of such documents, the Company shall send such documents to the Member within four market days from the date of receipt of the Member's request or such other period as may be prescribed by the Exchange.

PROPOSED AMENDMENTS TO THE Company's Articles of Association

Articles No.	Existing Articles	Amended Articles
Article 179	The common seal of the Company shall be deposited at the office, and subject to Article 19 shall never be affixed to any document except by the authority of a resolution of the Directors, and in the presence of <u>one Director and the Secretary or the person acting as Secretary</u>, and <u>such Director and the Secretary</u> shall sign every instrument to which the common seal shall be affixed in their presence, and in favour of any purchaser or person bona fide dealing with the Company, such signatures shall be conclusive evidence of the fact that the common seal has been properly affixed. The Company may also have a “share seal” pursuant to the Act.	The common seal of the Company shall be deposited at the office, and subject to Article 19 shall never be affixed to any document except by the authority of a resolution of the Directors, and in the presence of two (2) Directors or a Director and the Secretary or some other person appointed by the Directors for the purpose, and every instrument to which the common seal is affixed shall be conclusive evidence of the fact that the common seal has been properly affixed. The Company may also have a “share seal” pursuant to the Act.
Article 203 (7)	For the purpose of this articles, unless the context otherwise requires, “Listing Requirements” means the Listing Requirements of Kuala Lumpur Stock Exchange including any amendment to the Listing Requirements that may be made from time to time.	Deleted.

LOCATION OF THE Annual General Meeting

LOCATION OF THE AGM

Gateway Ballroom, Level 1
Pan Pacific Kuala Lumpur International Airport Hotel
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 Kuala Lumpur International Airport Hotel 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.



A person wearing a white suit and black shoes is holding a large, white, rectangular shopping bag. The bag is tilted and features bold, black, sans-serif text. The background is a blurred indoor setting with warm lighting.

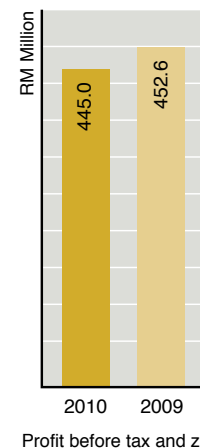
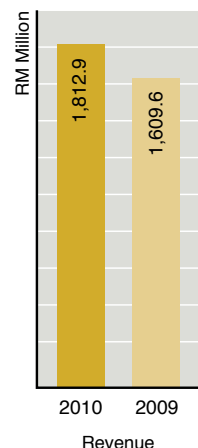
**DISCOVER NEW AND VIBRANT
EXPERIENCES FROM OUR RETAIL
AND F&B OUTLETS. THERE'S SO MUCH
TO OFFER AND MORE TO SAVOUR.**

POSITIONING FOR THE SUCCESS.

Key Financial HIGHLIGHTS

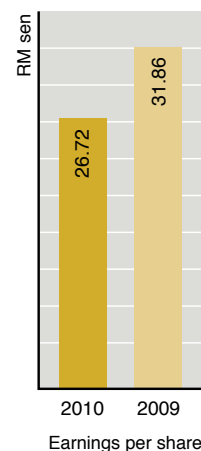
Income Statement Year ended 31 December

	2010 RM Million	Restated 2009 RM Million	% Change
Revenue	1,812.9	1,609.6	12.6
Operating profit	541.2	464.2	16.6
Finance costs	(15.7)	(14.2)	10.9
Share of results of associates	(80.5)	2.6	-
Profit before tax and zakat from continuing operations	445.0	452.6	(1.7)
Taxation and zakat	(150.4)	(100.2)	50.1
Profit from continuing operations, net of tax	294.6	352.5	(16.4)
Loss from discontinued operations, net of tax	-	(1.4)	-
Profit for the year	294.6	351.1	(16.1)
Profit attributable to:			
Equity holders of the Company	293.9	350.4	(16.1)
Minority interests	0.7	0.7	4.6
Profit for the year	294.6	351.1	(16.1)
*Earnings per share attributable to equity holders of the Company (sen)			
- basic, for profit from continuing operations	26.72	31.98	
- basic, for loss from discontinued operations	-	(0.12)	
- basic, for profit for the year	26.72	31.86	

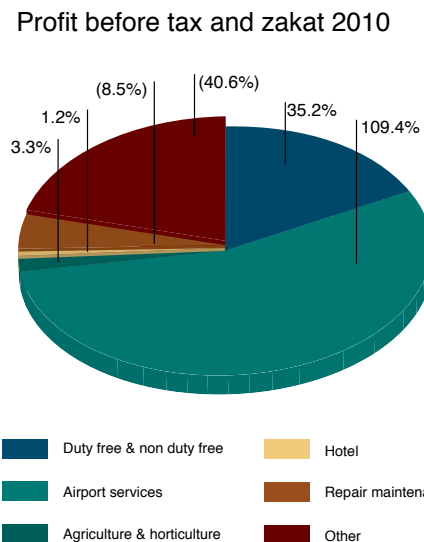
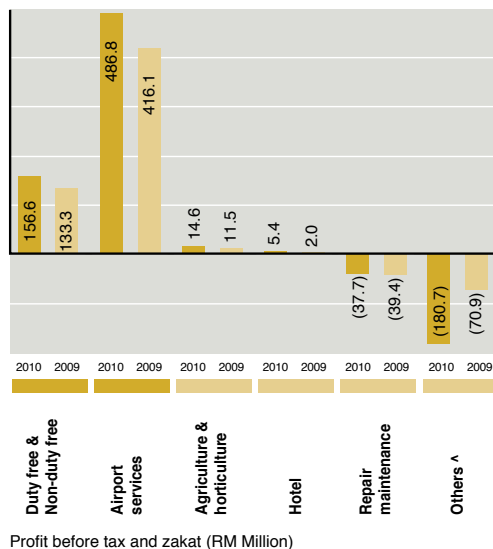
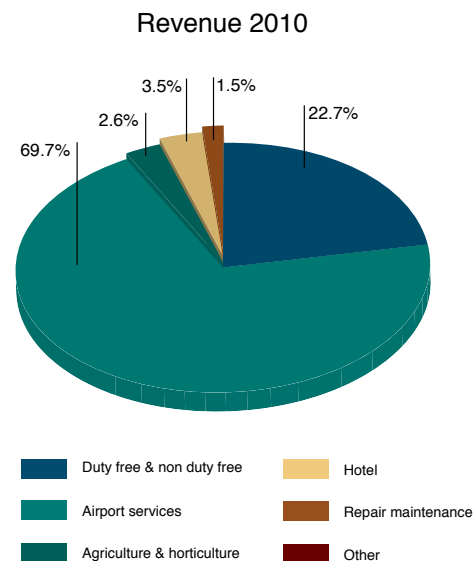
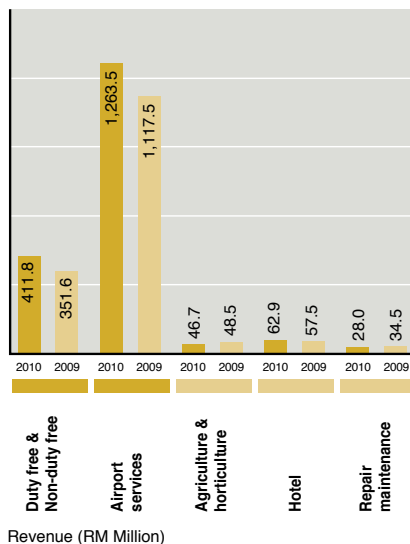


Statements of Financial Position Year ended 31 December

	2010 RM Million	Restated 2009 RM Million	% Change
Assets			
Property, plant and equipment	2,375.2	1,667.8	42.4
Investments	287.3	435.9	(34.1)
Other non-current assets	1,948.1	2,106.5	(7.5)
Current assets	2,408.2	963.1	150.0
Assets of disposal group classified as held for disposal	0.5	0.5	-
Total assets	7,019.3	5,173.8	35.7
Equity and liabilities			
Share capital	1,100.0	1,100.0	-
Share premium	822.7	822.7	-
Retained earnings	1,366.5	1,421.4	(3.9)
Fair value adjustment reserve	0.1	-	
Exchange reserve	(5.4)	(2.0)	(168.3)
	3,283.9	3,342.1	(1.7)
Minority interests	5.5	4.7	16.6
Total equity	3,289.4	3,346.8	(1.7)
Liabilities			
Non-current liabilities	3,016.0	1,114.8	170.6
Current liabilities	713.7	712.0	0.2
Liabilities of disposal group classified as held for disposal	0.2	0.2	-
Total liabilities	3,729.9	1,827.0	104.2
Total equity and liabilities	7,019.3	5,173.8	35.7
Net asset per share (RM)	2.99	3.04	(1.71)



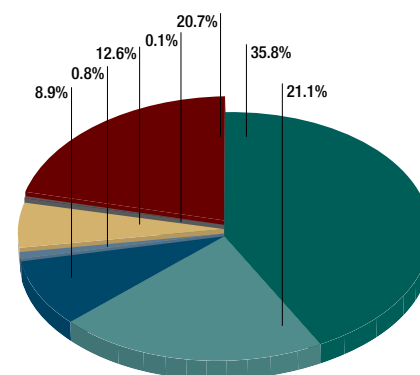
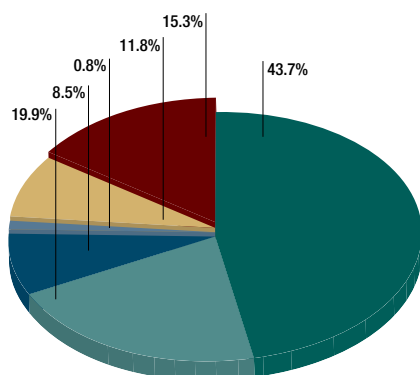
Group Segmental ANALYSIS



* Note: The group segmental analysis above excludes inter-segment transactions.
^ Others includes share of results of associates

STATEMENT OF Distribution

	2010 RM Million	%	Restated 2009 RM Million	%
Current income available for distribution	1,921.4		1,693.2	
To supplier				
Purchase of goods and services	838.6	43.7	606.7	35.8
To employees				
Employment costs	382.4	19.9	356.6	21.1
Utilisation of assets				
Depreciation	162.8	8.5	150.5	8.9
To financier				
Finance costs	15.7	0.8	14.2	0.8
To government				
User fee and taxation	227.3	11.8	212.7	12.6
Discontinued operations				
Loss for the year from discontinued operations	-	-	1.4	0.1
Retained for re-investment and future growth and dividend payment current year	294.6	15.3	351.1	20.7
	1,921.4	100.0	1,693.2	100.0



To Supplier
Purchase of goods and services

To Employees
Employment costs

Utilisation of assets
Depreciation

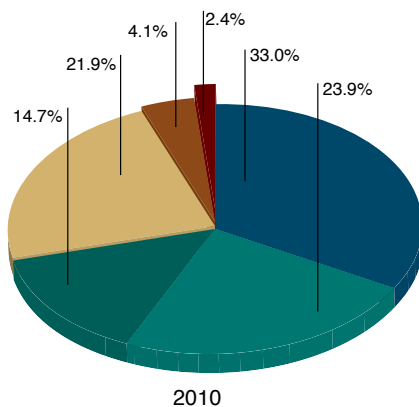
To Financier
Finance costs

To Government
Taxation

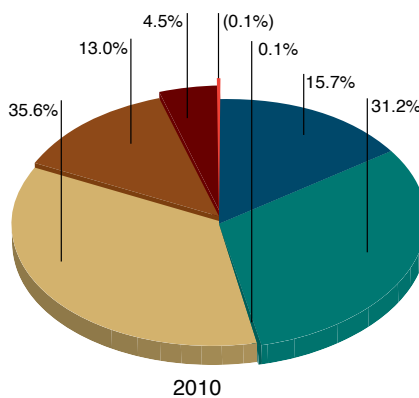
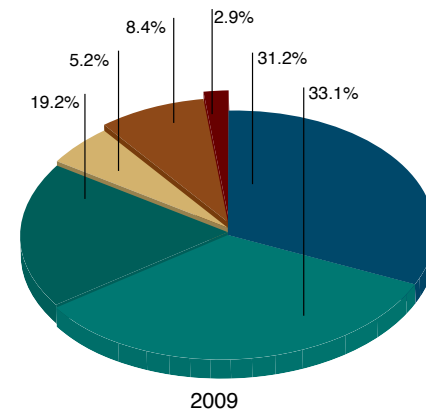
Discontinued operations
Loss for the year from discontinued operations

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

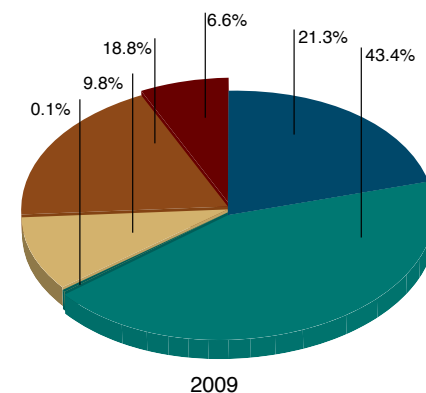
STATEMENTS OF Financial Position



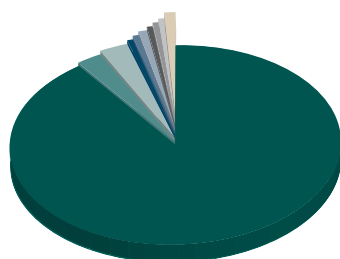
Assets		
2010	RM Million	2009
2,320.2	Property, plant, and equipment	1,613.0
1,675.9	Concession rights	1,712.2
1,030.7	Trade and other receivables	992.5
1,539.8	Cash and cash equivalents	268.3
287.3	Investments	435.9
164.9	Other assets	151.4
0.5	Asset of disposal group classified as held for disposal	0.5
7,019.3	Total assets	5,173.8



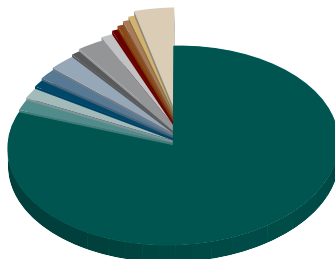
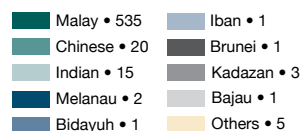
Total equity and liabilities		
2010	RM Million	2009
1,100.0	Share capital	1,100.0
2,189.2	Reserves	2,244.2
5.5	Minority interest	4.7
2,500.0	Loan and borrowings	508.1
911.3	Trade and other payables	973.3
318.4	Other liabilities	345.3
0.2	Liabilities of disposal group classified as held for disposal	0.2
0.1	Fair value adjustment reserve	-
(5.4)	Foreign exchange reserve	(2.0)
7,019.3	Total equity and liabilities	5,173.8



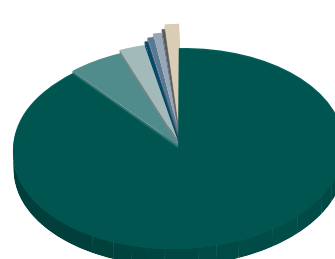
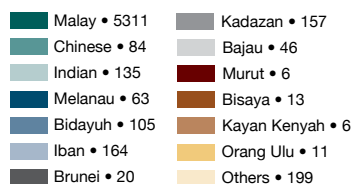
STATEMENT OF Workforce



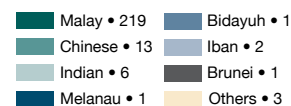
Executive



Non-Executive



Management



GROUP QUARTERLY Performance

Year 2010 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year 2010
FINANCIAL PERFORMANCE					
Operating revenue	436.4	435.8	446.3	494.4	1,812.9
Profit before tax and zakat	119.1	80.9	91.4	153.6	445.0
Profit for the period	72.6	59.5	61.8	100.7	294.6
Earnings per share (sen)	6.60	5.41	5.62	9.09	26.72
Restated Year 2009 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year 2009
FINANCIAL PERFORMANCE					
Operating revenue	392.2	392.9	377.4	447.1	1,609.6
Profit before tax and zakat	123.6	85.6	111.2	132.2	452.6
Profit for the period	92.1	61.6	83.5	113.9	351.1
Earnings per share (sen)	8.37	5.60	7.59	10.30	31.86



GROUP 5-Year Summary

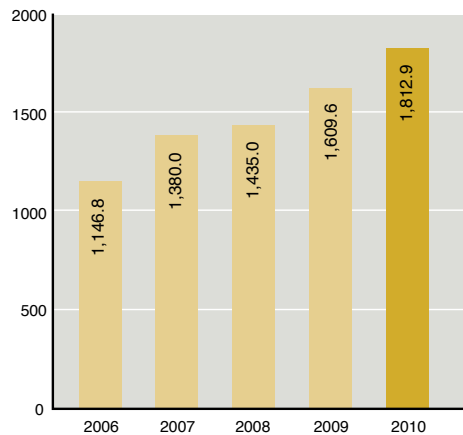
Income Statement Year ended 31 December

	2010 RM Million	Restated 2009 RM Million	2008 RM Million	2007 RM Million	2006 RM Million
Revenue	1,812.9	1,609.6	1,435.0	1,380.0	1,146.8
Profit before tax from continuing operations	445.0	452.6	422.2	404.9	263.3
Taxation and zakat	(150.4)	(100.2)	(123.3)	(114.3)	(92.4)
Profit from continuing operations, net of tax	294.6	352.5	298.9	290.6	170.9
(Loss)/profit for the year from discontinued operations, net of tax	-	(1.4)	6.9	(1.3)	-
Profit for the year	294.6	351.1	305.8	289.3	170.9
Profit attributable to:					
Equity holders of the Company	293.9	350.4	305.2	288.9	170.3
Minority interests	0.7	0.7	0.6	0.4	0.6
Profit for the year	294.6	351.1	305.8	289.3	170.9
* Earnings per share attributable to equity holders of the Company (sen)					
- Basic, for continuing operations	26.72	31.98	27.12	26.37	15.48
- Basic, for (loss)/profit from discontinued operations	-	(0.12)	0.63	(0.11)	-
- Basic, for profit for the year	26.72	31.86	27.75	26.26	15.48

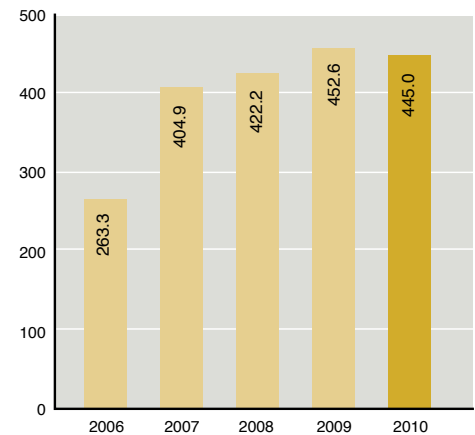
Statements of Financial Position Year ended 31 December

	2010 RM Million	Restated 2009 RM Million	2008 RM Million	2007 RM Million	2006 RM Million
Assets					
Non-current assets	4,610.6	4,210.2	3,584.8	3,215.5	3,143.7
Current assets	2,408.2	963.1	1,403.2	1,239.5	1,188.0
Asset of disposal group classified as held for disposal	0.5	0.5	4.3	-	-
Total assets	7,019.3	5,173.8	4,992.3	4,455.0	4,331.7
Equity					
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	1,366.5	1,421.4	1,257.0	1,096.7	872.1
Fair value of adjustment reserve	0.1	-	-	-	-
Exchange reserve	(5.4)	(2.0)	(1.2)	-	-
	3,283.9	3,342.1	3,178.5	3,019.4	2,794.8
Minority Interest	5.5	4.7	4.1	3.6	3.2
Total equity	3,289.4	3,346.8	3,182.6	3,023.0	2,798.0
Liabilities					
Non-current liabilities	3,016.0	1,114.8	434.6	112.0	129.2
Current liabilities	713.7	712.0	1,372.4	1,320.0	1,404.5
Liabilities of disposal group classified as held for disposal	0.2	0.2	2.7	-	-
Total liabilities	3,729.9	1,827.0	1,809.7	1,432.0	1,533.7
Total equity and liabilities	7,019.3	5,173.8	4,992.3	4,455.0	4,331.7
Net asset per share (RM)	2.99	3.04	2.89	2.75	2.54

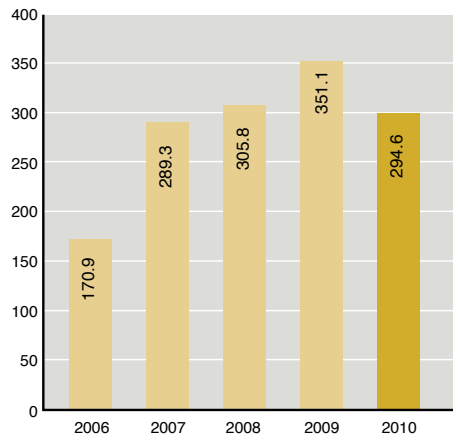
5-YEAR Financial Highlights



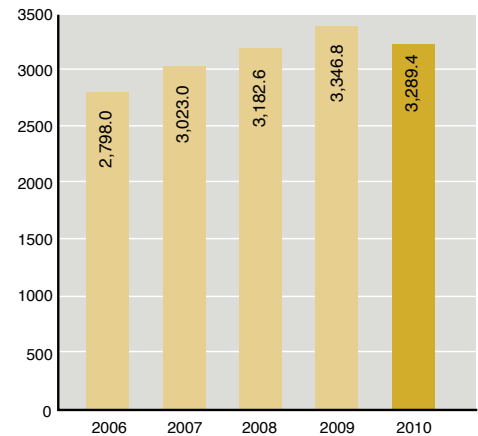
Revenue (RM Million)



Profit before tax and zakat (RM Million)



Profit for the year (RM Million)



Total equity (RM Million)

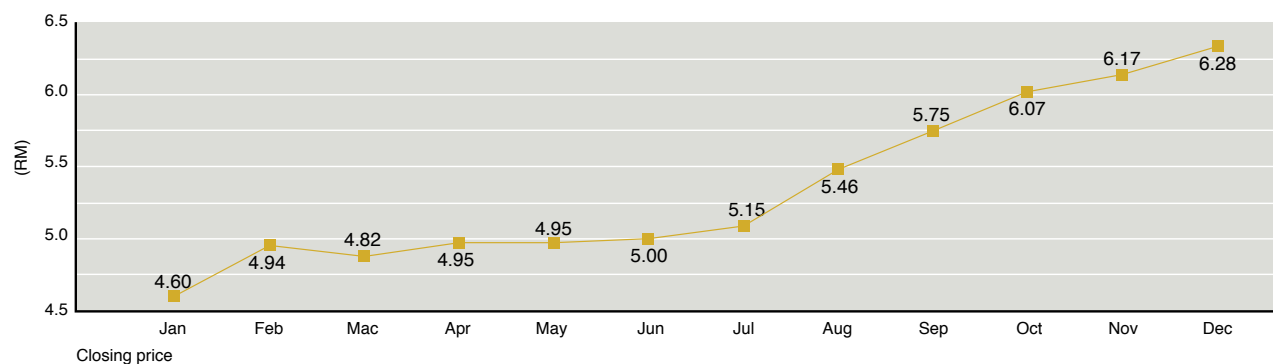
Share Price,

VOLUME TRADED & MARKET CAPITALISATION

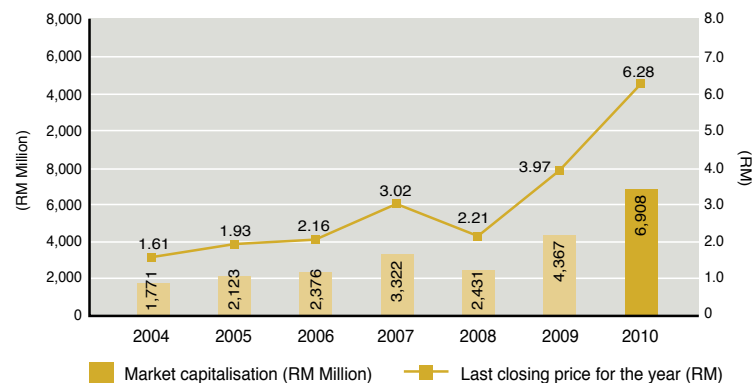
2010 Monthly Trading Volume & Share Price Statistics

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume ('000)	16,964	9,751	23,350	13,548	6,879	7,724	6,608	14,780	9,622	11,452	11,599	7,756
High (RM)	4.76	5.00	5.00	5.01	5.04	5.01	5.16	5.60	5.75	6.10	6.25	6.35
Low (RM)	3.90	4.60	4.66	4.80	4.76	4.78	4.89	5.13	5.31	5.65	5.80	5.86
Closing price (RM)	4.60	4.94	4.82	4.95	4.95	5.00	5.15	5.46	5.75	6.07	6.17	6.28

Share Price Movement



Market Capitalisation



GROUP FINANCIAL Performance Review

MAHB's Headline Key Performance Indicators ("KPIs") for the financial year ended 31 December 2010 ("FY2010"):-

Headline KPIs	Target FY2010		Achievement FY2010		Actual FY2009 Restated
	Without FRS 139	With FRS 139	Without FRS 139	With FRS 139	
i) EBITDA (million)	RM620.0m	RM620.0m	RM706.9m	RM706.9m	RM614.6m
ii) ROE	9.22%	6.57%	10.27%	8.88%	10.75%
iii) Airport Service Quality Awards	KLIA Ranking Top 5 Worldwide		- 24-40 mil pax: KLIA ranked No. 5		- 24-40 mil pax: KLIA ranked No. 4 - Worldwide: KLIA ranked No. 16

Malaysia Airports Holdings Berhad ("MAHB") announced two sets of Headline KPIs for FY2010 as per the table above on 31 December 2009 due to the new requirement to comply with the adoption of Financial Reporting Standards 139 ("FRS 139") Financial Instruments: Recognition and Measurement. The management had initially assessed an expected decline in ROE from 9.22% to 6.57% due to the FRS 139 effect.

The FRS 139 requirement was made mandatory in Malaysia effective 1st January 2010, whereby all financial instruments have to be stated at fair value, resulting in a higher share of losses in an associate company, namely Sabiha Gokcen International Airport Limited ("SGIA"). MAHB owns a 20% equity stake in SGIA which develops, operates and manages an airport in Istanbul, Turkey.

Notwithstanding the above, MAHB has significantly surpassed the Headline KPIs for FY2010. After considering the FRS139

impact and other one-off transactions pursuant to our restructuring exercise, the Group had performed better operationally as reflected by the higher passenger and revenue numbers. Stripping out the effects of FRS 139, the profit before tax and zakat for FY2010 was RM499.8 million, which was 10.4% or RM47.2 million higher than the RM452.6 million registered in FY2009.

GROUP REVENUE

MAHB recorded a revenue of RM1,812.9 million in FY2010, representing a growth of 12.6% compared to RM1,609.6 million recorded in the previous financial year (FY2009). This was mainly driven by the growth in the airport operations segment, which improved 14.0% year-on-year to 1,675.3 million. The non-airport operations segment revenue saw a marginal decrease of 2.1% to RM137.6 million in FY2010.

GROUP FINANCIAL Performance Review

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 13.9% to RM868.7 million resulting from higher passenger growth, while the non-aeronautical revenue recorded growth of 14.2% to RM806.5 million, underpinned by higher retail, rental and commercial activities resulting from the increased passenger volume.

The significant improvement through the year reflects the firm passenger demand in the aviation industry led by restoration of consumer sentiments with total passenger volume growth of 12.7%, reaching 57.83 million passengers across MAHB's 39 airports, maintaining the positive momentum established in the preceding year. International traffic grew 21.3% to 27.99 million passengers, while the domestic sector registered growth of 5.6% to 29.84 million passengers in FY2010. Total commercial aircraft movements grew by 7.9%, with 578,090 aircraft flying in and out of Malaysian airports. Commercial aircraft movements in the international sector recorded a higher growth of 11.6% compared to the domestic sector which registered a 5.9% growth.

MAHB's non-airport operations segment revenue saw a marginal decrease of 2.1% to RM137.6 million, mainly due to lower revenue recorded in project and repair maintenance services as well as the agriculture and horticulture segment. The project and repair maintenance services segment saw an 18.7% decline in revenue due to lower number of projects secured in FY2010. The agriculture and horticulture segment recorded a 3.8% decline resulting from lower total crop harvested contributed by the clearing of portion of the plantation land to make way for the construction of Klia2. Despite the above, the hotel business segment recorded a growth of 9.3% due to higher room rate, occupancy rate and food beverages income.

TYPES OF REVENUE: AERONAUTICAL AND NON-AERONAUTICAL REVENUE

The Group's revenue is divided into aeronautical revenue and non-aeronautical revenue. Aeronautical revenue is mainly from passenger 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 operations of duty free and non-duty free outlets, management of food and beverage outlets, management and operations of parking facilities, the Airside Transit Hotel, the Free Commercial Zone at KLIA and the lease of commercial spaces.

Non-aeronautical revenue is also derived from hotel operations, 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 52.1%, or RM944.2 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 comprise of agriculture and horticulture activities, hotel operations and project and repair maintenance services. All Non-airport operations income is non-aeronautical revenue.

Business Segment	Actual FY2010 (RM'000)	Actual FY2009 Restated (RM'000)	Variance (%)
I) Airport operations	1,675,234	1,469,100	14.0
1. Airport services:			
– Aeronautical	868,703	763,009	13.9
– Non-aeronautical (Rental and others)	394,722	354,482	11.4
2. Duty free and non-dutiable goods	411,809	351,609	17.1
II) Non-airport operations	137,623	140,519	-2.1
– Hotel	62,885	57,511	9.3
– Agriculture and horticulture	46,698	48,530	-3.8
– Project and repair maintenance	28,040	34,478	-18.7
Total Revenue	1,812,857	1,609,619	12.6

Note: The above figures exclude inter-segment transactions.

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 13.1% or by RM145.9 million to RM1,263.5 million, attributed to a 13.9% or RM105.7 million improvement in aeronautical revenue to RM868.7 million resulting from higher passenger growth. The non-aeronautical revenue recorded growth of 11.4% or RM40.2 million to RM394.7 million, underpinned by higher rental as a result of an increase in the number of outlets and concessionaires at the Satellite Building

and Low Cost Carrier Terminal ("LCCT"), resulting from the increase in commercial space pursuant to the expansion of LCCT in April 2009 and subsequently the completion of the Satellite Retail Optimisation Programme (SROP) in November 2009.

- b) **Duty free and 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 17.1% or RM60.2 million to RM411.8 million, driven by the higher passenger number.

2. Non-airport operations

- a) **Agriculture and horticulture:** The agriculture and horticulture business segment activities include the cultivation and sale of oil palm and other agriculture products. The agriculture and horticulture segment recorded an income of RM46.7 million, representing a decline of 3.8% or RM1.8 million due to lower total crop harvested despite an increase in fresh fruit bunch ("FFB") price. The lower crop harvested was contributed by the clearing of a portion of the plantation land to make way for the construction of Klia2.
- b) **Hotel:** The Hotel segment manages and operates the Pan Pacific Hotel KLIA. This segment registered a 9.3% or RM5.4 million growth in revenue to RM62.9 million due to higher room rate, higher occupancy rate and higher food and beverages income.
- c) **Project and repair maintenance services:** The main activities include provision of mechanical, electrical and civil engineering services and the airport business consulting, maintenance and technical services. This segment recorded a decline of 18.7% or RM6.4 million to RM28.0 million in FY2010 due to less project secured compared to the preceding year.

GROUP FINANCIAL Performance Review

GROUP PROFITABILITY

MAHB registered another year of record profitability in FY2010, Earnings before interest, tax, depreciation and amortisation ("EBITDA") grew 15.0% or RM92.3 million to RM706.9 million, from RM614.6 million in FY2009.

FY2010 profit before tax and zakat ("PBT") stood at RM445.0 million, representing a decline of 1.7% compared to FY2009. This was mainly due to the adoption of Financial Reporting Standards 139 ("FRS 139") Financial Instruments: Recognition and Measurement, resulting in a higher share of losses in SGIA, which develops, operates and manages an airport in Istanbul, Turkey.

This is MAHB's first-time adoption of FRS 139, which is a requirement in Malaysia effective 1st January 2010. Under FRS 139, all financial instruments have to be stated at fair value.

Stripping out the effects of FRS 139:-

- The PBT for FY2010 was RM499.8 million, which was 10.4% or RM47.2 million higher than the PBT of RM452.6 million registered in FY2009
- The ROE for FY2010 was 10.27%, surpassing the Headline KPIs ROE of 9.22%

SEGMENTAL PROFITABILITY

Note: The following segmental profitability analysis exclude inter-segment transactions

1. Airport operations

- a) **Airport services:** Following an increase in the airport services revenue, the PBT for airport services segment in FY2010 was RM486.8 million, representing a 17.0% or RM70.7 million improvement compared to FY2009. This is in line with the increase in the segmental revenue.

- b) **Duty free and non-dutiable goods:** PBT for duty free and non-dutiable goods segment was RM156.6 million in FY2010, which was 17.5% or RM23.4 million higher than FY2009. This was mainly due to higher revenue in line with strong passenger movements.

2. Non-airport operations

- a) **Agriculture and horticulture:** The agriculture and horticulture business recorded PBT of RM14.6 million in FY2010, representing a 27.4% growth compared to RM11.5 million recorded in FY2009, due to higher FFB price and improved gross margin resulted from process improvement activities.
- b) **Hotel:** The hotel business recorded PBT of RM5.4 million in FY2010 compared to PBT of RM2.0 million in FY2009, due to higher revenue and improved gross margins.
- c) **Project and repair maintenance services:** This segment recorded a loss before-tax of RM37.7 million in FY2010, compared to loss before-tax of RM39.4 million in FY2009, in line with lower revenue for the year.

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 RM141.7 million for FY2010 as compared to RM90.2 million in FY2009. The increase was attributed to the higher Net Operating Profit Less Adjusted Taxes (NOPLAT) mainly due to overall higher revenue coming from activities undertaken by the Group.

DIVIDENDS

Following the Group's improved financial performance, MAHB had declared and paid an interim dividend of 8.0% less 25% taxation per ordinary share on 29 December 2010 amounting to RM66.0 million (6.0 sen net per share). The Board of Directors also proposed a final dividend of 11.75% less 25% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM96.9 million subject to shareholders approval. The total dividend payment of RM162.9 million represent a full year dividend payout ratio of 55.4%. This is in line with 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 26.72 sen in FY2010, lower than the 31.86 sen recorded in FY2009. The return on shareholders' equity ("ROE") was 8.88% compared to 10.75% recorded in FY2009.

The decline in EPS and ROE are mainly due to MAHB's adoption of FRS 139, resulting in a higher share of losses in an associate company, SGIA. The management had initially assessed an expected decline in ROE from 9.22% to 6.57% due to the FRS 139 effect, as per the two sets of FY2010 Headline KPIs announced on 31 December 2009.

Notwithstanding the above, MAHB has significantly surpassed the Headline KPIs ROE for FY2010:-

- FY2010 ROE was 8.88%, compared to the Headline KPIs ROE of 6.57%
- Stripping out the effects of FRS 139, the ROE for FY2010 was 10.27%, surpassing the Headline KPIs ROE of 9.22%

FY2011 HEADLINE KPIs

Measures	FY2011 Headline FPIs
i) EBITDA	RM773.4 million
ii) ROE	10.73%
iii) Airport Service Quality Awards	KLIA Ranking Top 5 Worldwide

The Headline KPIs are targets or aspirations meant to drive MAHB's performance in FY2011. These Headline KPIs are disclosed on a voluntary basis, signaling MAHB's commitment towards transparent performance measures and good corporate governance.

The Headline KPIs are set based on MAHB's strategic plans and long term targets that were developed under MAHB's Five Year Business Direction (2010-2014) planning initiative, with emphasis on the broader internal initiatives that are put in place for FY2011. It is also based on the assumption that there will be no significant changes in the prevailing economic and political conditions, present legislation and/or government regulations, as well as with the expectation that the businesses of the MAHB Group will continue to grow as expected.

AIRPORT PERFORMANCE Benchmark

Performance indicators relate to the measurement of inputs and outputs. For an airport, inputs include capital investment, staff cost and operational overheads, while the physical output could be categorised under four main components: air transportation movement as a measure of airside output, the number of passengers as a measure of terminal output, the volume of air freight handled and the amount of non-aeronautical service outputs. The performance ratios between input and output are used internally to monitor the performance of airports over time, in preparation of budgets and to compare performance within airports in the Group.

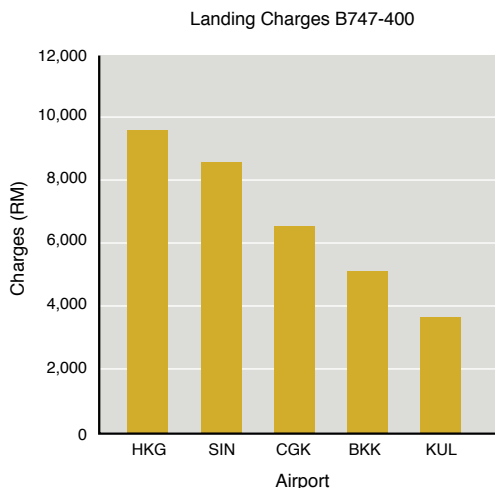
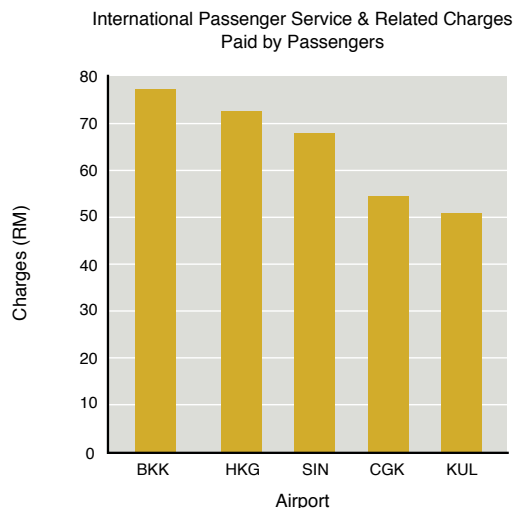
There is growing recognition within the airport industry of the value of performance appraisal and the use of benchmarking. In fact, airport performance benchmarking has come into acceptance in the last 20 years, particularly when some airports moved from public sector control to modern business and in some cases by airport privatisation. With various airport operational models such as fully privatised airports, partially privatised airports and publicly owned 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; and
- Differences in economic conditions

The financial information on airports is limited and difficult to obtain. The International Civil Aviation Organisation (ICAO) produces airport financial statistics annually but it is not published early enough. In addition, for airport operators that are listed, the available data from published accounts is usually for the entire Group. For example, Malaysia Airports Holdings Berhad is a listed entity but KL International Airport is not published on an 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 KL 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 a commendable growth in 2010 compared to other airports in the region. KLIA’s growth of 14.8% in 2010 was even more impressive considering it was on top of 2009 growth of 7.8%. Back in 2009, most of the airports below actually experienced a decline in passenger traffic. Moreover, the bulk of KLIA’s growth in 2010 was attributed to a 20.8% increase in international passenger movement. The traffic performance of the related airports is as follows:

Airport	2010	% Change
Soekarno Hatta International Airport Jakarta (CGK)	44.0 million	↑ 18.4
Incheon International Airport Seoul (ICN)	33.6 million	↑ 17.1
KL International Airport (KUL)	34.1 million	↑ 14.8
Changi Airport Singapore (SIN)	42.0 million	↑ 13.0
Hong Kong International Airport (HKG)	50.4 million	↑ 10.6
Suvarnabhumi Airport Bangkok (BKK)	42.8 million	↑ 5.6

Source: ACI (preliminary)

More intense airline competition brought about by deregulation in various world regions has placed airports in a much more competitive environment where they are now under greater pressure to compare their performance with their competitors in order to enhance efficiency, improve service and lower costs. Moreover, airports have to cater to the demands of low-cost airlines where their strategy is to minimise operational cost in terms of airport charges and fast turnaround time. Apart from airport performance benchmarking, 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 in order to become key traffic hubs for air transportation. MAHB continues to benchmark itself internally against other airports in the region and globally and strives for continuous improvements in its operations including, amongst others, the retail optimisation plan and the construction of the new Klia2.



Dividend

POLICY

DIVIDEND POLICY

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

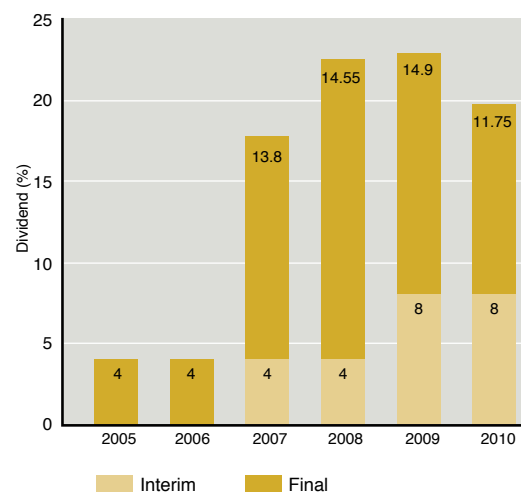
A good dividend policy always serves in the best interests of a company and its shareholders. A company may use dividends as a signal to inform outsiders regarding the stability and growth prospects of the company. Apart from maximisation of shareholders' wealth, the company may be able to earn the confidence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

Commencing from the financial year ended 31 December 2007, 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 subject to availability of distributable reserves.

The rationale for the dividend policy is as follows:

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

The summary of dividends declared and paid to the shareholders of MAHB for the financial years ended 31 December 2004 to 2010 are tabulated below:-



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

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

Financial

CALENDAR

FINANCIAL YEAR 2010

QUARTERLY RESULTS ANNOUNCEMENTS

17 May 2010

Unaudited consolidated results for the 1st quarter ended 31 March 2010.

17 August 2010

Unaudited consolidated results for the 2nd quarter ended 30 June 2010.

29 October 2010

Unaudited consolidated results for the 3rd quarter ended 30 September 2010.

16 February 2011

Unaudited consolidated results for the 4th quarter ended 31 December 2010.

HEADLINE KEY PERFORMANCE INDICATORS ANNOUNCEMENT

31 December 2009

2010 Headline Key Performance Indicators.





DIVIDENDS

Interim Dividend of 8 sen per ordinary shares less 25% income tax

29 November 2010
Notice of book closure date

15 December 2010
Entitlement date

29 December 2010
Payment date

Final Dividend of 11.75 sen per ordinary shares less income tax of 25%

6 April 2011
Notice of book closure date

16 May 2011
Entitlement date

31 May 2011
Payment date

GENERAL MEETING

6 April 2011
Notice of 12th Annual General Meeting

28 April 2011
12th Annual General Meeting



A silhouette of an airport control tower is centered in the frame against a vibrant orange and yellow sunset sky. The tower has a wide, flat top with several antennas and a smaller, rounded observation cab on top. The main body of the tower is a solid black rectangle. Overlaid on the lower half of the tower is a block of text in a bold, orange, sans-serif font.

**WE ARE POISED TO BE
THE NEXT GENERATION HUB.
WE PROVIDE UNLIMITED CONNECTIVITY
AND SEAMLESS INTEGRATION FOR
ALL ROUTES, AIRLINES AND TERMINALS.**

POSITIONING FOR THE SUCCESS.

Chairman's STATEMENT



Dear Shareholders,

A year of greater aspirations beckoned. MAHB's 'Runway to Success' was in its first year of implementation, and we are cautiously optimistic about the journey so far. We are driven by passion and purpose, and as an organization that prides itself for its creative and innovative approach to its commercial aspirations, we are now poised to be at the forefront of the marketplace.

Malaysia Airports Holdings Berhad (MAHB) registered another year of commendable performance in FY2010. Revenue stood at RM1,812.9 million, representing a growth of 12.6% or RM203.2 million compared to RM1,609.6 million in the previous financial year (FY2009). Earnings before interest, tax, depreciation and amortisation (EBITDA) for FY2010 grew 15.0% or RM92.3 million to RM706.9 million, from RM614.6 million in FY2009.

THE YEAR IN REVIEW

As the nation experienced a 7.2% growth rate in terms of its Gross Domestic Product (GDP) for 2010, one could say that this was one of the best performing years for aviation. Most regions in the world experienced growth in passenger and cargo movements. Overall, airports operated by MAHB handled a record number of 57.8 million passenger movements in 2010, while KL International Airport's (KLIA) 14.8%

increase in year on year growth in terms of passenger movements to 34.1 million is also a positive trend. Both Malaysia Airlines and AirAsia made significant contributions to the continued resilience of our airport operations.

Figures from Airport Council International (ACI) indicated that global passenger traffic grew by 6.3% and cargo by 15.2% in 2010. The International Air Transport Association (IATA) also led the chorus by estimating slightly higher numbers, with an 8.9% increase in passenger traffic and an 18.5% increase in cargo traffic. The global airport sector experienced a rebound as passenger volumes grew over the past six to 12 months. This represented a recovery from the tough operating conditions experienced in 2009. The rise of low cost carriers in the region was also a boon for airport operators as passenger numbers rise and load factors improve.

Overall, as reported by IATA, the recovery within the travel industry was stronger and faster than most expectations, with Asia Pacific eclipsing North America as the world's largest air travel market, and it continued to outperform the rest of the world. Asia Pacific airlines were on the upswing, while American and European airlines were not experiencing great growth in traffic. Nonetheless, our American and European counterparts experienced a rebound of sorts, with a growth in premium and business class passengers, and optimisation of single aisle aircraft to achieve desired load factors.

This emerging trend in Asia is perhaps one of the most salient indicators of how globalisation and urbanisation change the landscapes that we operate in, and this can only be good news for airlines that have exposure to this region. IATA reports that this year marked a truly remarkable cyclical turnaround in profitability for airlines, with operating margins back above the peaks of 2007, while IATA also predicts that revenues will continue to grow albeit more slowly in 2011 amid rising fuel costs.

Chairman's

STATEMENT

At MAHB, we are constantly striving to remain a competitive hub as we face increasing competition from airports in Bangkok, Singapore and Hong Kong. Our low aeronautical charges, which include landing and parking charges, have remained unchanged for the past 18 years, while our aerobridge and check-in counter charges have not increased for the past 31 years.

Moreover, we have ensured a host of incentive packages, such as the Airline Recovery Programme (ARP), provide airlines with a compelling reason to make KLIA their preferred hub. Promoting our airports to airlines also requires us to work in tandem with tourism bodies as well as maintaining our online presence through portals such as flyklia.com, which serves as an online booking centre to bring together full service airlines and low cost carriers under one 'umbrella' concept.

With the ever evolving market conditions, global airline competition and increasing pressure on costs and revenues, the international aviation business is one of nuanced complexities. We cannot just look at ourselves as mere infrastructure providers but also look towards diversifying our revenue streams.

As always, MAHB is looking towards the continuous management of its cost efficiency modules, as we aim to sustain our position as the top five best airport in the world in our Airport Service Quality

(ASQ) ranking that is in line with our Headline KPIs. We are currently the fifth best airport worldwide, in the 25-40 million passengers per annum category of the ASQ programme by Airports Council International. It has been an interesting year, and we look forward to the future with unbridled enthusiasm.

OPERATIONAL HIGHLIGHTS

The total passenger movement in KL International Airport (KLIA) for FY2010 increased by 14.8% to 34.1 million from 29.7 million in FY2009; while total passenger movement in other airports increased by 9.6% to 23.7 million from 21.6 million in FY2009. Overall, the total increase of passengers from KLIA and other airports registered a 12.7% increase to 57.8 million in FY2010 from 51.3 million in FY2009.

In terms of total cargo movements in KLIA, there was a 15.5% increase to 674.9 million kg in FY2010 from 584.6 million kg in FY2009; while total cargo movements in other airports increased by 10.8% to 243.2 million kg in FY2010 from 219.4 million kg in FY2009. Overall, the total increase in cargo movements from KLIA and other airports registered a 14.2% increase to 918.1 million kg in FY2010 from 803.9 million kg in FY2009.

In the case of aircraft movements in KLIA, there was an 8.4% increase to 244,179

in FY2010 from 225,251 in FY2009. In the case of aircraft movements across other airports, there was a 7.5% increase to 333,907 in FY2010 as compared to 310,542 in FY 2009. Overall, the total increase in aircraft movements from KLIA and other airports registered a 7.9% increase to 578,086 in FY2010 from 535,793 in FY2009.

AirAsia Group grew by 13.7%, MAS by 10.9% and other carriers by 14.1%. In the international sector, AirAsia grew by 29.4% against 20.5% of MAS and 13.8% of other airlines. The growth experienced by these carriers was mainly due to the launch of additional frequencies for its routes. Moreover, the continued liberalisation of lucrative routes to low cost airlines and full service airlines have resulted in increased momentum for growth in airports such as KLIA, Kota Kinabalu, Kuching and Langkawi. It should also be noted that the economic stimulus packages in the region have also been a factor in ensuring passenger and cargo traffic continue to grow despite weaknesses in Western economies.

Venturing Overseas

Opportunities abound in this era of globalisation, and the trend in the airport industry around the world is gearing towards privatisation and concession-based operations. MAHB had established the Overseas Ventures Division in 2009 to monitor all its existing

investments overseas and to look into new opportunities involving airport concessions and privatisation projects around the world.

MAHB is committed to the fundamental objective of long-term growth. Through its wholly owned subsidiary company Malaysia Airports Consultancy Services (MACS), MAHB will continue to provide airport operation and management consultancy services to overseas airports. The target market segments include airports with less than five million passengers per annum (mppa) capacity in the South East Asia, Middle East/Northern Africa (MENA) and China.

In terms of the South East Asian markets, countries like the Philippines, Cambodia and Indonesia are preferred, as there is healthy passenger growth fuelled by a constant expansion of routes by the low cost carrier boom. Moreover, the liberalisation of air services in the future will also create more routes and this should lead to the growth of airports.

MENA countries such as United Arab Emirates, Saudi Arabia and Oman are attractive destinations for us, as budgets and funds are available for airport development projects in these countries. These countries are keen to work with an airport operator from a Muslim country like Malaysia.

With the ever evolving market conditions, global airline competition and increasing pressure on costs and revenues, the international aviation business is one of nuanced complexities.

Along the years, MAHB has established itself as a brand name in terms of airport investments, and as a testament to this, MAHB won the Airport Investment Company of the Year for 2010 awarded by Frost & Sullivan. The overseas airports under MAHB's investment portfolio are Rajiv Gandhi International Airport (Hyderabad, India), Indira Gandhi International Airport (Delhi, India), Sabiha Gokcen International Airport (Istanbul, Turkey) and Malé International Airport (Maldives).

In line with MAHB's aspiration to be a global leader in airport investment and management, MAHB is seriously looking into new yet viable opportunities throughout the world, particularly in Asia. Nevertheless, if there are feasible projects in other regions in the world, MAHB is not closing its doors to such opportunities. Our overseas involvement also does not limit us to just equity participation, but also airport management services, airport consultancy & planning services, airport training services, ICT services and commercial services and participation.

It is also important to note that in our efforts to position ourselves as the global player in airport investments, we do not compromise the development of our local airports.

Looking outwards, one of the most significant developments of the year was the achievement by MAHB and GMR in winning the bid to build, operate and modernise the Male International Airport (MIA) in the Republic of Maldives on the 30th of June. The project will involve the rehabilitation, expansion, modernisation, operation and maintenance of the MIA, based on a 25-year concession agreement. MIA is the gateway to the idyllic and enchanting Maldives and is one of the fastest growing airports in the region. With its tourism potential and exponential growth in passenger movement, MIA is an extremely profitable airport with a high revenue model. Male is the prime destination for tourist traffic from Europe. A unique feature of the MIA includes a sea-plane port, which adds a different element to the operational dimension of the airport.

Chairman's

STATEMENT

MACS is now in pole position to value add in the areas of airport operations, technical services and the provision of airport related training programmes to Male International Airport thereby enhancing the image of MAHB's capacity and capabilities to manage and operate airports, both locally and internationally.

Interestingly, Istanbul's Sabiha Gokcen International Airport registered the highest passenger traffic growth in the world, at 75% in 2010. This was a truly remarkable feat that followed a 52% increase in passenger traffic growth in 2009. As the airport handled 11.6 million passengers in 2010 as compared to 6.6 million passengers in 2009 ; these are truly staggering figures and it reflects well on MAHB's ventures overseas.

Furthermore, on the 23rd of July 2010, a Memorandum of Understanding (MOU) was signed between MACS and Nagamas Enterprise (HK) Limited (NEL) with established principles that reflected MACS and NEL's intention to set up a joint venture arrangement to participate and explore the possibility of the provision of airport operation, management and technical consultancy services to the Yongzhou Lingling Airport as well as other airports in China.

Upon signing the MOU, both parties decided to bolster their working arrangement by entering into a joint cooperation agreement on the 22nd of February 2011.

The opportunity to provide airport operations and management services to Lingling Airport will enable MAHB to gain a foot hold in the lucrative aviation market in China and would be a welcome addition to our commercial aspirations in the region. Its established market economy system and improved legal environment ensure a stable model for investment as well. Moreover, cheap labour forces provide a great incentive for foreign companies to invest in its labour-intensive industry.

OUR FINANCIAL PERFORMANCE

MAHB continues to deliver results that match our expectations, in spite of the challenging global and regional conditions of the aviation industry. FY2010 was another year of robust revenue and profitability for the Group.

Profit before tax and zakat ("PBT") for FY2010 stood at RM445.0 million, representing a marginal decline of 1.7% compared to FY2009. This was mainly due to the adoption of Financial Reporting Standards 139 ("FRS 139") Financial Instruments: Recognition and

Measurement, resulting in a higher share of losses in an associate company, namely Sabiha Gokcen International Airport Limited ("SGIA"). MAHB owns a 20% equity stake in SGIA which develops, operates and manages an airport in Istanbul, Turkey. It should be noted that the Sabiha Gokcen airport is currently experiencing a remarkable rate of growth in terms of passenger numbers, and that MAHB believes in the long term potential of its investment.

This is MAHB's first-time adoption of FRS 139, which is a requirement in Malaysia effective 1 January 2010. Under FRS 139, all financial instruments have to be stated at fair value. Stripping out the effects of FRS 139, the PBT for FY2010 was RM 499.8 million, which was 10.4% or RM47.2 million higher than the RM452.6 million registered in FY2009.

The aeronautical component of the business contributed RM868.7 million, an increase of 13.9% from RM763.0 million in FY2009. Meanwhile, the non-aeronautical component of the business contributed RM944.2 million, representing a 11.5% increase from RM846.6 million in FY2009. In totality, the aeronautical component of the business contributed to 47.9% of total revenue, compared to the non-aeronautical component of the business which contributed to 52.1% of total revenue in FY2010.

As far as our segmental revenue is concerned, the airport operations segment increased by 14.0% to RM1,675.2 million, resulting from higher passenger growth rates as well as increases in revenue from rental and retail operations. In terms of non-airport operations, the segment's revenue saw a marginal decrease of 2.1% to RM137.6 million, as compared to RM140.5 million in FY2009, despite higher revenue in the hotel services segment, which grew 9.3% to RM62.9 million as compared to RM57.5 million in FY2009, due to higher room rates, occupancy rates and food and beverages income.

The agriculture and horticulture segment recorded a lower income of RM46.7 million, as compared to RM48.5 million in FY2009, resulting from the clearing of a portion of the plantation land meant for the construction of Klia2. The Project and Repair Maintenance segment, which is mainly involved in the provision of mechanical, electrical and civil engineering services, airport business consulting, maintenance and technical services, saw a decline in revenue to RM28.0 million in FY2010 as compared to RM34.5 million in FY2009, due to lower number of projects secured in FY2010.

Along the years, MAHB has established itself as a brand name in terms of airport investment, and as a testament to this, MAHB won the Airport Investment Company of the Year for 2010, awarded by Frost & Sullivan.



Chairman's

STATEMENT

Despite the volatile market conditions, MAHB's counter has demonstrated its strong defensive nature to consistently outperform the benchmark FBM KLCI. MAHB's share price has increased significantly since the restructuring exercise in February 2009 and closed the year at RM6.28, which was a 58.2% increase from FY2009. It should be noted that the shareholder wealth has also more than doubled since the IPO in 1999.

The billion dollar issuance

In a related development, MAHB through its wholly-owned subsidiary, Malaysia Airports Capital Berhad, successfully completed its inaugural first tranche issuance of a 10-year RM1.0 billion Islamic Medium Term Notes (Islamic MTN) at a yield of 4.55%, pursuant to its Islamic Commercial Paper Programme and Islamic MTN Programme with a combined aggregate nominal value of up to RM3.1 billion (collectively known as the "Sukuk Programmes").

The offering attracted an overwhelming order size of more than RM9.9 billion from a diverse group of investors comprising, amongst others, financial institutions, asset management companies, pension funds, insurance companies and corporate establishments. We subsequently raised another 12-year RM1.5 billion Sukuk at a yield of 4.68% on 17 December 2010, which was also oversubscribed.

The proceeds raised from the Sukuk Programmes will be used to part finance the development of the new low-cost carrier terminal, Klia2, which is expected to be completed by April 2012. The proceeds was also used to refinance MAHB's existing borrowings, which were utilized for Shariah-compliant purposes, and may also be used for the Group's other general corporate purposes.

The AAA rating accorded by RAM Rating Services Berhad and the overwhelming demand for our Islamic MTN is testimony of our solid financial footing. This development has also demonstrated investors' confidence in MAHB's world-class airport management expertise, experienced management, strong Government support and robust financial position. Furthermore, our excellent debut in the debt capital markets arena coupled with the positive response to our 'Runway to Success' business plan certainly demonstrate just how far MAHB has come in the last decade from the early days of corporatisation and listing to the new and improved public-private partnership model with the Government under the New Operating Agreements.

DIVIDENDS

For FY2010, following the Group's improved financial performance, MAHB has declared and paid an interim dividend of 8.0% less 25% taxation per ordinary share on 29 December 2010 amounting to RM66.0 million at 6 sen per share. The Board of Directors also proposed a final dividend of 11.75% less 25% taxation on 1,100,000,000 ordinary shares, amounting to dividend payable of RM96.9 million, subject to shareholders approval.



The total dividend payment of RM162.9 million represent a full year dividend payout ratio of 55.4%. MAHB remains committed to enhancing shareholder value and we have a dividend payment policy of at least 50% of MAHB's profit after tax and minority interest, subject to the availability of distributable reserves.

OUR BUSINESS DIRECTION

MAHB aims to be a world-class airport business, and in our quest to achieve this, we will put our people first, namely our customers, staff and our shareholders to deliver performance now, by focusing all of our resources to succeed in executing all of our business initiatives. This is in line with the 1Malaysia concept of 'People First, Performance Now'. As a Group, we are driven by creativity and innovation in terms of maximising revenue from non-aeronautical activities, and this will continue to allow us to keep our aeronautical charges low and offer the best value in the region to airlines operating out of our airports.

We have refined our Corporate Vision to be a World-Class Airport Business. This is supported by a Mission Statement that among other objectives, aims to exceed the expectations of all our stakeholders. MAHB has also embarked on a Continuous Improvement Programme ("CIP") which focused on delivering the shareholders' financial aspirations.

This will be achieved via cost savings and revenue enhancements, realigning our strategic plans, integrating and synergising people, process and systems within our Group.

Commercial development will also be one of the key drivers of profitability for MAHB over the next five years. Strategies are in place to revolutionise the retail experience and drive new income streams to double our revenue by 2014. Growth through commercial activities is essential for delivering strong returns to shareholders whilst enabling aviation charges to remain competitive, in turn driving further airport growth.

MAHB is anticipating further changes to the industry landscape following the liberalisation of intra-ASEAN air services agreements and airlines route expansion. With the growth of low cost airlines in the region, we are already seeing increased flights from our regional airports to regional destinations in other countries. Therefore, our key challenge is to ensure that we provide adequate capacity at our airports to cater for the expected growth in traffic. We have planned for capacity growth at our airports by developing and receiving approval for the National Airport Master Plan, which lays out the future requirements for airport development throughout the country.

The Blueprint for Success

This was a year that marked a new chapter in the illustrious history of MAHB with the unveiling of our future roadmap in terms of our business direction for 2010 to 2014, the 'Runway to Success'. It is therefore apt that the theme for our Annual Report is being coined as 'Positioning for the Success'.

We are reaffirming our vision to be a World-Class Airport Business by ensuring our mission to provide premier quality aviation gateways, cost effective airport network and excellent services that ultimately result in exceeding the expectations of customers, shareholders and stakeholders as a whole.

Our focus will be on increasing passenger numbers to over 60 million per year, with an emphasis on strengthening KLIA as the Next Generation Hub, which will integrate the operations of full service airlines and low cost airlines into a convergence of routes, airlines and seamless travel opportunities within the region.

Service excellence will of course be a top priority as it will be benchmarked against the best airports worldwide. Moreover, we have outlined a comprehensive yet strategic plan to make commercial development our main driver to achieve a Group EBITDA and ROE in excess of RM1 billion and 10%, respectively by 2014.

Chairman's

STATEMENT

At MAHB, we are focused on delivering the shareholders' financial expectations, via cost savings and revenue enhancements. This would involve us realigning our strategic plans, and integrating and synergising people, process and systems in MAHB. As we move forward in our endeavours, our vision is one of clarity and purpose, and the Group is confident in its ability to serve the nation's interest and surpass the expectations of our stakeholders. The overall strategies and action plans are progressing as planned. In totality, we are satisfied with the performance of our aeronautical segment and are confident of achieving our objectives that are listed under the Business Direction by 2014.

Klia2 – A new beginning

One of the key drivers for MAHB's commercial development that is set to take off is Klia2 and on the 16th of July 2010, a joint venture between UEMC and Bina Puri was awarded the RM997.2 million contract to build Klia2, the new terminal for low cost carriers. It will be the world's largest purpose-built dedicated terminal for low cost carriers, able to handle 30 million passengers initially, and it has the flexibility and scalability to expand for future growth and changes to the operational models of the airlines. It will also be a catalyst for innovative new offerings, including an air-ground multi-modal interchange and a suite of airport city facilities.

The Prime Minister, YAB Dato' Sri Mohd Najib Tun Abd Razak, officiated the ground breaking ceremony for the commencement of the construction of Klia2 on the 30th of August 2010, marking a significant milestone in the aviation history of Malaysia.

As this terminal will be located only 1.5 kilometers away from the current Main Terminal Building, as per the recommendations of the National Airport Master Plan (NAMP), the new terminal will allow for easy inter-terminal transfers and better connectivity between the two terminals.

Slated to be completed in 2012, this will be a focal point to the success of the Next Generation Hub, a concept that promises a seamless travel experience for travellers in either full service airlines or low cost carrier airlines, where a convergence of routes, airlines and interconnectivity will flourish for years to come.

The low-cost carrier wave

Over the last 10 years, low fare travel has increased by leaps and bounds and today it constitutes 16% of total travel in the Asia Pacific region and 43% in the Malaysian context, and these percentages are expected to increase in the coming years. AirAsia, the home grown carrier, has been the principal driver for this growth, and MAHB along

with the Government, have been crucial enablers in fully supporting low fare travel for the benefits of all Malaysians.

Boldness does have its advantages. At a time when the true potential of low cost travel was still shrouded in uncertainty, MAHB and the Government boldly implemented a plan to build the first dedicated low cost carrier terminal in 2006. It was built as a temporary solution to meet the immediate requirements of AirAsia.

The terminal was purpose built to suit AirAsia's business model of point to point operations. This meant no transfer traffic, no interlining and baggage transfers for single narrow-body aircraft operation. There were also no aerobridges, no bussing of passengers and no power-in power-out operations. This terminal has enabled AirAsia to expand its operations in a manner that has taken the whole region by storm.

Upon completion of Klia2, the current terminal will be used as a cargo warehouse, in line with the original plan for the area. We have already received requests from interested parties. The low cost carrier business model has changed significantly since its inception. Hence in designing the new terminal, MAHB has taken into account these changes as well as any anticipated changes that may occur in the future.

Klia2 offers LCCs the choice to either utilise the aerobridge or deploy passenger steps due to cost considerations. Nonetheless, MAHB advocates the use of aerobridges for passenger convenience and safety. Currently, LCCs will be able to utilise the aerobridge at a competitive rate of RM85 per use, that is the lowest in the region.

The terminal's design will incorporate modern features which include the Pedestrian Skybridge, which is the first in Asia, and third in the world. Consequently, in accommodating the various viewpoints and requirements, design changes became inevitable. This has resulted in a requirement for a larger terminal than originally envisioned two years ago – an increase of 60% in terminal size from 150,000 sqm to 255,346 sqm. By comparison, the current LCCT is only at 150,000 sqm, handling 15 million passengers.

The evolution of operations

Amongst the contributing factors to the increase in size include the evolution of AirAsia's business model from merely providing a point to point operation to a hub model. As AirAsia has indicated that 50% of its traffic will be transfer traffic, this requires more space to be allocated in the terminal to cater for the transfer traffic, including the baggage handling facilities for transfer baggage.

We are reaffirming our vision to be a 'World-Class Airport Business' by ensuring our mission to provide a premier quality aviation gateway, cost effective airport network and excellent services that ultimately result in exceeding the expectations of customers, shareholders and other stakeholders.

Apart from this, the government's security requirement for the full separation of arriving and departing international passengers and segregation of domestic and international passengers, has resulted in an additional level to be incorporated to the terminal design. This will be the first terminal in the country where such separation of passengers had been provided for at the design stage.

As a common hindrance for the full utilisation of terminal capacity at most airports boils down to the availability of boarding gates, Klia2 will aim to be ahead of the curve by having 68 gates in the design, although industry standards dictate that only 55 gates are needed to handle 30 million passengers. Therefore, these additional boarding gates, along with the anticipated future improvements in technology, will make future expansions a smoother transition. Furthermore, these additional gates will also be in line with AirAsia's request as to minimise towing of aircrafts, in order to reduce their operating costs.

In accordance with our strategic direction to increase our commercial revenue, as stated in our blueprint for success, a lot of thought has been put into maximising

space for retail and F&B. At 48,000 sqm, which is three times larger than the commercial space at the current LCC terminal, this new approach will support our concept of having an airport within a lifestyle shopping environment.

The design concept will take into account passenger comfort levels that are comparable to that of the Kota Kinabalu and Kuching airport terminals. Other enhancements include plans for a multi-modal transportation hub for buses, taxis and the ERL as well as a multi storey car park that accommodates 6,000 parking bays, which add to a better overall experience for passengers and members of the public.

The terminal will be built to meet the Green Building Index certification. The design of the terminal embraces the concept of Eco Air Terminal, synonymous with the eco-friendly and green building technology, widely planned for the development of this airport. This is owing to the design concept of the terminal, which applies sustainable architecture, green-building, and energy-efficiency in most aspects of its development and construction processes.

Chairman's STATEMENT

Shifting mindsets

MAHB believes in striking a balance between dividends distribution and potential growth that could be realised by reinvested earnings. This is our way of looking towards the future in order to prepare ourselves to seize opportunities for growth. By optimising our cost of capital to include a reasonable return on assets at a sufficient level, it allows us to secure financing on favourable terms in capital markets. We can also look forward to new or expanded airport infrastructure that will remunerate shareholders adequately.

Nonetheless, one of the biggest challenges for airports today is managing the capacity to cope with future traffic growth. Ensuring cost efficient and timely provisions of expanded airport infrastructure according to user demands is a delicate matter as the operations involve a very high proportion of fixed costs. MAHB undertakes a host of measures to ensure that infrastructure developments are undertaken cost efficiently, timely with return on investment, while protecting the best interests of our airline customers.

Interestingly, there has been a shift in terms of shareholder expectations in the current economic climate. It may have been in vogue for shareholders to maximise short term value creation in



the past, as companies back then responded by prioritising near-term profits, top-line growth, a minimisation of excess capital and risk taking through compensation policies. But times have changed, and investors are not that confident about capital markets; leading shareholders to expect companies to realign their corporate mission towards long term value and financial stability.

At MAHB, we are unrelenting in our commitment towards our shareholder's financial expectations. We have embarked on cost savings and revenue enhancement initiatives that consist of realigning MAHB's strategic plans through synergising people, processes and systems. It is our belief that by addressing each of these core concerns, we are positioning ourselves to be resilient in the face of adversity, whilst concurrently ensuring our long-term growth and stability.

A Paradigm Shift

The MAHB-GLC transformation programme has been a largely positive exercise, and its focus has been on emulating world class best practices to create a new wave of creative 'out of the box' thinking and a stream of fresh bold ideas, to improve our airport business. As a result, the 'Colour Books' played an active role in terms of being the transformation pillars, and Four Cross Functional Teams (CFT) also combined to tackle all major transformation agendas within the company. It is with extreme care that we aligned our initiatives to be in touch with the ever evolving trends of passenger and customer trends.

The Colour Books have addressed various improvement areas under our business processes, such as procurement, regulatory affairs, corporate responsibility and the enhancement of human capital. There has also been great improvements in the cross functional approach, where the CFT projects have proven to be successful in improving coordination and innovation across divisions and resolve challenges within the company. These advancements were reflected in our bottom line.

The benefits from this new concept have seen enormous savings; RM62 million (28% of total project costs) in 2008, RM33 million (10% of total project costs) in 2009 and RM51 million (17% of total project costs) in 2010.

The Value Management concept was also applied to the ongoing construction of Klia2, reducing the estimated costs by RM1.5 billion. MAHB is certainly on the right track, as even the Malaysian Government is implementing Value Management benchmarks for projects that are worth more than RM50 million. Another integral facet is the Continuous Improvement Management (CIM) program that is focused on the underlying 'Lean Principles', and this is all about ensuring the overall structure of systems, processes and levels are integrated into a sustainable yet improved model. As employees gather a deeper understanding of Lean Principles, organisations within

our Group will be able to develop and deploy specific methodologies and practices that are unique to the organisation.

To achieve Lean transformation, it would require widespread commitment throughout the organisation. Furthermore, management will also have to demonstrate a high level of respect for the employees, as these empowered associates will then feel compelled to educate and develop themselves in order to improve the processes that they believe in. In order for Lean concepts to migrate from narrow tool-level application to a deeper level of ingrained principles, there must be no compromise to individual values and morale.

In totality, the Lean concept is becoming the de facto standard in most organisations, as it is based on timeless principles that assist all members of organisations to see improvement of opportunities more clearly. At MAHB, we approach the Lean transformation in a systematic manner as outlined within MAHB's transformation journey.

SUSTAINABILITY VIA STAKEHOLDER ENGAGEMENT

The Marketplace

We are committed towards making our airports an attractive value proposition to all of our airlines. It is in this vein that we cherish the partnerships that we have earned through loyalty and respect with our airline partners, and they in return appreciate our efforts. One such initiative has been the Airline Recovery Programme (ARP) that has been in effect since 2009, which is designed to encourage continued passenger growth and support for our partners in the airline industry.

MAHB paid a total of RM31.1 million in airline incentives in FY2010, compared to RM27.5 million in FY2009. MAHB believes in promoting a conducive environment for the growth of its aeronautical operations, and this programme is another avenue for the Group to demonstrate its corporate responsibility towards the marketplace.

As we move forward in our endeavours, our vision is one of clarity and purpose, and we are confident in our ability to serve the nation's interest and surpass the expectations of our stakeholders.

Chairman's

STATEMENT

For the record, new airlines flying into KLIA, LCCT-KLIA and the Sultan Abdul Aziz Shah Airport, Subang receive incentive payments of RM10 per inbound passenger for the first 12 months of operations. In order to promote tourism to other states in Malaysia, a higher incentive payment of RM25 per inbound passenger was given to all new airlines flying international services to all the other airports.

Furthermore, these new airlines flying into Malaysia will enjoy a waiver in landing fees for three years for each new service operated. Also included is free office rental for six months. The existing airlines are similarly being rewarded for growth, and they will enjoy an incentive payment of RM10 for the first 10% increase in passengers, RM12.50 for the next 8%, and RM15 for each passenger growth above 18%, using their passenger load volume in 2008 as the base year. This is on top and beyond the 50% discount offered on all landings for all airlines at all airports in Malaysia under the Government's Economic Stimulus Plan, which is effective from April 2009 to March 2011.

Industry Relations and Events

MAHB is passionate about the passenger experience, and as a result, continues to maintain a proactive presence in terms of hosting major aviation related events; one such instance was the 'Check-In

Asia' conference that was held at the Pan Pacific KLIA hotel from the 24th to the 26th November 2010. The theme of the exhibition and conference was 'Enhancing the passenger experience – from beginning to end' and it featured travel industry stakeholders across the Asia Pacific region such as airlines, airports, handlers, hotels, cruise operators, government agencies and industry providers. The forum focused on future check-in practices and a closer look at end-to-end processes from the passenger's point of view.

Participants of 'Check-In Asia' also had the opportunity to experience the latest check-in process improvements at KLIA, as it was the first international airport in the Asia Pacific region to achieve the Platinum status from IATA for the implementation of Bar Coded Boarding Passes (BCBP). BCBP is basically a 2-dimensional bar code that can be printed either on a boarding pass or home check in boarding pass or in an electronic form via a mobile phone. BCBP is part of IATA's Simplifying the Business (StB) programme, which has issued an industry mandate for all boarding passes to be bar coded by 2010. The BCBP also promotes cost savings, with IATA predicting a cost savings of up to US\$1.5 billion every year.

The sessions put an emphasis on enhancing the passenger experience through every stage of the travel process,

such as security, immigration, baggage related issues, advanced self-service strategies and future terminals with new technology and processes. IATA's StB strategies were also on show at this event, and its own specialists as well as guest speakers led in-depth technical sessions on the 'Fast Travel' programme, which covers check-in, bag registration, document scanning, flight re-booking, self boarding and bag recovery operations.

Networking Platforms Abound

In a related development, the recent Malaysia Airports Concessionaires Conference in 2010, themed 'Soaring To Greater Heights', provided a platform to better understand the advancements in the travel retail industry and the factors that come to play, namely consumer buying behaviour, the overall tourism outlook and effects on an economy where consumers are constantly seeking price-based value propositions.

Conferences such as this are integral in terms of achieving a synergy of strengths in relationships and strategies towards benefiting MAHB and the concessionaire. The conferences presented an opportunity for participants to trouble shoot issues and collaborate in an environment that valued insights, knowledge of consumer expectations and an overall enhancement of the core of our commercial operations.

MAHB also believes in having fun, and its annual 'Media Explore Hunt', which is already in its eighth year, has proven to be a great platform for networking and also as an avenue for MAHB to build on the camaraderie among its personnel and the media fraternity too. Moreover, it was an excellent opportunity for MAHB to exhibit its gratitude to the media for their continuous support and cooperation throughout these years. The event received overwhelming response, with all 50 spots taken up two weeks before the start of the competition.

Apart from this event, MAHB also organised a 'Friendly Go Kart' challenge to enhance the rapport among government agencies. Agencies from the Prime Minister's Department, Ministry of Transport, Ministry of Finance, Khazanah Nasional and the Prime Minister's Office took part in this exhilarating event. The media from Putrajaya also participated in this event that was held at the Sepang International Karting Circuit. It was a great success in terms of strengthening relationships and enhancing the collaborative partnerships between the related agencies and its top management.

The Value Management concept was also applied to the ongoing construction of Klia2, reducing the estimated costs by RM1.5 billion. MAHB is certainly on the right track, as even the Malaysian Government is implementing Value Management benchmarks for projects that are worth more than RM50 million.



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The Environment

MAHB reaffirmed its commitment towards environmental sustainability by launching its first annual Sustainability Report for 2009. The Group believes that managing the impact of our operations on the environment and community as a whole and taking a proactive approach towards ensuring our business processes, is imperative as to how we are viewed collectively. The purpose of this Sustainability Report is to provide a single report that consolidates all our business processes into a single, transparent report that can lead the way forward in improving our business.

The Report consolidated several ongoing efforts undertaken by different units throughout the company. The most successful example of this is our environmental aspect, where we were able to bring existing contributions by our Engineering Department, Operations, Planning & Development, Transformation Management Office (TMO) and Safety Health & Environment (SHE) together. This directly improved communications among the units and have led to a Working Group intent on creating a company-wide Environmental Master Plan.

The positive element of this Report is the room for growth and improvement that it provides us. Among the issues that challenged us were Human Rights and Biodiversity, and throughout 2010,

we have established links with other airports around the world to learn how they address such issues. This move has broadened our knowledge on the concerns of our social and environmental stakeholders and has reinforced our bonds with partners all over the world.

Sharing knowledge and experiences is also part and parcel of this effort, and as we reached out to other GLCs within the country, this show of solidarity has led to the creation of the Corporate Sustainability Circle (CSC) in January 2011, an initiative that was pioneered by Khazanah Nasional.

The Report was compiled using the Global Reporting Initiative (GRI) standard reporting guidelines, which is currently the global standard for triple bottom line reporting. By embracing GRI, MAHB hopes to elevate their activities and efforts beyond the compliance levels recommended by the Bursa Malaysia Corporate Social Responsibility (CSR) Framework and reporting framework of the Silver Book published by the Putrajaya Committee on GLC High Performance (PCG).

MAHB is a firm believer in adopting a holistic approach to its business operations. This report is a breakthrough initiative that is designed to assist the Group to offer better services to its customers, enhance the communities that are part of us and more importantly, preserve the environment and the world we live in.

The Community

MAHB's Corporate Responsibility policy has been embedded in our management practices for the past few years and was aligned with the Silver Book. Beyond Borders, our nationwide school adoption programme has always been the highlight of the CR programmes in MAHB. The objective of this programme is to promote a healthy, competitive yet creative spirit within the minds of the students among the adopted school community. In 2010, the main focus of Beyond Borders was to have improvements in the subjects of Science, English and Mathematics. This has been proven by the increase of passing rates for UPSR examinations in all adopted schools.

12 schools in rural areas were adopted for the period of three years from 2010 to 2012 as against nine schools from 2007 to 2009. The schools are, namely, SK Seri Cheras, W.P. Kuala Lumpur, SK Olak Lempit, Banting, Selangor, SK Labu Ulu Batu 8, Negeri Sembilan, SK Semabok, Melaka, SK Batu 3, Kuantan, Pahang, SK Mengabang Telipot, Terengganu, SK Parang Puting, Pengkalan Chepa, Kelantan, SK Sungai Raya, Kinta, Perak, SK Titi Gajah, Alor Setar and SK Sungai Batu, Teluk Kumbar, Pulau Pinang, SK Temenggong Datuk Muip, Sarawak and SK Wakuba in Sabah.

Based on the dedication and support shown by the teachers, the students showed positive results in the 2010 UPSR examination with a higher percentage of passes and more students getting 5As as compared to the previous year. Moving forward, Beyond Borders will continue its aspiration to empower the lives of the underprivileged children in line with its tagline 'Give Them Wings, Let Them Fly'.

In addition to these initiatives, each year in conjunction with Father's Day and Mother's Day, ERAMAN identifies and embarks on a social service project to benefit the underprivileged, for example, a home caring for senior citizens, and a centre for the physically or mentally less-abled. This year, we focused on the 'Persatuan Kebajikan Anak Pesakit HIV/AIDS Nurul Iman' or PERNIM, an NGO care-giver to 50 children living with HIV/AIDS. In addition to monetary contributions to PERNIM, these children were given an opportunity to be entertained at Cosmos's World Theme Park, Berjaya Times Square.

In conjunction with Deepavali, the Pan Pacific Kuala Lumpur International Airport (PPKlia) contributed some grocery items that include rice, sugar, bee hoon, wheat flour, cooking oil and other items worth RM1000 to Persatuan Kebajikan Agathiar Sanmarka Sanggam (PKASS) Dengkil. PKASS provides a wide range of community services, from feeding the poor,

famine relief and offering medical services. Currently, PKASS provides food rations to over 200 families on a monthly basis. The centre's major activity is to provide a full month's food supply on seven essential items such as rice, sugar, wheat flour, dhal, bee hoon, cooking oil and milk powder to the 200 families around the Klang Valley and Negeri Sembilan.

During the Christmas period, PPKlia's community care committee together with the Learning & Development (Education) team gathered three homes, namely Persatuan Kanak Kanak Istimewa Kajang, Persatuan Kebajikan Thirumular Malaysia and Pertubuhan Rumah Anak Yatim Mary, for a Christmas party on 23rd December 2010. A total of 80 kids and their guardians participated in this event. The children were entertained by 'Peanut' the clown, treated to a scrumptious lunch and musical performance by the choir group of Church of St Theresa in Nilai. After the lunch, individual cheques of RM1000 were presented to each home along with a host of essentials such as recycled linen, face towels, bath mats, hand towels, pillow cases and bed sheets. The children also received three gifts each by hotel representatives dressed in their best Christmas costumes.

Beyond Borders, as part of Projek Pintar, has always been the highlight of the CSR programme in MAHB. The objective of this programme is to promote a healthy, competitive yet creative spirit within the minds of the students among the adopted school community.

In a related development, it should also be noted that Malaysia Airports initiated the payment of 'zakat' in order to fulfill its societal obligation to the Muslim community. Lembaga Zakat Selangor (LZS) has reimbursed MAHB 1/3 of the zakat amount paid in 2010 to be redistributed to Malaysia Airports employees, the underprivileged children of its adopted schools as well as the underprivileged community living within the vicinity of KLIA. Verified and endorsed by LZS, these recipients fall within the definition of the eight 'asnaf' eligible to receive the zakat. In addition, a total of 165 MAHB employees and 933 students from MAHB adopted schools have been identified to receive the zakat allocation.

The Workplace

MAHB invested substantial funds for its Human Capital Development in 2010 and has embarked on the Leadership Development Program to develop leaders within MAHB. The target group for this development is Managers, Senior Managers and selected Executives.

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To enhance their capabilities as leaders, several workshops were conducted, namely the Leadership Feedback Workshop, Business Acumen, Strategic Thinking and Action Based Learning. The program objective was to establish a strong team of leaders to create the multiplier effect for massive growth and deliver breakthrough performance.

Our Human Resources (HR) division is always looking for new approaches to reach the Company's business goals. The ability to attract, optimise, and retain top talent is a vital component to achieve this objective. Branding the organisation to local campuses is the key focus of recruiting programs, and career fairs appear to be the most effective tool to achieve that goal. HR scouts for talent not only from local universities, but also from other universities overseas.

In addition, career fairs also offer an exclusive branding opportunity as students will recognise MAHB's role in providing them with relevant information on career choices. On top of that, HR has also launched a talent sourcing portal with global reach in its recruitment activities. Moreover, we continue to implement and upgrade recruitment procedures in accordance with best practices worldwide.

The Education Sponsorship Program (ESP) is a new MAHB initiative which aims to provide sponsorship for individuals with potential and excellent education backgrounds to continue their studies at selected Colleges and Universities. Apart from ESP, MAHB also places a high value on employee education, and the Education Assistance Program (EAP) is part of the organization's aspiration to promote continuing education for its employees to maintain and improve their job-related competencies.

MAHB continues to send employees to attend the Airport Management Professional Accredited Program (AMPAP) jointly organised by ACI and ICAO. AMPAP is the world's only course-based accreditation programme for airport executives that are delivered both in a face-to-face and online manner. The Malaysia Airports Career Development Programme (MACDP) is another comprehensive program and utilizes a holistic approach to develop a pool of talent to ensure a continuous supply of highly competent airport personnel for its immediate and future needs.

In line with the GLC Transformation Programme, MAHB embarked on the third cycle of the Cross Assignment and Cross Fertilisation program that were focused on strengthening leadership development. This was achieved with the goal of building a new generation of high performing business leaders through the transfer of knowledge and expertise. As the host of the program in 2010, MAHB received eight new cross assignees, with two from other GLCs and one from a Government Ministry.



In 2010, MAHB embarked on a new Performance Management System (PMS) that consists of two performance measures, specifically KPI and competency. In this new system, the behavioral competencies of all staff will be assessed using MAHB's Leadership Competency Model, which has two clusters, namely 'Managing Self' and 'Managing Others'.

In the 'Managing Self' cluster, individuals will be assessed on their capabilities in terms of business acumen, strategic thinking, driving performance excellence, change and continuous improvement, initiative, organisational commitment and analytical thinking.

In the 'Managing Others' cluster, individuals will be assessed on their capabilities in terms of managing stakeholders, team leadership, teamwork, developing others, customer service orientation as well as their impact and influence in certain scenarios. As part of the communication plan, HR conducted sessions with various stakeholders through multiple channels such as awareness training and HR bulletins. In a related development, MA Technologies Sdn. Bhd. was appointed to collaborate with HR on implementing ePMS, an electronic version of the system.

Moreover, MAHB had also participated in the Leadership Development Audit, which was one of the initiatives outlined in the Orange Book by Khazanah Nasional Berhad (KNB). The audit was on 132

positions in the upper management divisions. The audit focused on MAHB leadership activities, outcomes and design plans for improvement. The overall outlook of the audit indicated a general compliance to the Orange Book initiatives. Nonetheless, there are several areas that need to be addressed by the Management.

THE OUTLOOK

A transformative vision

At MAHB, we believe in the value of constant change and the spirit of evolution. Constantly innovating and leveraging on our strengths and capabilities is about the only way to stay ahead in this competitive marketplace. In this vein of thought comes our involvement in the nation's Economic Transformation Programme (ETP).

As a background, the ETP is a comprehensive effort that will transform Malaysia into a high income nation by 2020. It is designed to lift Malaysia's gross national income (GNI) per capita from about USD6,700 (2009) to USD15,000 by 2020, which translates into a GNI growth 6% per annum. This will mark a shift towards a service-based economy.

From 12 National Key Economic Areas (NKEAs), a total of 131 Entry Point Projects (EPPs) were identified and MAHB's 'KLIA Retail Hub', which is an Integrated Complex (IC), has been

recognised as one of the NKEA and is one of the 131 EPPs. It has also been selected as one of the 'Quick Wins' projects under the ETP.

Apart from this, MAHB will be involved in the tourism aspect by concentrating on flight connectivity in medium haul sectors. Other indirect or direct impacts to MAHB in its involvement in the ETP will be focused on accelerating the replanting of palm oil crops in the next 25 years. Expanding maintenance, repair and overhaul (MRO) services at the Malaysia International Aerospace Centre (MIAC), will also be on the cards.

Moreover, the proposed high speed train service to Singapore will have to be factored in to our future operational goals, in terms of the indirect and direct knock-on effects of this added component to the overall scope of our customer demographics.

The case for change

In terms of the KLIA Retail Hub, MAHB sees opportunities to expand its retail offerings through the development of Klia2 and the area within its vicinity. The recommendations include an enhancement of the shopping experience and ambience by improving the mix of merchandise, shopping layouts and dining experiences. This exercise would have to take into account the passenger demographics in terms of nationalities and income levels, to meet the needs and interests of these travellers.

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A 'Landside Mall' is being proposed to meet the needs of middle income and budget travellers, while the KLIA Airport City Development, dubbed as KLIA Aeropolis, is a novel concept that would make KLIA a destination of choice while also allowing it to grow into a full-fledged transportation hub.

The KLIA Retail Hub project will transform KLIA into a premier business, retail and entertainment hub, which will become a driver of economic activities contributing towards the economic growth of Malaysia as a whole. The proposed 100,000 sqm of retail space for the KLIA Retail Hub will cover Klia2, the 'Landside Mall', the Factory Outlet Store and the F&B Centre. All projects will be within the proximity of KLIA Aeropolis.

We believe that these commercial developments have the potential to be relevant to a diverse array of traveler demographics. Klia2 will have travel retail products targeting middle and upper range consumers. The general masses would then call the 'Landside Mall' their preferred choice. The 'Factory Outlet Store' will have discounted or off-season niche international medium to upper scale brands, that will certainly pique the interest of seasoned travellers. Overall, the approach towards product differentiation and brand distinction minimises potential cannibalisation and competition, thus creating an alternative shopping destination like no other.

Looking ahead

All indications are that the growth trends seen in 2010 should continue into 2011, but perhaps at a less robust rate. According to IATA, the growth cycle could have peaked, although an upswing should last four to five years. Apart from possible increases in fuel price to levels above USD100 per barrel, economic uncertainty in Europe and USA continue to be a concern. The volatile situation in Egypt and some Middle East countries could also pose a threat to global oil prices and the travel sector in its totality.

Even the International Monetary Fund (IMF) has weighed in with predictions that China's powerhouse economy could also be slowing down in terms of growth. Furthermore, global demand for air transport could also be affected by high taxes being levied by many governments and airports, not to mention other climatic and disease disorders. Nonetheless, faster recovery rates within the private sector could be just the tonic in terms of stimulating the global aviation market.

The encouraging news is that leisure travel is now booming in the Asia Pacific region. While Western consumers and governments are mired in debt, the medium-term outlook for Asia Pacific is geared towards rapid travel growth. As reported in IATA, there is even talk of a 'Super Cycle' in Asia Pacific economic

growth, with the middle classes holding the key to this new wave of travel.

Although the bulk of today's airline capacity serves North America and Europe, IATA expects things to change dramatically by 2015, as air travel growth between mega cities in Asia will tip the balance for years to come, even increasing freight growth as well. The region will see 350 million new passengers over the next five years, and this will create a tremendous opportunity for airlines with exposure to this region. Assuming oil prices remain stable, IMF projects global GDP growth to reach 4.2% in 2011; and the International Civil Aviation Organization (ICAO) also estimates that global passenger traffic will increase by 4.7% in 2011 as compared to a 6.3% increase in 2010. Meanwhile, IATA predicts that it will be a 5.2% increase in 2011 as against 8.9% in 2010.

Closer to home, the latest GDP numbers for Malaysia estimated by the Malaysian Institute of Economic Research (MIER) and the Government range between 5% to 6%. These economic growth expectations have led MAHB to forecast that passenger and aircraft movements would grow by 6.7% in 2011, while cargo movements will experience a slightly slower growth rate at 5.5%.

Awards and Accolades

We have always endeavoured to do our best, thus it always gives us great pleasure to receive the acknowledgement and be recognised for our contribution towards envisioning a World-Class Airport Business. MAHB was the recipient of the Airport Investment Company of the Year while KLIA received the Asia Pacific Airport of the Year in the 2010 in the Frost & Sullivan Asia Pacific Aerospace and Defence Awards.

KLIA's service excellence was also acknowledged in the Skytrax 2010 World Airports Awards 2010, when it won two awards, the Best Airport Immigration Service and Staff Service Excellence in South East Asia. KLIA was also voted the Fifth Best Airport Worldwide in the Best in Travel Poll 2010 by SmartTravelAsia.com readers.

KLIA also received the Brand Laureate 2009-2010 for Corporate Branding – Best Brands in Transportation – Airport. This is the fourth consecutive year that KLIA has won this award, and this is particularly significant, as the Brand Laureate Awards is known for recognising the best brands from Malaysia and the Asia-Pacific.



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PPKLIA was named as Asia's Leading Airport Hotel and World's Leading Airport Hotel in the World Travel Awards 2009. Moreover, PPKLIA also won the Asia Pacific Brand Laureate Award for 2009-2010 in the Best Brands in Airport Hotel category for the second year in a row. To cap it off, the World Luxury Hotel Awards also recognised the hotel for their service excellence as the winner of the Global Luxury Airport Hotel Category.

It should also be noted that Malaysia Airports (Technologies) Sdn. Bhd. received the Information Security Organisation of the Year in the Malaysia Cyber Security Awards 2010. This was indeed a great testament to an organisation that is responsible for the operation and maintenance of the ICT network and infrastructure across MAHB's systems of airports throughout Malaysia.

It has definitely been a year of variety in terms of excellence, and it really is gratifying to be at the helm of an organisation that is proving its worth, year in and year out. This is proof that MAHB is unwavering in its commitment towards providing the highest standards of services and facilities to our stakeholders.



Board Activities

At MAHB, we are a Group that aims to achieve the highest standards of business integrity, ethics and professionalism across all the Group's activities. The Board currently comprises seven Non-Independent Non-Executive Directors, three Independent Directors and one Managing Director. The composition and balance of these distinctive individuals demonstrates a blend of skills and experience. It should be noted that Puan Nik Roslini binti Raja Ismail, from the Ministry Of Finance, was appointed with effect from the 30th of August 2010 as the alternate director to Puan Dyg Sadih binti Abg Bohan.

As guided by the Board Charter and the Director's Code of Ethics, the Board exercises due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied. For FY2010, the Board met on 15 occasions with all directors attending more than 50% of the meetings. It was a year where the Board focused extensively on the development and progress of the Klia2 project to ensure its timely completion, with detailed progress reports presented at each meeting.

The Directors retiring at the 12th Annual General Meeting are Encik Ahmad Jauhari bin Yahya, Encik Mohd Izani bin Ghani, Datuk Alias bin Haji Ahmad, Encik Jeremy bin Nasrulhaq and Encik Izlan bin Izhab. However, Encik Izlan bin Izhab has advised that he does not wish to seek for re-election at the 12th Annual General Meeting.

At the AGM, the Board is recommending the re-election of four Directors who are due for retirement, namely, Encik Ahmad Jauhari bin Yahya, Encik Mohd Izani bin Ghani, Datuk Alias bin Haji Ahmad and Encik Jeremy bin Nasrulhaq and being eligible, offer themselves for re-election.

I would like to welcome our newly appointed directors, namely Encik Jauhari bin Yahya and Encik Mohd Izani bin Ghani, on 17th March 2011 and 21st March 2011 respectively. They bring with them considerable knowledge and experience, and we look forward to benefiting from their insights. We would also like to extend our utmost appreciation for the contributions made by En Mohd Nadziruddin Bn Mohd Basri during his tenure as a Non-Independent Non-Executive Director.

In 2010, the Board had attended a series of talks and presentations in order to enhance its knowledge in the areas of Aviation Insurance and Conditions Of Use.

In some cases, the Board delegates certain set of governance responsibilities to respective Board Committees, which operate within the defined terms of reference. To ensure overall effectiveness of the Board committees, the terms of references of the Board Procurement Committee and Board Risk Management Committee were reviewed.

The directorships of the Board members in MAHB group and the composition of the Board Committees were also reviewed by the Board Nomination & Remuneration Committee, to ensure an appropriate balance and good mix of skills and experience to enhance the overall effectiveness of the Board members and committees. The directorships of the MAHB subsidiaries had also been reshuffled and rearranged to allow an even allocation of directorships amongst the senior management, as a means for senior management to garner experience from holding directorship positions.

Appreciation

It has been a year that exceeded all expectations, and I would like to take this opportunity to acknowledge the efforts of our board members, management and staff in ensuring that MAHB is positioning itself for success. Their positive attitude, dedication and professionalism have been the cornerstone to our achievements in a year that tested our mettle.

Our close partnership and collaborative relationship with various government ministries, including Khazanah Nasional Berhad, Ministry of Finance, Ministry of Transport and the Ministry of Home Affairs have also ensured that our path towards a sustainable yet profitable future remains on track.

We would of course have to give thanks to the millions of customers that we have had the privilege to serve over the course of 2010. Our shareholders also deserve a special mention for their loyalty, patience and understanding in a year where our restructuring plans and ambitious commercial plans took flight towards greater horizons.

I thank all of you.



TAN SRI DATUK DR. ARIS BIN OTHMAN
Chairman

**THE WORLD'S "5-STAR AIRLINE"
AND "BEST LOW COST CARRIER"
CALL OUR AIRPORTS HOME.
WITH THE AIRSPACE LIBERALISATION,
OUR SKIES WILL OPEN
TO MORE GLOBAL AIRLINES.**

POSITIONING FOR THE SUCCESS.





MAC

2010 KEY HIGHLIGHTS

Record revenue of RM1.8 billion,
higher by 12.6%.

EBITDA grew by 15.0% to RM706.9 million.

MAHB received Airport Investment
Company of the Year 2010.

This year marked a significant milestone in the illustrious history of MAHB, as we reaffirmed our vision to become a world-class airport business with a blueprint for achievement, the 'Runway To Success'. It is perhaps fitting that our annual report theme for this financial year is coined as 'Positioning for the Success'. Our journey towards greater aspirations starts here.



Managing Director's REVIEW OF OPERATIONS

Managing Director's

REVIEW OF OPERATIONS

HIGHLIGHTS OF FY2010

- MAHB registered another year of record turnover in FY2010, revenue stood at RM1,812.9 million representing a growth of 12.6% compared to RM1,609.6 million recorded in the previous financial year (FY2009)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) for FY2010 grew 15.0% or RM92.3 million to RM706.9 million, from RM614.6 million in FY2009.
- Achieved Return on Equity (ROE) of 8.88%, surpassing the headline KPI for 2010
- KLIA ranked 5th worldwide in Airport Service Quality (ASQ) programme in the 25-40 million passenger per annum (mppa) category
- KLIA won two awards from Skytrax World Airport Awards 2010, for Best Airport Immigration Service and Staff Service Excellence in the South East Asia category.
- MAHB was acknowledged as the "Airport Investment Company Of The Year" and KLIA was also heralded as the "Asia Pacific Airport of the Year" in the 2010 Frost & Sullivan Asia Pacific Aerospace & Defence Awards.
- MAHB unveils 2010-2014 Business Direction to achieve Group EBITDA and ROE in excess of RM1 billion and 10% respectively.

- The inaugural issuance of MAHB's Sukuk Programmes received overwhelming response from investors and was accorded AAA rating by RAM Rating Services Berhad.
- Ground breaking of Klia2 for low cost carriers the world over at KLIA, marking a significant development in the aviation history of Malaysia.
- Expansion and upgrades to three airports, namely Penang International Airport, Sultan Ismail Petra Airport, Kota Bharu and Sibul Airport.
- Ongoing Airline Recovery Programme to fuel growth and bolster confidence of airlines operating at airports managed by MAHB in Malaysia.
- MAHB releases its first Annual Sustainability Report.
- MAHB plays host to 'Check-In Asia Conference', a first for the region, and was focused on enhancing the passenger experience from end to end.

MOVING FORWARD

The most significant and far reaching development for this year would have to be the unveiling of our blueprint for achievement, the 'Runway To Success,' a roadmap for MAHB to become the World-Class Airport Business that it aspires to be. This new five year business direction

runs from 2010 to 2014, and it is focused on our mission to provide world class aviation gateways, manage cost effective airport network and services as well as exceed the expectations of customers, shareholders and other stakeholders in the overall scheme of our operations.

The objectives of our blueprint focus are three pronged, and the first goal hinges on increasing passenger numbers to over 60 million per year, with a focus on strengthening KLIA as the Next Generation Hub. We will also focus on service excellence, by maintaining top quality service levels, which are benchmarked against the best airports worldwide. It should also be noted that commercial development will be the main driver to achieve Group EBITDA and ROE in excess of RM1 billion and 10% respectively.

DYNAMIC, NIMBLE AND AGILE

These are exciting times for the aviation industry, as we anticipate further changes in the aviation industry landscape, with the shift in traffic to the low cost carrier segment and imminent ASEAN liberalisation of flight routes within the region. The onus will be on us to adopt a holistic approach towards our business focus in order to drive sustainable yet long-term growth. We would have to be dynamic, nimble and agile to meet the expectations of the future.

Our Next Generation Hub (NGH) promises to be a concept like no other. Blending an award-winning airport with state-of-the-art low cost carrier terminal will be central to our vision of providing a point of convergence where all routes, airlines and terminals come together providing an array of possibilities and opportunities for passengers in this region. The new terminal for the low cost carrier segment will be known as Klia2, and it is slated for completion in 2012.

THE RUNWAY TO SUCCESS

Traffic Growth

Klia2 will add an element of flexibility to our overall operations as it will allow us to combine short and long haul connections, multiple international arrivals, inter-airline transfers and ultimately serve multiple international destinations. We want our passengers to experience seamless connectivity and transfers, be it on full service airlines or low cost carriers. Collaboration will also be integral in us moving forward towards our goals, and we are committed towards working closely with the Government and our airport counterparts to gain new airlines, routes and ultimately maximise our marketing investments.

Like any business, understanding and responding to customer needs is of paramount importance to us. It is in this vein of thought that I believe the future of MAHB hinges on how we strengthen our relationships with existing and prospective airline customers through our marketing and traffic development team. As we continually develop robust branding strategies for KLIA and feeder airports within our portfolio, we must not lose sight of our core offerings. We are blessed to have two strong airlines, Malaysia Airlines, a five star airline and AirAsia, the world's best low cost airline; and it is our responsibility to concentrate on our synergies towards meeting our commercial aspirations while reinforcing our position as the regional airport operator of choice.

Service Excellence

As we aspire to be the leader in airport innovation, our customers will demand new experiences and world-class service standards. Therefore it is imperative for us to maintain service excellence, in accordance with global benchmarks, to be ahead of the curve. Enhancing the overall customer experience and satisfaction levels at our airports is by no means an easy task. By leveraging on new technologies and best practices to maximise operational efficiency,

passengers can look forward to a seamless transition in their journeys. Our airline customers also play an integral role in this process, and by utilising 'Conditions of Use' documents, all parties gain clarity about working arrangements, and this leads to an equitable level of service for all passengers regardless of their airline preference. Human capital development is also stressed upon in this process to ensure all personnel possess the necessary capabilities to deliver on the desired levels of service.

Commercial Development

In order for MAHB to generate increased profitability over the next five years, commercial development has been identified as a key driver to facilitate this goal. There are strategies in place to revolutionise the retail experience and generate new income streams to double revenues by 2014. As we have an obligation to our shareholders, these strategies would not only assure greater returns for them, but also allow us to maintain competitive aviation charges for airlines and passengers, thus driving further airport growth. It should also be noted that MAHB aims to achieve at least 60% of its revenue from commercial businesses such as in-terminal retail activities and land development surrounding airport terminals.

Managing Director's

REVIEW OF OPERATIONS





Our revenue target of RM3.2 billion in 2014 is based on an optimistic yet pragmatic traffic scenario. The base case revenue is RM2.4 billion, based on the base case passenger projections of 4.1% annual growth. To achieve the target of RM3.2 billion in 2014, a revision to aeronautical charges benchmarked against other airports in the region will be favourable, nonetheless any alteration will have to ensure that we remain competitive whilst also providing incentives to attract new airlines to increase both aircraft and passenger related revenues. As it stands, we are on track to achieve our 2014 targets as per the 'Runway to Success' roadmap.

In terms of commercial revenue, MAHB will have to optimise current retail space and also focus on creating new commercial space for better shop layouts and a more vibrant shopping experience to attract customers and drive sales. This will include a greater variety of shops, products and services. Enhancing the role of ERAMAN in terms of maximising its duty-free retailing is also on the cards. We will also have to create value in the surrounding airport land by developing hotels, shopping malls, offices, business parks and other similar facilities to increase commercial and rental revenue. To ensure we keep our core business capabilities at its peak, necessary investments and improvements in areas of business intelligence, relationship management and customer experience management will be carried out to drive compounding business growth.

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As the Government's long term vision is to bring in at least 36 million tourists a year by 2020 with expected revenues of RM168 billion, MAHB realizes it must be a partner in this aspirational goal. According to Datamonitor Retail, the global airport retail market is expected to grow by 60% in 2015 and be worth US\$44.1 billion (RM133.6 billion). In 2010, a 8.4% global growth rate for airport retailers was fueled by the Asia Pacific, Middle East and African regions. MAHB is poised to take advantage of this commercial opportunity with our NGH concept that will also offer a top notch retail experience for travellers from a varied demographic base.

AERONAUTICAL OPERATIONS

THE INDUSTRY IN 2010

2010 was one of the best performing years for aviation with all regions of the world experiencing growth in passenger and cargo movements, and airliners registering profits. The numbers from Airport Council International (ACI) indicated that global passenger traffic would grow by 6.3% and cargo by 15.2% in 2010. IATA estimated slightly higher figures, with an 8.9% increase in passenger traffic and 18.5% for cargo movements.

MAHB's resilient performance in 2010 can be attributed to a variety of factors. The growth of the low cost travel sector coupled with the resurgence of conventional carriers has been one of the key drivers in MAHB's sterling performance. AirAsia Group grew by 13.7% as against Malaysia Airlines' 10.9% and other carriers by 14.1%. In the international sector, AirAsia grew by 29.4% against 20.5% of Malaysia Airlines and 13.8% of other airlines.

A large chunk of the growth came from the launch of additional frequencies. Moreover, the liberalisation of air services within the ASEAN region has also contributed to the opening of certain lucrative sectors for airports like KLIA, Kota Kinabalu, Kuching and Langkawi. It should also be noted that passenger and traffic performance also increased as the economic stimulus packages in the region took hold and provided an impetus for passenger and cargo movements to grow.

Passenger Movements

The year under review ended 31 December 2010 (FY2010) was another year that recorded growth in passenger, aircraft and cargo movements. There was an overall increase of 14.8% in passenger movements in KLIA, while there was a 9.6% increase in passenger movements in other airports, thereby achieving a grand total of 57.83 million passengers across MAHB's 39 airports as compared to 51.3 million in 2009. This clearly demonstrates that in terms of traffic growth, we have exceeded our year-to-year forecast as per 'Runway to Success' roadmap.

	Passenger Movements		
	2010	2009	% change
KL International Airport			
International	23,771,375	19,685,282	20.8%
Domestic	10,316,261	9,996,811	3.2%
TOTAL	34,087,636	29,682,093	14.8%

	Passenger Movements		
	2010	2009	% change
Other Airports			
International	4,220,705	3,383,238	24.8%
Domestic	19,521,124	18,269,976	6.8%
TOTAL	23,741,829	21,653,214	9.6%
GRAND TOTAL	57,829,465	51,335,307	12.7%

KLIA handled 34.1 million passengers in 2010, 14.8% above 2009. International movements accounted for 69.7% of KLIA passengers. The international traffic increased by 20.8% while the domestic sector increased by 3.2%. Total passengers handled at the Main Terminal increased to 18.7 million, an increase of 12.9% over 2009. Of this 14.0 million was international and 4.3 million was domestic. LCCT handled 15.4 million passengers in 2010, a 17.2% increase over 2009. Of this, 9.4 million passengers were in the international sector and 6.0 million were in the domestic sector.

Passenger Traffic for the five International Airports

Main Airports	FY 2010	FY 2009	%YOY
KLIA	34,087,636	29,682,093	14.8%
Penang	4,166,969	3,325,423	25.3%
Kota Kinabalu	5,223,454	4,868,526	7.3%
Kuching	3,684,517	3,574,632	3.1%
Langkawi	1,374,729	1,359,271	1.1%

All airports within Peninsular Malaysia contributed to the positive trend in passenger movements except for Kuantan and Pangkor. The increase was mainly contributed by the operations of new airlines such as Wings Air (PKU/MKZ/PKU) and Air Asia (PEN/LGK/PEN) in Penang International Airport; additional routes and frequency by Firefly; the resumption of flight operations in Ipoh Airport; and fierce fare price competition between Malaysia Airlines, Firefly and Air Asia, which attracted more passengers. All airports in Sabah reported positive growth due to operations of new airlines i.e. Easter Jet in Kota Kinabalu International Airport. The Sarawak region has also shown an increase in passenger movements as compared to 2009. The increase was basically driven by factors such as the operations of MAS Wings and the introduction of new international routes by airlines such as AirAsia. There was also a significant increase in international capacity offered at Penang by low cost carriers coupled with entrants such as Lion Air, SilkAir and China Southern Airlines which contributed to the large 36.8% international growth at Penang. Langkawi's growth was not vigorous partly due to 2010 being a non LIMA year.

Aircraft Movements

The overall commercial aircraft movement in 2010 also recorded a 7.9% increase as compared to 2009, with 578,090 aircraft flying in and out of MAHB's airports. International movements registered a 11.6% increase while domestic movements increased by 5.9%. There were 58 airlines operating at KLIA at the end of December 2010. Total number of destinations operated was 123,108 international and 15 domestic. Three new airlines began operations at KLIA but three others ceased operations. International frequencies increased by 195 per week as compared to a reduction of 13 frequencies in the domestic sector. Cargo frequencies overall increased by three per week.

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	Aircraft Movements		
	2010	2009	% change
KL International Airport			
International	157,630	142,220	10.8%
Domestic	86,549	83,031	4.2%
TOTAL	244,179	225,251	8.4%

	Aircraft Movements		
	2010	2009	% change
Other Airports			
International	48,742	42,647	14.3%
Domestic	285,169	267,895	6.4%
TOTAL	333,911	310,542	7.5%
GRAND TOTAL	578,090	535,793	7.9%

Cargo Movements

It was also a year where MAHB airports recorded an overall increase of 14.2% of cargo movement as compared to 2009. The gradual recovery to the world economic crisis and increase in demand for manufacturing related activities also contributed to the growth.

A total of 918,092 metric tonnes of cargo was handled in FY2010 by the system of airports operated by MAHB, 14.2% more than 2009. International cargo made up of 81.7% of the total cargo handled by airports. It should be noted that the performance of cargo movements has been erratic across the world.

Initially there were promising signs of growth but towards the end of 2010 the growth began to slow down. MAHB airports' growth in these particular segments follows this global trend. KLIA recorded 674,902 metric tonnes movements of cargo in 2010. International cargo increased by 15.7% while domestic movements increased by 13.0%.

	Cargo Movements (kg)		
	2010	2009	% change
KL International Airport			
International	614,399,700	531,010,317	15.7%
Domestic	60,502,090	53,548,650	13.0%
TOTAL	674,901,790	584,558,967	15.5%

	Cargo Movements (kg)		
	2010	2009	% change
Other Airports			
International	135,150,913	131,377,527	2.9%
Domestic	108,039,379	88,027,528	22.7%
TOTAL	243,190,292	219,405,055	10.8%
GRAND TOTAL	918,092,082	803,964,021	14.2%

New Beginnings

The year 2010 saw the arrival of four new airlines, namely Mahan Air, Royal Jordanian, Oman Air into KLIA and Easter Jet into Kota Kinabalu. Going forward, MAHB will be unrelenting in its commitment towards reinforcing the positioning and branding for all five international airports, namely KLIA, Langkawi International Airport, Penang International Airport, Kuching International Airport and Kota Kinabalu International Airport.

In terms of route development for KLIA, there will be a focus on linking new generation airlines to present available networks with targeted routes especially in China, India, Middle East and South East Asia. While in the case of Langkawi, there will be a focus on core and historic inbound leisure sectors, as well as emerging high potential inbound leisure markets such as China, India and Russia; and this would also include a pursuit of long haul charter opportunities from Australia and Europe.

As for Penang International Airport, there is a need to provide a higher frequency of connections to other regional destinations in order to serve leisure and business market sectors for both domestic and international routes. With this direction, Penang International Airport has the potential to become a regional hub, complementing the hub in KLIA.

The strategy for Kuching International Airport hinges on improving the network by gaining access to more hubs, and the exploration of new domestic routes nationwide, while also focusing on niche markets such as Australia. In the case of Kota Kinabalu International Airport, there is a need to focus on new air services from North East Asia, especially Japan, Korea and China, as well as Australia. This is important in order for the airport to become a regional hub for passengers from the Philippines and Indonesia.

This was a year that registered growth from business travel and tourism from the Asia Pacific region despite the challenging business climate. It was also a good year for KLIA, as it participated in major international aviation forums, such as, Regional Asia, in Adelaide, Australia and the World Route Development Forum in Vancouver, Canada. There was also an aggressive advertising campaign in the flyklia.com web portal. This portal forms an integral component of the Next Generation Hub concept that is part of MAHB's vision towards a holistic travel experience.

Moreover, the marketing team was proactive in terms of providing marketing proposals inclusive of route analysis and traffic forecasts to potential airlines, while also conducting regular visits to local and regional marketing and planning departments of airlines. They were also conducting targeted country missions as well as visits to offices of Tourism Malaysia, embassies, high commissioners and other relevant stakeholders throughout Malaysia to consolidate efforts in promoting Malaysia.

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UPCOMING DEVELOPMENTS

KL International Airport (KLIA)

In March 2010, MA Sepang embarked on a KLIA 'Spurline' expansion project involving modifications to the existing aerotrain vehicle fleet, supply and commissioning of one additional 3-car aerotrain, the necessary Electrical and Mechanical (E&M) modifications for the integration of an offline Operation, Maintenance and Storage Facilities (OMSF) building and new spurline with the existing KLIA aerotrain shuttle system. The expanded system will continue to operate as a dual lane guide-way shuttle with 3-car train on each lane or guide-way.

It was imperative for the aerotrain service to be suspended to accommodate construction of a crossover between the two guide-ways i.e. guide-way 1 and 2. A section of both existing guide-ways will need to be demolished to install new switches in the crossover section. The new switches will enable trains to cross over each guide-ways for maintenance in the new OMSF and replacement of trains for service. The period of total shutdown of the aerotrain will last for about four and a half months from the 1st of November 2010 till the 22nd of March 2011.

In order to ensure uninterrupted passenger movements between the Contact Pier and Satellite Building during the shutdown, a shuttle bus service was provided between the Main Terminal Building (MTB) and the Satellite Building, available 24 hours a day to ensure continuous, uninterrupted and expeditious flow of passengers between the terminal buildings. 16 buses were available around the clock to provide the shuttle service.





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In the MTB, there were also upgrades to the restroom facilities on Level 5. There was also an installation of a trolley nest railing for airside trolleys in the Satellite building. The East Wing also benefited from a carpet replacement inside the holding lounge. The installation of Internet desks at the East, West, North and South Wings of the Satellite building was also a welcome addition. Furthermore priority seating arrangements have also been installed in holding lounges for the less able, elderly and for those who require assistance.

LCCT-KLIA

The low cost carrier terminal (LCCT-KLIA) has also undergone a host of improvements. There are now six charging stations for all types of electronic devices at the Domestic and International Departure lounges. New baggage drop directional signages for web or kiosk check-in passengers are also featured. Passengers will now have more to look forward to with pay-tv programming on the television sets now commonplace. Additional seating capacity is now also a surety as 1000 more chairs are being placed at the LCCT-KLIA, while the plastic chairs at the International and Domestic Departure halls have now been relocated to the Public Concourse area.

The Smoking Room in the International Departure Lounge has also seen an upgrade. Travellers can now experience a speedier process with eight additional document check counters (web check-in) with a total of 18 document check counters in totality. There will also be two additional service desks at the International Departure Lounge and one service desk at the Domestic Departure Lounge. The waiting public will also appreciate an additional 40 fans in the Public Concourse Area, while another escalator will also feature in the International Arrival Hall.

It was back in 2006 that Malaysia Airports first launched free wireless internet access at KLIA (or better known as Wi-Fi@KLIA). The service was then extended to the LCCT-KLIA on the 10th of April 2007, and was known as WiFi@LCCT. In April 2010, 64 Access Points were installed to provide 100 per cent coverage of the passenger concourse areas while the back end link to the internet was also upgraded from 2Mbps to 10Mbps. As a result, an improvement in KLIA and LCCT's ASQ ranking on WiFi Internet Access will also be on the cards.

Penang International Airport

The Prime Minister, YAB Dato' Sri Mohd Najib Tun Abd Razak, officiated the ground breaking ceremony for the development and expansion works for Penang International Airport (PIA) on the 20th of December 2010, and the works are expected to be completed by the end of June 2012.

With RM250 million allocation to expand the Penang International Airport, as part of the RM60 billion stimulus package announced by the Government, the island's economy is set to see an influx in passengers as a result of these upgrades. The expansion of the airport is also a component of the Northern Corridor Economic Region (NCER) blueprint.

Penang International Airport has been undergoing development and infrastructure upgrading since 28th June 2010 on three packages. The first package includes a new Central Utility Building (CUB), security fencing, infrastructure works, refuse chamber and guardhouse. The second package involves the passenger terminal expansion and renovation from 27,526 square meters to 51,543 square meters, a new passenger boarding gate (MARS-Multiple Aircraft Ramp System), eight additional Visual Docking Guidance System (VDGS) bringing the total number to 16, and a new inline baggage system. The third package involves a parking apron expansion and reconfiguration.

The allocation will ultimately result in a main terminal façade improvement, installation of in-line baggage screening systems and the upgrading of airside and landside facilities. The upgrades to airside facilities include new aircraft parking stands and new aprons for turboprops and helicopters. In terms of the landside facilities, there would be a multi-storey car park with 2000 parking lots.

Klia2

In line with the Next Generation Hub (NGH) concept, MAHB plans to complete the construction of Klia2 in 2012. The new terminal would be able to accommodate up to 30 million passengers per annum, with capacity for expansion of up to 45 million passengers per annum. The total gross floor area of Klia2 would be approximately 255,346 sqm. It would also host a 6,000 bay multi-storey car park and an integrated transport hub for buses and taxis.

The design of Klia2 would allow for operational efficiency for airlines, increased passenger comfort, maximisation of commercial revenue and flexibility to cater for future operations. Klia2 would also have excellent landside connection with KLIA's Main Terminal Building as the two terminals would be

just 1.5km away. The terminals would also be linked via ERL connection. In terms of airside enhancements, 68 contact gates and eight remote stands would be built to service Klia2. MAHB would also invest in the construction of a third runway, which is approximately 4km in length for operational efficiency.

Klia2 would also focus on efficient layout plans for concession areas (retail, F&B etc). Transfer areas would also be planned to facilitate ease of connections. The design of Klia2 would take into account inputs from all potential airlines in order to achieve excellent operational efficiency. Ultimately, Klia2 will offer a standard of excellence in terms of a diverse range of shopping and dining experiences to delight any traveler.

The Aeropolis Development

The quest to develop our vast land bank at KLIA continues in the financial year 2010. The development objective is to transform KLIA into a diversified airport city providing significant opportunities for employment, shopping, trading, exhibitions, business meetings, leisure and tourism.

The proposed development components of KLIA Aeropolis include a Commercial Business District which includes office

parks, retail/commercial centres, auto mall, exposition/convention centre, hotels, service apartments, food & beverage centre, medical centre and training centre complex. It will also feature the KLIA MSC-Free Zone which will house high-tech, high value, time sensitive industrial land plots, a logistics/warehousing centre and commercial business premises.

There will also be Leisure & Recreational components which will consist of golf courses, a club house, a boutique hotel, an outdoor training camp and a theme park. Last but not least, there will also be agro-tourism land plots which will also complement the existing plantation activities. These components are also in line with the nation's Economic Transformation Programme as they support the Tourism and Retail National Key Economic Areas (NKEA).

In year 2010, we also enhanced our development master plan by incorporating development planning into high potential areas that are not dedicated for future airport expansion based from the updated National Airport Master Plan (NAMP) study. With this enhancement, the total area for development within KLIA Aeropolis will be enlarged to 6,750 acres from the previously planned area of 2,730 acres.

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To enhance the commercial viability of the development, we are requesting for an extension of the lease period to 60 years for the land identified for development from the existing tenure of 25 years from the Government. With this extension, we hope the development will be able to attract more investors and developers to participate, thus stepping up the development pace.

We have also commenced the first phase of the Commercial Development by opening up a 50 acres site to accommodate a Factory Outlets Centre, F&B Mall and also an Auto City or Auto Mall to enable local and foreign automotive dealers to leverage on the high advertising value along the international gateway. Earthworks are on-going and scheduled to be completed by mid 2011. The Management is currently identifying and selecting the right partners that could bring the appropriate brands and retailers to participate in the development.

Upon completion, which is targeted to be by 2013, it is envisaged that the proposed outlet centre will be a new retail destination for the country and region. Its strategic location within the airport boundary coupled with the availability of budget airlines will not only attract local shoppers but will also attract regional shoppers to the area, thus further increasing the country's tourist arrivals.

Apart from the above, we will be conducting studies on the expansion of the logistic and warehousing facilities at KLIA, to utilise the existing LCC terminal building upon relocation of the low cost carriers operations to Klia2.

The Aerospace Vision

In fulfilling the nation's aspiration to become a global aerospace nation by 2015, the Malaysia International Aerospace Centre (MIAC) is a key element in achieving this goal. It was back in 1997, that the Government launched the National Aerospace Blueprint, which identified Subang as the preferred locale to develop the Aerospace Industry. Launched in 2005, Malaysia International Aerospace Centre (MIAC) is now well on its way to make this aspiration a reality.

The development of MIAC is being spearheaded by MAHB through its subsidiary MIAC Sdn. Bhd., with a two-pronged objective, firstly to be a catalyst towards realizing the Government's goal to be a global aerospace player and, secondly, to provide facilities and infrastructure as well as competitive leases to attract industry players. To sustain the growth of this initiative, MIACSB would be managed as a business entity, which recovers the cost of investment made in infrastructure and facilities through revenue earned

from the leasing of land, facilities and cumulative royalty payments from sales activities. MIAC is concentrating on MRO, the Helicopter Centre, General Aviation Centre, Aerospace Technology Centre, Aerospace Centre of Excellence and Business Support Centre.

The year 2010 was a year that was full of trials and tribulations, nonetheless, MIAC persevered and made significant progress in executing the development plan in the face of challenges in securing funding for development and overcoming the lack of land to meet increasing demands. Apart from these internal complexities, MIAC also had to realign its expectation with the overall economic slowdown in the region's aerospace industry coupled with increasingly aggressive competition from emerging economies such as Vietnam, India, Indonesia and Thailand.

Another potentially exciting development arising from the talks with CAE will be the setting up of a Regional Simulator Centre for the Asian region. This proposed development will initially house six simulators of various aircraft types ranging from Hercules C130, B737 NG, B777 and the A380. As the phased planning comes into fruition, the RSC will eventually house 24 simulators for all types of commercial aircrafts including corporate jets.

This development will be all about offering value added services to the Malaysian market over ten years, by also incorporating the training of instructors and simulator technicians besides its normal business activities. The budgeted investment for the first phase is around RM230 million and is expected to be launched in 2011.

The Players

Spirit Aerosystems Malaysia Sdn. Bhd. (SAM)

- Spirit Aerosystems acquired new work packages for the assembly of parts and components for the Airbus A350

Zetro Aerospace

- Maintenance, overhaul, design and building of radar systems, upgrade of sensors, command and control, associated communications and avionics systems.

Augusta Westland

- MRO and sales operations for Augusta helicopters. Experience in training business and its customer focused Integrated Operational Support solutions delivers mission capability to military and commercial operators around the world.

The Planned Development

MIAC Helicopter Centre

- Eurocopter (M) Sdn. Bhd. is the anchor tenant and MIAC is expected to spend RM50 million to develop the centre with work starting in March/April 2011 and completion is targeted by December 2011

Light Aircraft Parking and Operation Centre

- Twelve light operating companies conducting MRO services, light maintenance and other support services. Preliminary development works have begun and completion is targeted by November 2011.

Subang SkyPark (Regional Aircraft Centre)

- Works on the Regional Aircraft Centre are scheduled to start in the second quarter of 2011 with a projected completion in October 2011, including 10 hangars for corporate jet MRO, an aircraft finishing centre and a forward base for the Malaysia Maritime Enforcement Agency.

UniKL-MIAT campus

- A training facility designed to train 7000 airport mechanics by 2015 to meet the demands of the aerospace industry.
- The 50 acre site will house a hangar and workshops for practical training and internship facilities for MRO activities. It will also have a training campus for 3,000 students.

Flying Schools established under the purview of MIAC

- Flying school facilities for HM Aerospace at Langkawi International Airport, with detachment facilities at Kuala Terengganu and Alor Star
- Asia Pacific Flight Training at Kota Bharu airport with a detachment facility in Kuala Terengganu
- Integrated training and services at Ipoh airport for helicopter flight training
- Gulf Golden Flying Academy at Bintulu Airport and Austral Aviation Academy at Sandakan Airport.

Kota Bharu Airport

The Sultan Ismail Petra Airport in Kota Bharu has also been undergoing development and infrastructure upgrading since June 2010 and is expected to be completed in September 2011. The scope of works would focus mainly on the airside including a new runway extension from 1,981m to 2,400m, parallel taxiway (Code C), exit taxiway (Code C), connecting taxiway (Code C), Meteorological Station, access road/service roads, parking apron for General Aviation and helicopters. There will also be a relocation of existing localisers, simple approach, Precision Approach Path Indicator (PAPI), airfield ground lighting (AGL), and an extension of the drainage and security fencing.

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Sibu Airport

The Sibu Airport has also been undergoing development and infrastructure upgrading since September 2010 and is expected to be completed in September 2012. The scope of works involve a passenger terminal expansion from 8,040 sqm to 15,240 sqm, parking apron extension, parking apron for helicopters and general aviation. Works on a car park expansion, central utility building, engineering office, workshop, control post, sewerage treatment plant, six lanes of forecourt roads and renovation of the DCA building are also ongoing.

More to Come

In 2011, Malaysia Airports is expecting three other airport development works i.e. the redevelopment of Sandakan Airport and the redevelopment of Ipoh Airport. For the redevelopment of Sandakan airport, both airside and landside developments would take place. The passenger terminal is expected to be expanded to approximately 40,000 sqm whereas the existing runway would be expanded from 2,133m to 2,745m.



The redevelopment works at Ipoh Airport would mainly focus on the airside. The current runway would be extended from 1,798m to 2,000m. Resurfacing of the existing runway and taxiways would also be carried out. The apron would be expanded for simultaneous parking of three aircrafts with Power-In Power-Out (PIPO) configuration. The redevelopment works are expected to be completed in March 2012.

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The Journey Continues

The year 2010 saw Bar Coded Boarding Passes (BCBP) being implemented at other international airports after KLIA making our Kota Kinabalu International Airport, Penang International Airport, Kuching International Airport and Langkawi International Airports BCBP compliant, well before the IATA target date by the end of 2010. Malaysia Airports (Properties) Sdn. Bhd. also assisted Malaysia Airports (Technologies) Sdn. Bhd. to roll out Bar Code Asset Tagging (BCAT) to eight airports, namely Subang, Kuantan, Alor Setar, Langkawi, Limbang, Bintulu, Lahad Datu and Tawau.

The implementation began in July 2010 and was completed in November 2010. We are committed to the roll out of the BCAT systems to other airports once the development has taken place in other airports. All our international airports are accredited with Platinum status by IATA and were recognised by IATA to be ahead of the scheduled dates. This delivery shows the commitments and collaborations by MAHB and the airlines in meeting the industry's requirements. The continuous improvements of Simplifying the Business (StB) show that MAHB is involved in thought leadership solutions in the industry that are borne out of active engagement.

In a related development, Malaysia Airports (Properties) also carried out the renovation of the food court at the Southern Common Amenities and Facilities areas at KLIA (SCAF). There were repairs and restoration works carried out of the ducting, plumbing, wall and floor finishes. The total cost of the project was RM76,144. RM29,900 of this total cost was borne by the food court operator.

While in October 2010, Malaysia Airports (Properties) carried out renovation works on four additional apartments that were awarded to MAHB as part of a Liquidated Amount in Damages from Perbadanan Kemajuan Negeri Perak (PKNP) due to a delay in delivery. The total cost of the project comes to a total of RM489,750.00. Out of the 14 apartment units, eight of them are for staff quarters and six are for homestay.

Transforming the IT Network

2010 also saw the transformation of MAHB's data network into a state-of-the-art wide area network enabling MAHB operations to collaborate, share information, carry out their day-to-day activities and connect into systems to deliver services. The key activities included replacing wide area network links with Multiprotocol Label Switching

Links (MPLS), which connects all airports and offices together, thereby improving overall network performance and providing the enhanced service needed for data services. It involved implementing a comprehensive network performance management capability that proactively monitors the network and issues alerts of any potential problems before users are affected. It also included implementing enterprise IP architecture across the group to provide ease of growth and performance improvements as well as introduce segregated Wireless Internet (WiFi) services at international airports.

MA Technologies provides the backbone of information and communication technology (ICT) services for the Group as a whole. It is ultimately responsible for the overall operational and maintenance works of the network infrastructure across MAHB's system of airports. Broad arrays of services are provided, such as, airport system solutions, system integration, networking, broadband network services, facility management and monitoring. MA Technologies is committed to the continuous improvement of its processes and deliverables to its customers.

With the adoption of the Integrated Management System (IMS) throughout the organisation, a greater improvement in terms of cost effectiveness and efficiency has been achieved across the network. The IMS is a combination of 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.

Achieving a recertification of the above certification can be heralded as a great achievement after approximately 10 years of operations. Moreover, it gives us great pleasure to announce that MA Technologies was chosen as the Winner of the Malaysia Cyber Security Award 2010. Being one of the early adopters of the IMS, it has helped MA Technologies bring together stringent IT policies and work processes that have worked towards sustaining information security by providing operational simplicity in terms of ensuring embedded controls are followed.

ORGANIZATIONAL EFFECTIVENESS

In keeping abreast with document management, MAHB has embarked and completed the digitalisation of human resources records, legal documents and engineering documents. The digitalisation allows for ease of retrieval and provides improved document availability with documents being kept and maintained as corporate data. This is also part of the 5S initiatives of storing large amount of information and providing ease of retrieval. In addition to satisfying business user requirements, MAHB is aligning data repositories and building cross-application data knowledge and toolsets to serve as the foundation for broad, comprehensive document management initiatives.

MAHB has always maintained an unrelenting approach towards Lean implementation in terms of Operation & Maintenance (O&M) for the entire ICT infrastructure on a 24/7 basis. In line with the MAHB business direction to become a World-Class Airport Business, MA Technologies has also devised its five year business plan, or its ICT Transformation Program to complement MAHB's 'Runway to Success' plan. This

ICT Transformation Program involves the reorganisation, improvement of processes, mind set, culture alignment, standardisation and ICT governance.

VALUE MANAGEMENT

MAHB launched its Value Management (VM) Manual on the 15th of December 2010, making it the first GLC to produce documented guidelines towards optimising value for all its projects. Value Management is the application of established techniques to help define and refine business needs, delivery strategy and the best value concept by setting customer objectives and values and determining success criteria for the project.

MAHB's Value Management Manual outlines the value management methodology which will be the benchmark for its application in procurement, system and procedures for internal business processes according to MAHB's policies. Value Management has been practiced by MAHB since 2008. The benefits from this new concept have been enormous savings; RM62 million (28% of total project costs) in 2008, RM33 million (10% of total project costs) in 2009 and RM51 million (17% of total project costs) in 2010.

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The Value Management concept was also applied to the ongoing construction of Klia2, reducing the estimated costs by RM1.5 billion. MAHB is certainly on the right track, as even the Malaysian Government is implementing Value Management benchmarks for projects that are worth more than RM50 million.

In 2010, Corporate Quality Management (CQM) had worked with five airports, namely Penang International Airport, Kuching International Airport, Langkawi International Airport, Kota Kinabalu International Airport and Miri Airport to prepare the compliance audits by SIRIM. All five airports have been certified by SIRIM for the compliance to the three standards i.e. ISO 9001, ISO 14001 and OHSAS 18001. In addition to this, MAAH received the ISO 9001:2008 Quality Management System from SIRIM which will be valid for three years. Three other companies, namely MACS, MA Technologies and MA Niaga and FCZ KLIA received their recertification from SIRIM as well.

A JOURNEY OF TRANSFORMATION

For the year 2010, MAHB is still in Phase 2 of our transformation journey, and our focus is on building capabilities and sustainable results. We upkeep the Color Books as part of the GLC Transformation Programme that is actively promoted by Putrajaya Committee on GLC High

Performance (PCG) through various initiatives and have also embarked on four cross functional team (CFT's) projects in FY2010 focusing on key transformational projects.

To ensure the Group's long term growth, we actively pursued talent development and succession planning activities. One of our notable achievements in FY2010 was the establishment of an extensive Leadership Development Dashboard. The year also saw us continuing to roll out the Enhancement of Performance Management Policy and Procedure. The objective of this initiative is to enhance and formalise the existing policy on Performance Management System (PMS). Following this enhancement, approximately 7,000 employees now utilize the new PMS format.

As part of the Red Book – Procurement Guidelines and Best Practices was required to be adopted. With strong procurement functions and Red Book implementation, MAHB has achieved 95% success in implementing 2009 initiatives. For this year, we decided to focus more on Total Cost Ownership (TCO) and Supplier Relationship Management (SRM) that are embedded in tender documents for high value procurement purchases that are over RM1 million.

LEAN MANAGEMENT

The Yellow Book outlines the Continuous Improvement Management within an organization. In MAHB, we have captured this through our Lean Management efforts. Continuous Improvement is vital to any business to stay competitive in tomorrow's market. The ability to stay and sustain growth in the demanding global aviation environment is a challenge that is critical to us. The management has decided to embark into a full deployment of Lean management initiatives involving transformational change of management within the organisation, moving the business into a breakthrough continuous improvement approach.

2010 saw Lean Management, simply known as Lean, continue to upscale the challenge to further minimize waste, inventory, customer response time and increase customer satisfaction. 113 initiatives have been successfully carried out, generating a total saving of RM19.2 million. Of this amount, 64.6% was generated within KLIA's operation. Apart from the monetary gains, we have put a lot of efforts on making Lean as a culture. This is part of the change process as employees rid themselves of old ways and embrace the new. To realise this, Knowledge Sharing Sessions (KSS) have been conducted across MAHB to inculcate Lean principles, implementation of 5S program and 37 additional Lean Practitioners have been trained to further support Lean execution.

The year 2010 also saw new programmes being deployed to further boost creativity among the employees. A reward-based program called Innovate through Creativity for Excellence or code-name ICE Programme was launched in July 2010 to reward improvement initiatives. Four main criteria have been selected to enable employees to receive the reward namely cost savings reflected in Profit & Loss, cost avoidance, quality and efficiency and customer satisfaction.

To further enhance information sharing on Lean Management, a Continuous Improvement Management (CIM) Database has been created in the Lotus Notes environment, thus, enabling all employees to view information pertaining to Lean Management such as group and subsidiary scorecards, completed initiatives for best practice sharing, ICE program database and Lean training materials.

In transforming MAHB towards becoming a World-Class Airport Business, we formed four cross functional teams (CFT) to oversee four key project areas, namely Information Technology, Environment, Airport Service Quality (ASQ) and Reward and Recognition. More importantly, we will be concentrating on enhancing our rewards and recognition offerings to our employees. Although these offerings will be of the non-monetary kind, we do believe that this concept will translate into an increase in morale among the employees.

SUPPORTING SUSTAINABLE GROWTH

In line with the 'Runway to Success' blueprint, IT operations are embarking on a transformation journey to enable business needs. The IT operations started the transformation of consolidation and virtualisation of services that saw cost reductions and an improvement of operations. The next wave of the transformation journey is to spearhead innovations and solutions for the group by means of addressing governance and processes improvements, structure and culture, Lean processes and technology solutions. One of the results of this innovative journey has been the acknowledgement by Hitachi with a Gold Award for the Most Innovative Use of Technology for the Asia Pacific region in the design of the CCTV solution in KLIA.

SAFETY & SECURITY IS OUR RESPONSIBILITY

MAHB always places a huge emphasis on the safety of its airports nationwide, and as a result, emergency simulation exercises are now carried out as mandated by regulatory bodies such as ICAO and DCA. Full-scale exercise is required to be performed at least once every two years, while partial exercise must be carried out at least once in each year that the full scale

exercise are not carried out. 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. We have been steadfast in managing these issues by increasing the deployment of manpower, enhanced threat detection and deterrence capabilities, collaborative efforts with other agencies and investment in new equipment and technologies.

One such initiative that we carry out is the Airport Fire Rescue Services (AFRS) Emergency Exercises that consist of full crash practice, partial practice, table top practice and evacuation drills. In 2010, AFRS achieved a 78% score for the exercises, while its personnel achieved a score of 98.5% in terms of their physical fitness, knowledge, hands-on ability and communication skills. AFRS has developed two fitness modules that relate to the AFRS Rating Programme, namely the Fundamentals of Fitness and Physical Enhancements Programme.

The Fundamentals of Fitness programme focuses on proper exercise regimes, proper nutritional guidelines, while the Physical Enhancements programme focuses on the monitoring of Body Mass Indexes (BMI) among AFRS staff. In the case of any personnel exceeding 30kg of their BMI, they will be required to undergo the programme. As of this year, the management has already approved gym facilities for airports in Kuching, Kota Kinabalu, Langkawi and Penang. Another five airports will be approved in 2012 and the rest in 2013.

Managing Director's

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Moreover, DCA also endorsed 11 Airport Emergency Plans (AEP) for airports in Kuching, Kota Kinabalu, Penang, Langkawi, Subang, Malacca, Alor Setar, Ipoh, Terengganu, Kuantan and KLIA. In addition, MASB has also equipped six motor cycles complete with necessary fire and rescue equipment at six STOLports, namely Long Banga, Long Akah, Long Lellang, Long Seridan, Ba'kelalan and Bario.

It should be noted that all airports under the purview of MAHB undergo stringent audits by the DCA, and the Safety Management System (SMS) certification is an element of distinction that is held in high regard by all airports. Airports will need to have conformance to all safety requirements and show continuous improvement in safety performance. It also certifies that the airports have successfully implemented the Hazard Identification, Risk Assessment and Risk Control (HIRARC).

All five international airports have the certification, while five domestic airports, namely Sibul, Bintulu, Sandakan, Alor Setar and Limbang received certification for Safety Management System (SMS) by the DCA. Moreover, MAHB is aiming for the remaining domestic airports to obtain the SMS certification by 2014. The SMS certification is a testimony of initiatives to ensure the highest level of safety at its airports and to fully comply with the ICAO's Safety Management Program.





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OCCUPATIONAL SAFETY AND HEALTH

It was in 2009 that the Occupational Safety and Health Department was entrusted to implement the Environment Conservation Programme which was renamed to the Safety, Health and Environment Department (SHE). The Information corner and system (Knowledge Office) has been established to provide updates on the latest SHE-related activities in the Group, and also to update employees on the latest regulatory and policy developments.

SHE meets every three months to discuss safety related issues and continually carries out workplace safety inspections. The SHE Department also played an important role in developing and implementing a Safety Management System (SMS) for MAHB airports, as a prerequisite for aerodrome certification by DCA and CAO.

The Safety and Health Committee (SHC) Program's main functions are to establish guidelines on specific roles and functions of the safety committee, and to create awareness and education programmes for members. They also monitor SHE compliance meetings and also join local SHC meetings via the SHE Department. The committee also ran a Safety and Health campaign about the OSH Act, environmental programmes, accident data and statistics, blood donation

programmes and other relevant SHE programs. These awareness programmes are for all employees in the Corporate Office, KLIA and all other international and domestic airports nationwide.

The committee also runs the 'Hearing Conservation Programme' that is carried out to comply with the Factories and Machinery Act of 1967 (Noise Exposure) regulation 1989. The programme is focused on determining and measuring noise levels at all airports through a noise exposure monitoring programme. A set of recommended actions will then be carried out to reduce employee exposure to noise, and improve the conduciveness of the working environment. A positive noise exposure monitoring exercise was carried out in Kuching International Airport on the 4th of November 2010.

Environmental Quality Monitoring is also carried out in compliance with the Environmental Quality Act of 1974, where employers are required to monitor the water discharge from sewage treatment plants, surface water run-off, noise emission and gaseous emissions. The monitoring was conducted at airports in Kuching, Kota Kinabalu, Miri, Penang, Langkawi and Subang.

In terms of Aerodrome Certification, there was a Safety Management System Audit by the DCA for new SMS certification at Sibul, Bintulu, Sandakan, Alor Setar

and Limbang. All these airports received their certifications. As far as OHSAS 18001: 2007 and ISO 14001:2004 certification is concerned, two new audits were carried out in Kota Kinabalu and Miri, while OHSAS 18001 and ISO 14001 surveillance audits were carried out in Kuching, Penang, Langkawi and KLIA. A generic feasibility study on the implementation of the Safety Passport System (SPS) at MA Sepang was conducted and the results were then presented to the Safety and Health Committee for their evaluation.

In addition to this, four airports participated in the MIOASH Award competition under the category of services sectors. There were 99 other well known companies in Malaysia who were involved in the competition. KLIA, Kuching International Airport and Ipoh Airport won the Silver Award, while Langkawi won the bronze award.

SHIFTING GEARS TOWARDS EFFICIENT AND EFFECTIVE SECURITY

Cargo security has always been at the forefront in terms of the global aviation scene, and IATA took the initiative to select Malaysia as the first pilot country to develop the Secure Freight Programme (SFP). This regulatory development was carried out in a collaborative manner with the help of IATA experts, the DCA, MAHB and Malaysia Airlines.

This pilot project will bring about a host of benefits, such as, compliance with security requirements as regulated by ICAO Annex 17, IATA SFP and the Malaysian National Secure Freight Programme (NSFP). The SFP initiative will ensure the security of the supply chain of the cargo from its source to the airport of departure. Apart from the reduction of crime rates, an overall improvement and enhancement of operational efficiency and quicker processing times is to be expected. Overall, the global reputation of FCZ KLIA will be enhanced and eventually be recognized as a safe and secure cargo hub.

The IATA SFP trial shipments have started in KLIA since May 2010 and the Malaysia Secure Freight Programme will be in the spotlight in the coming IATA World Cargo Symposium in March 2011, Istanbul Turkey. In a related development, the AOCC/CCC will operate at the AMC Building by the end of January with around 400 to 500 CCTV cameras with priority on critical areas. There will be a gradual increase of the cameras as the need arises. As of June 2011, a total number of 2,070 CCTVs will be operational.

STRENGTH IN NUMBERS

For the year 2010, MAHB has boosted the Auxiliary Police strength with an additional 228 new recruits after they successfully completed a six-month training programme (inclusive of two months training at PDRM Training Centre (PULAPOL), two months training at Malaysia Airports Training Centre (MATC) Penang and another two months on-the-job-training at KLIA.

For the same year, a total of 750 MAHB Auxiliary Police underwent the X-ray Machine Security Screeners Certification and Re-Certification Program, which is a mandatory international regulatory requirement. Only Auxiliary Police that passed this test will be allowed to operate the X-Ray machines for passenger screening at airports.

To meet the new challenges and threats at the landside areas of the airports, the PDRM reinforced their presence with the deployment of an elite Police Action Force or the PGA at KLIA and in other international airports such as Kota Kinabalu, Kuching and Langkawi.

Since 2008, there are 504 PGA personnel in KLIA, 120 in Penang and 40 in Langkawi. Since 2009, there are 120 PGA personnel in Kota Kinabalu and

in Kuching. In addition, MAHB signed an MOU with RELA to provide security at remote STOLports in Sabah and Sarawak, since April 2010, in accordance with ICAO requirements.

Currently, there are 27 personnel in Bario, 12 in Ba'kelalan, 12 in Long Akah, 12 in Long Seridan, 20 in Long Banga, 12 in Long Lellang and 10 in Kudat. In a related development, MASB has also equipped six motorcycles complete with necessary fire and rescue equipment at six STOLports, namely Long Banga, Long Akah, Long Lellang, Long Seridan, Ba'kelalan and Bario.

These airports will continue to undergo Annual Scheduled Inspections to ensure that the requirements of the certification are continuously met. The SMS certification is a testimony of MAHB's initiatives to ensure the highest level of safety at its airports and to fully comply with the ICAO's Safety Management Program.

In addition, four international airports, namely Penang International Airport, Kuching International Airport and Langkawi International Airport were awarded OHSAS & EMS Certification in 2010 and the Miri Airport is expected to be certified in early 2011.

Managing Director's

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COMMERCIAL OPERATIONS

ENRICHING THE CUSTOMER EXPERIENCE

We are driven by the needs of our customers, and it is only by doing this that we can deliver an end to end customer experience whilst building capabilities and revenue. The Commercial Services 5-Year Strategic Planning and Operations Plan, which spans from 2009 until 2013 had been developed taking into account global financial health scenarios as well as industry challenges and various other business opportunities with the ultimate aim of enhancing commercial value and the airport experience of passengers and visitors. This plan is also aligned with the Corporate Business Plan, under the theme of 'Runway to Success'.

The Commercial Services Division is the main driver for retail and food & beverage offerings and also caters to other services namely banking, lounges and hospitality services. It also has a responsibility of increasing commercial revenue, average spend per passenger and the enhancement of the various facilities and services at the airports. The Division ensures that the offerings and services provided meet or exceed customer expectations to remain competitive in the

market, ultimately building a profitable and sustainable business.

Moreover, this Division is also responsible for the advertising and marketing of advertising sites as well as event and campaign management to build awareness and loyalty of the myriad of retail and F&B offerings, services and facilities available at the airports. The respective airports will be developed based on the Airport Commercial Models where Customer Experience Management, Products Transformation, Partners Transformation and People Transformation play significant roles. Currently, there are four Airport Commercial Models, namely the World-Class International Hub - Lifestyle Model, the World Class Airport Leisure Model, the Community Airport Model and the Corporate Responsibility Airport Model.

At MAHB, we believe in offering our travellers an airport experience that revolves around fabulous shopping, delectable dining and blissful relaxation sessions. In line with this philosophy, one of the key initiatives for this year was the 'Indulge Till You Fly' shopping campaign that was implemented at the five international airports, namely, KLIA, Penang International Airport, Langkawi International Airport, Kuching International Airport and Kota Kinabalu International Airport.

The 'Indulge Till You Fly' campaign offered close to RM2 million worth of prizes during the campaign period from 24th July 2010 till 6th January 2011. The campaign activities included an 'Indulge & Win' contest, sales promotions that included the Malaysia Mega Sales Carnival and Year End Sales and a celebration of cultural festivities such as Hari Raya and Christmas. This campaign has gone a long way in boosting commercial value by generating RM29 million in sales from contest participation in 2010 and strengthening brand awareness among our target markets.

The official sponsor of the event was MasterCard, and individuals who spent a minimum of RM250 at any retail, F&B outlets or Reflexology/Spa outlets stood a chance to win prizes that included 10 pairs of First Class "Priceless Indulgent Holiday Packages" comprising of two First Class tickets to Cape Town, London or Sydney, a three nights complimentary stay at a selection of Five-Star hotels, namely the Table Bay Hotel in Cape Town, The Landmark Hotel in London or the Blue Hotel in Sydney. Local holiday experiences included a selection of either a full day safari at Fairy Glen in Cape Town, Chocolate Afternoon Tea at the Landmark Hotel in London or a seaplane tour of the New South Wales coastline.

BRANDING MATTERS

In a bid to achieve sustainability while vying for the most optimum business model, the advertising concession for Kuching International Airport and Kota Kinabalu International Airport was awarded. As a result of these concessions, value added services such as free wireless hotspots will be available for travellers. Moreover, digital screens have also been introduced for ambience enhancement and will also serve as new mediums for advertising.

As part of the strategy in terms of commercial operations, the 'Airport Commercial Models' are the main integrator in creating a transformation of commercial practices and activities in accordance to airport classification and customer profiles. This evolution is expected to increase commercial revenue at each airport.

In the case of Lifestyle Airports such as KLIA, the continuous enhancement of the Satellite Retail Optimisation Project should bring new concept store brands, such as MAC and Shu Uemura Boutique as well as Poney, Khazanah Home Gift & Decor and Fauchon. Other brands for 2011 include Sunglasses Express, FAMA, Benefit, Keihls, Bobby Brown, Anna Sui, Lamer and Braun Buffel. There will also be a Japanese restaurant, Fukuya KLIA and an open bar. Commercial development in terms of the Retail Optimisation Project at MTB KLIA

and airport expansion projects in Kota Kinabalu International Airport and Penang International Airport will also be ongoing.

The LCCT-KLIA will also see new brands such as 100 Vision, Diesel, Lagenda Café, Boost Juice Bar, Passage Thru India and Nuri Reflexology make this leisure airport their vibrant hub. Other airports, such as Kuching International Airport, Langkawi International Airport, Miri Airport, Alor Setar Airport, Kuantan Airport, Labuan Airport, Tawau Airport, Bintulu Airport, Mulu Airport and Lahad Datu Airport are also in the process of being upgraded in terms of their commercial development strategies.

MOVING ON

Looking forward to 2011, the key initiatives will revolve around the second phase of Commercial Strategic Planning, which would include the establishment of a complete concessionaire relationship management, include tail-end management. There will also be a focus on the customer experience value chain, such as loyalty programmes and the branding of airports as a lifestyle destination. This division will also be looking into land development in support of community hub development, as well as a full roll out of Airport Commercial Models with airside and landside strategy. These initiatives will transform the Airport Commercial Business into a regional leader in terms of delivering a holistic customer experience whilst offering

convenience, pricing and choices. Shopping campaigns such as 'Indulge Till You Fly' will continue, as would sales promotions in support of the Malaysia Mega Sale, Malaysia Year End Sale and festive activities. Moreover, the development of Airport Commercial Models will progress to its second phase in the Main Terminal Building of KLIA, while a holistic strategy will be mapped out for Leisure Airports such as Klia2. Community Airports such as the ones in Ipoh and Kuala Terengganu as well as the Corporate Responsibility Airport in Pangkor will also be undergoing developments.

REINFORCING THE SHOPPING EXPERIENCE

With its solid experience in the travel retail and duty free business, which spans almost 16 years, Malaysia Airport Niaga Sdn. Bhd., also known as ERAMAN, is acknowledged as the biggest airport retailer in Malaysia. In line with MAHB's direction, this track record has provided the impetus for ERAMAN to embark on a dynamic 5-Year Business Plan. This will enable the company to play a significant role in contributing to the commercial revenue of the MAHB Group. With a network of more than 30 outlets occupying a total retail space of 8,460 square metres across five international airports and Labuan Airport, ERAMAN is unrelenting in its commitment to provide an extensive, relevant yet appealing array of products to its target markets.

Managing Director's

REVIEW OF OPERATIONS





The year 2010 was a year of evolution and continuous improvement for the company's primary areas of focus and it strived to improve its duty free business for the five core products, expand its food and beverage business and realign its focus on profitable fashion brands. The Merchandising Core Division rolled out new fragrances and cosmetics retail outlet at a strategic location within the Contact Pier and commenced business on November 23rd. It is this very retail outlet at Contact Pier which enabled ERAMAN to score a tremendous coup in the duty free and travel retail industry by being the first and only airport retailer in Malaysia to carry the exclusive Coach fragrance.

The F&B Division also embarked on plans to develop its own brand and concept for franchising as well as explore avenues and create opportunities for a strategic alliance in airport hospitality services. In addition, an initiative to develop its own Central Processing Kitchen will provide an opportunity for ERAMAN to be self sufficient in the supplies for its own brands' outlets and generate income via wholesale and distribution of the products for institutional and retail sales. This facility will also provide an opportunity for ERAMAN's F&B Division to tap and explore the catering services market.



Managing Director's

REVIEW OF OPERATIONS

DIVERSIFIED EXCELLENCE

The commencement of the Fashion Division's in-house label, UNIQ which was introduced a year earlier has met initial expectations and is contributing positively to the Division with higher margins. UNIQ will also feature prominently upon the completion of the renovation for Kota Kinabalu International Airport in early 2011, along with the introduction of its menswear line. This augurs well for the positive growth of the Division which already has among its stable of established designer and lifestyle fashion labels, the likes of BURBERRY, MNG, LACOSTE and the latest luxury brand to join ERAMAN's Fashion Division in the forthcoming year, BALLY.

Advertising & Promotion activities undertaken by ERAMAN have a two-pronged objective; that is to promote greater awareness of the brand and to contribute towards enhancing revenue. Major promotional highlights included an ERAMAN self-initiated PINKTASTIC campaign and the launch of a marketing collaboration with a premier leader in the banking industry, CIMB, which was aptly called 'Duty Free Extravaganza'.

Customer Service Excellence continued to be a major focus of ERAMAN's Operations Division, in order to enhance the shopping experience of our target market that comprise the myriad of travellers and visitors who patronise our travel retail and duty free outlets. In this regard, our key business partner, the Malaysian Retailers Association or MRA, has been playing an instrumental role in helping to ensure that our customer service delivery continues to be top-notch, for customer satisfaction at the highest level is a top priority for ERAMAN and it represents the lifeline to the healthy growth of our business.

A burgeoning array of business opportunities and activities will further propel the growth of ERAMAN. In this regard, the company has initiated discussions on viable locations beyond airport perimeters and also downtown for its F&B business and Fashion business, including the collaboration to set up a premium fashion village. Given the dynamic teamwork, keen enthusiasm and healthy appetite to seize and maximize every business opportunity that comes its way, the staff and management of the company are highly driven to achieve, and have every confidence to soar to greater heights of success in line with the direction and aspirations of the Group.

OUR OVERSEAS EXPANSION

MAHB has always believed in the value of its expansionary vision, and the establishment of its Overseas Ventures Division in 2009 exemplified this commitment towards growing its business beyond our borders. The division will monitor all of its existing investments overseas and to explore new opportunities that revolved around airport concessions and privatisation projects around the world.

Malaysia Airports Consultancy Services (MACS), a subsidiary, also plays an integral role in terms of airport operations and management consultancy services to overseas airports. MACS' core operating divisions comprise Airport Consultancy, Strategic Alliance and Service Monitoring Divisions.

As a Group, we believe that our scope of commercial exploration can also include airports with less than five million passengers per annum (mppa) in South East Asia, Middle East/Northern Africa (MENA) and China. The burgeoning low cost carrier segment coupled with the liberalisation of the air services market will also lead to the creation of more routes in the future.

Along the years, MAHB has established itself as a brand name in terms of airport investments, and as a testament to this, MAHB won the Airport Investment Company of the Year for 2010 awarded by Frost & Sullivan. The overseas airports under MAHB's investment portfolio are Rajiv Gandhi International Airport (Hyderabad, India), Indira Gandhi International Airport (Delhi, India), Sabiha Gokcen International Airport (Istanbul, Turkey) and Malé International Airport (Maldives).

HIGHLIGHTS OF 2010

Male International Airport Project, Maldives

2010 was a good year in terms of new beginnings, as MAHB and GMR ("the Consortium") successfully won the bid to build, operate, modernise and expand the Male International Airport (MIA). The tenure of the concession is for 25 years and may be extended for another 10 years subject to mutual terms and conditions between relevant parties. MAHB and GMR had incorporated a special purpose vehicle company in the Republic of Maldives, namely GMR Male International Airport Limited ("GMIAL") on the 9th of August 2010. This venture will highlight MACS' ability to value add in the areas of airport operations, technical services and the provision of airport

related training programmes to Male International Airport. The venture will also involve the deployment of personnel in the areas of Airport Operations, Ground Handling, Airport Fire & Rescue Services and Human Resource Services to Male International Airport.

The operation and management of MIA was officially handed over to GMIAL on the 25th of November 2010. Encik Mahmud Fauzi Hj. Kadir, the former Airport Manager of Langkawi International Airport, was appointed as the Chief Operating Officer of GMIAL, while Encik Abdul Malik Mohd Yunus, formerly the Senior Manager, (AFRS) of KLIA, was appointed as the head of AFRS. As part of its future plans for staff development, GMIAL has sent 22 of its staff to attend the Basic Airport Rescue & Fire Fighting training at the Malaysia Airports Training Centre in Subang.

Lingling Airport Project, China

Our expansionary vision also extended into the Chinese market as MACS entered into a Memorandum of Understanding (MOU) with Nagamas Enterprise (HK) Limited (NEL) for the provision of airport operations, management and technical consultancy services to the Lingling Airport in Yongzhou, in the Hunan province in China.

NEL signed an MOU with Yongzhou City People's Government to embark on and undertake China's Yongzhou International Multi-Trade Project, which includes China's Yongzhou International Aviation Logistics Project.

The eventual agreement between MACS and NEL will involve a joint venture agreement to participate and explore the possibility of airport operation, management and technical consultancy services to the Yongzhou Lingling Airport. Currently, the feasibility report and traffic forecast studies are being finalised prior to submission to the Yongzhou Municipal government.

Collaboration with Faber Group Berhad

MACS and Faber Group Berhad ("Faber") explored the possibility of collaborating with each other for mutual benefit in the provision of Airport Operations Services and Integrated Facilities Management Services to airports outside Malaysia ("the Projects") where MACS and Faber will utilise their expertise to work together to carry out the Projects.

It was agreed by both parties that MACS will provide the necessary consultancy services in airport operation and management related areas, whilst Faber will provide the necessary construction and facilities maintenance services required for the Projects.

Managing Director's

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On 12th May 2010, MACS entered into a Memorandum of Business Exploration ("MoBE") with Faber to establish general principles governing their relationship in respect of the Project. Subsequently, Faber engaged MACS to provide airport related training programmes to the top management and staff of Faber. A total of 16 personnel attended training on airport operations, airport technical and Airport Fire & Rescue Services from the 5th July 2010 to 17th December 2010, while another 22 personnel will attend training for Top Management from 27th to 28th September 2010.

Operational Excellence

In terms of airport operations and maintenance, Urusan Teknologi Wawasan Sdn. Bhd. (UTW) has been entrusted with the core responsibility of providing operational and maintenance services for building facilities. Its 'Integrated Facility Management' services also include energy conservation, testing and commissioning.

Driven by excellence, the company is backed by more than 300 technical and management based personnel who are committed to establish strong partnerships with its clients. UTW focuses on 'people, process and technology', an approach that has led to lasting business ties by meeting the client's expectations through a high benchmark of system capabilities.

The MAHB 'Runway To Success' business direction has also played a major role in UTW's positive trend in profitability and in securing 22% of its external revenue from its total revenue. By establishing 99.99% technical system availability, UTW has positioned itself as the preferred O&M provider that ensures the sustainability of KLIA service excellence.

Looking forward, UTW aims to be a leader in Integrated Facility Management Service. This will include a full undertaking of planning, execution, control and monitoring of all tasks associated with maintenance functions through a single management contract. This aspiration is in line with its aim to a certified Green Facility Management company in 2011. Under the overarching theme of Carbon Neutrality, UTW is enthusiastic about Green Business opportunities in both public and private sectors that are in line with MAHB's objective towards carbon neutral growth by the 2015. Moreover, Malaysia's commitment towards carbon reduction by 2020 also serves as an impetus for this aspiration.

Our Diversified Portfolio

Under our Non-airport commercial operations, KL Airport Hotel Sdn. Bhd. (KLAH)'s Pan Pacific Kuala Lumpur International Airport (PPKLIA) registered another profitable year for FY2010. They

achieved a 70% gross occupancy rate as compared to 61.3% in FY2009. The gross average room rate decreased to RM314.25 from RM335.27 in FY2009. The reduction in rates did see an increase in demand with total revenue, which registered at RM62.9 million as compared to RM57.5 million in FY2009.

The World Luxury Hotel Awards has also recognised PPKLIA for their Service Excellence as the winner of the Global Luxury Airport Hotel category for 2010.

Apart from our hotel operations, our subsidiary, MAAH (MAB Agriculture-Horticulture Sdn. Bhd.), oversees the operational requirements of oil palm in the KLIA area and coconut plantations in the Kota Bharu Airport area. For the year in review, MAAH registered a lower turnover of RM46.7million as compared to RM48.5million in FY2009. It should be noted that MAAH had to grapple with a reduction in planted hectares as a result of land clearing for Klia2. The potential loss of revenue as a result of this land clearing exercise has been valued at approximately RM17.9 million for FY2010. In spite of this operational alteration in plans, MAAH still managed to surpass expectations, and for that we are very grateful for their efforts.

MAAH's turnover was principally derived from the sales of fresh fruit bunches, horticulture activities, landscaping services and overall operational activities of the coconut plantation. To date, a total of 1,721.83 hectares of the plantation area surrounding KLIA were cleared to make way for the construction of the Klia2 and other associated commercial development projects. Nonetheless, MAAH will continue to make a positive contribution to the Group revenue in 2011, given the expected higher yield and projections of stronger palm oil price.

The year ahead

All signs are pointing towards continued growth in 2011, albeit at a less robust rate, as IATA has voiced out that the growth cycle in 2010 could have peaked; even though in normal circumstances an upswing should last four to five years. Nonetheless, I believe MAHB is poised to transcend expectations once again. Our country has a robust inbound tourism market with a well travelled population that is also blessed to be in such a strategic location within the ASEAN region. With a selection of regional and long haul flights available from our airports, the future of our growth prospects is certainly on the upswing.

Moreover, the fusion of our offerings in terms of full service airlines and low cost carriers also provides a value proposition to our esteemed clientele. It should also be noted that the continuing liberalisation of air services within the ASEAN region will also increase point to point traffic throughout the region.

There is of course a shroud of negativity that hangs over the global aviation industry as possible increases in fuel prices to above USD100 per barrel could be a concern coupled with economic uncertainty in Europe and USA. Furthermore, the volatile situation in Egypt and some Middle Eastern countries could pose a threat to the oil price and the travel sector. It should also be noted demand for air transport could also be affected by high taxes being levied by many governments and airports around the world.

Nonetheless, faster recovery within the private sectors could perhaps be the catalyst towards revitalising the global aviation industry. The IMF predicts that global GDP growth to be at 4.2%, an assuming that oil prices remain stable, ICAO estimates that global passenger growth would increase by 4.7% in 2011, as compared to 6.3% in 2010. IATA predicts a slightly higher figure at 5.2% in 2011 as compared to 8.9% in 2010.

Closer to home, the latest 2011 GDP numbers from the Malaysian Institute of Economic Research and the Government stands in between 5% and 6%, and based on these expectations, it is estimated that MAHB's passenger traffic should grow by 6.7% in 2011. Growth in aircraft movements are expected to follow a similar trend with relatively high load factors as well. It should be noted that cargo movements are also expected to grow by 5.5%.

Acknowledgements

At MAHB, we believe in the professionalism, dedication and skill of our management team and employees. FY2010 was a year to savour for MAHB, and despite the numerous challenges, it's been a great year and we look forward to the future with unbridled enthusiasm.

We could never have achieved what we did without the support of our airlines, retail and F&B operators, ground handlers, customs, immigration, police and the myriad of individuals that make up the backbone of our operations. Every one of these individuals has played their part in making what MAHB is today.

Managing Director's

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2010 would be remembered as another groundbreaking period in our illustrious history, and much of our success lies in the good rapport we have within the private and public sector; and it will be fitting to acknowledge the Government and various ministers in their efforts to ensure MAHB always received the commitment and understanding in our endeavours.

We are in a business where the needs and aspirations of our customers form the driving force of our commercial focus. I would like to thank the millions of customers who have passed through our airports for their loyalty and recognition of our efforts. It has been an utmost privilege to serve them. I would also like to extend my gratitude and appreciation to our shareholders as well.



TAN SRI BASHIR AHMAD BIN ABDUL MAJID
Managing Director





**OUR WARM AND COURTEOUS
PEOPLE SETS US APART IN PROVIDING
EXCELLENT CUSTOMER SERVICE.
PASSENGERS WILL ENJOY AN ENRICHED
EXPERIENCE AT OUR AIRPORTS.**

POSITIONING FOR THE SUCCESS.





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CORPORATE Responsibilities



At MAHB, we believe in the value of conducting our business operations in an open and transparent manner that is based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. Our concept of Corporate Responsibility (CR) focuses on the economic, social, environmental and the inalienable rights of individuals within the sphere of our influence.

We are proud of our airports and are committed to creating sustainable world class aviation gateways as a symbol of national pride. In upholding our commitment to sustainability, MAHB will integrate sustainability as a consideration in all planning and development decisions, including management, communication, procurement and operation, as well as support sustainable practices in our business marketplace.

Our business operations ensure that we come into contact with a broad array of stakeholders in the marketplace. From members of the airport community, media, business figures, government agencies, suppliers, customers and many others, MAHB is in the thick of things. Therefore, it is imperative that we invest in the time and effort to develop a friendly and collegial relationship with the various groups.

Sustainability is central to the way we think, the way we conduct ourselves, and the way in which we approach our day to day activities. Our dedication to sustainable business practices is now part of our Group's Sustainability Policy. The Group's Corporate Responsibility initiatives rest on four main pillars: Community Development, Marketplace Development, Workplace Development and Environmental Sustainability.



Community Development

BEYOND BORDERS

Our flagship community program, Beyond Borders, a nationwide school adoption program aims to promote a healthy, competitive and creative spirit within the minds of the students among the adopted school community. This initiative also aims to give an opportunity for underprivileged students to challenge themselves. In 2010, the main focus of Beyond Borders is to have improvements in the subject of Science, English and Mathematics. This has been proven by the increasing of passing rate for UPSR in all adopted schools.



CORPORATE Responsibilities

Twelve schools in rural area were adopted for the period of three years (2010-2012). With the completion of the first phase of Beyond Borders at the end of 2009, MAHB has ignited the second phase of Beyond Borders by expanding the program to 12 new schools throughout the region. The schools are, namely, SK Seri Cheras, W.P. Kuala Lumpur, SK Olak Lempit, Banting, Selangor, SK Labu Ulu Batu 8, Negeri Sembilan, SK Semabok, Melaka, SK Batu 3, Kuantan, Pahang, SK Mengabang Telipot, Terengganu, SK Parang Puting, Pengkalan Chepa, Kelantan, SK Sungai Raya, Kinta, Perak, SK Titi Gajah, Alor Setar and SK Sungai Batu, Teluk Kumbar, Pulau Pinang, SK Temenggong Datuk Muip, Sarawak and SK Wakuba in Sabah.

The official initiation of the second phase was conducted in the month of July and August 2010 in presence of MAHB senior management as well senior officials and representatives from the State Education Department (JPN) of the respective states to commemorate the launch event.

New enhanced framework and program pillars encompassing interschool competitions, tuition classes, academic clinics, motivational talks, trainings and workshops were subsequently conducted at the new adopted schools throughout

the year. Beyond Borders 2010 was concluded in October with its annual Beyond Borders Awards dedicated to give appreciation and recognition to committed students and teachers. The event was conducted at MAHB's adopted schools located at three venues in the Central, Northern and Eastern region. The schools were SK Olak Lempit, Selangor who played host for the Central region followed by SK Sungai Raya, Perak for Northern region and SK Batu Tiga, Pahang for Eastern region.

Under the Beyond Borders Awards banner, five categories were presented namely the Beyond Borders Interschool Project Competition category, Beyond Borders Planet Green Project Competition category, Golden Pen Awards: Essay Writing Competition category, 'Act it Up' Interschool Drama Competition category and the Special Awards category. The Special Awards are Best Principal, Best Single Point of Contact (SPOC), Best Presenter for Beyond Border Project Interschool Competition, Best Presenter for Beyond Border Planet Green Interschool Competition, Best Actor, Best Actress and Best Director for 'Act it Up' Interschool Drama Competition. Winners for each category from every region received cash prize were accompanied by trophies and certificates.

As a result of the dedication and support shown by the teachers, the students showed a positive result in the 2010 UPSR examination with a higher percentage of passes and more students getting 5As as compared to the previous year. Moving forward, Beyond Borders will continue its aspiration to empower the lives of the underprivileged children in line with its tagline 'Give Them Wings, Let Them Fly'.

A YEAR OF GOOD DEEDS

PPKLIA also did their bit by contributing provisions to the Persatuan Kebajikan Agathiar Sanmarka Sanggam (PKASS) Dengkil. PKASS provides a wide range of community services, from feeding the poor, famine relief and offering medical services. Currently, PKASS provides food rations to over 200 families on a monthly basis. The centre's major activity is to provide a full month's food supply on 7 essential items such as rice, sugar, wheat flour, dhal, bee hoon, cooking oil and milk powder to the 200 families around the Klang Valley and Negeri Sembilan.

The hotel also participated in Earth Hour on the 27th of March 2010 from 8.30pm to 9.30pm, joining the climate change initiative that is committed towards creating a global platform of support for climate change. Over a thousand cities and towns turned off their lights worldwide, and within the hotel, most lights were switched off or literally dimmed to the minimum.

The 2010 eruption of the 'Eyjafjallajokull' volcano in Iceland caused enormous disruption to air travel across Western and Northern Europe, and the effects were felt here in KLIA, with a whole host of stranded passengers unable to make their connecting flights. In a gesture of goodwill, PPKLIA worked together with the British High Commission to provide complimentary rooms for them during this interim period.

During the Christmas period, PPKLIA's community care committee together with the Learning & Development (Education) team gathered three homes namely Persatuan Kanak Kanak Istimewa Kajang, Persatuan Kebajikan Thirumular Malaysia and Pertubuhan Rumah Anak Yatim Mary for a Christmas party on 23rd December 2010. A total of 80 kids and their guardians participated in this event. The children were entertained by 'Peanut' the clown, treated to a scrumptious lunch and musical performance by the choir group of Church of St Theresa in Nilai. After the lunch, we presented individual

cheques of RM1000 to each home along with a host of essentials such as recycled linen, face towels, bath mats, hand towels, pillow cases and bed sheets. The children also received three gifts each by hotel representatives dressed in their best Christmas costumes.

These initiatives are part and parcel of an institution that respects and cares for our wider community through connecting and sharing whilst also recognising the value of diversity in the present context. PPKLIA can definitely be classified as an establishment that believes in the greater good and one that cherishes the spirit of volunteerism in this day and age.

In a related development, it should also be noted that MAHB initiated the payment of 'zakat' in order to fulfill its societal obligation to the Muslim community. Lembaga Zakat Selangor (LZS) has reimbursed MAHB 1/3 of the zakat amount paid in 2010 to be redistributed to Malaysia Airports employees, the underprivileged children of its adopted schools as well as the underprivileged community living within the vicinity of KLIA. Verified and endorsed by LZS, these recipients fall within the definition of the eight 'asnaf' eligible to receive the zakat. In addition, a total of 165 MAHB's employees and 933 students from MAHB adopted schools have been identified to receive the zakat allocation.



CORPORATE Responsibilities

Marketplace Development



FORM AND FUNCTION UNITE

MAHB is an institution that thrives on its creativity and innovation, and the “iStyle Fashion KLIA”, is organized annually with the objective of promoting its flagship gateway as a lifestyle destination. Six teams from five fashion design schools participated in this year’s event, which is in its second year, and each team consisted of a designer, stylist and publicist. The teams were judged on their styling, overall ensemble, hair, makeup, campaign strategy and publicity initiatives. Interestingly, a special challenge was held where teams were required to design and produce fashionable yet functional attire for the airport’s front liners.

A unique factor of iStyle Fashion KLIA 2010 was the use of social media channels for greater engagement and interaction. The participating teams were encouraged to promote themselves via various social media channels. Depending on the support they garnered from social media platforms such as Facebook, Twitter and Foursquare, these elements also featured in the overall judging score. The response towards the “iStyle Fashion KLIA 2010 Facebook Page” was overwhelming, as about 1,000 people took part in weekly voting and popularity contests, making it the second most popular poll in the world for two weeks.

SOARING TO GREATER HEIGHTS

The recent MAHB Concessionaires Conference in 2010, themed 'Soaring To Greater Heights' provided a platform to better understand the advancements in the travel retail industry and the factors that come to play, namely consumer buying behaviour, the overall tourism outlook and effects on an economy where consumers are constantly seeking price-based value propositions.

Conferences such as this are integral in terms of achieving a synergy of strengths in relationships and strategies towards benefiting MAHB and the concessionaire. The conferences presented an opportunity for participants to trouble shoot issues and collaborate in an environment that valued insights, knowledge of consumer expectations and an overall enhancement of the core of our commercial operations.

VENDOR DEVELOPMENT PROGRAMME

MAHB establishes strategic partnerships with suppliers and provides the necessary support for local vendor development. The Vendor Development Programme aims to reduce the total cost of ownership, shorten cycle time, minimise corruption, increase value adding benefits and better management of suppliers. We also assist potential suppliers to initiate partnership with well-established or incumbent



suppliers. This will promote valuable transfer of knowledge and collaboration in areas such as Research and Development (R&D). In addition, potential suppliers will be able to expand their businesses and enjoy the assurance of quality and price

ENTREPRENEUR DEVELOPMENT PROGRAM

We have partnered with MECD to support to the development of SMEs (Small Medium Enterprise), by providing retail and F&B businesses opportunities in an international airport such as KLIA. This programme will also help to showcase and market Malaysian products and local delicacies produced by local SMEs.

A prime example is the Food Garden at the LCCT whereby MAHB through a collaboration with the former Ministry of Entrepreneur Development and Co-operative Development (MECD) has provided chances and opportunities to Bumiputera Entrepreneurs to further develop their business at LCCT-KLIA by allocating five F&B kiosks.

COMMERCIAL STRATEGIC PLANNING & OPERATIONS PLAN

There are five strategic commercial thrusts that MAHB concentrates on. Firstly, we aim to provide the best end to end customer experience by solidifying all touch points throughout their journey. This includes offering an array of product ranges at the right value for the right demographics at each locale. We also concentrate on creating a comprehensive and well managed relationship value chain with all stakeholders. Our commercial models for airports are also structured to achieve profitability and sustainability. Lastly, we also aim to create an optimal structure and career passage for our talent to achieve commercial excellence.

CORPORATE Responsibilities

Workplace Development

PRESERVING THE RIGHTS OF THE WORKFORCE

MAHB is committed to preserving the rights of every individual within its workforce regardless of age, gender, religion, social origin, ethnicity, sexual orientation, gender identity or disability. This is in accordance with the Malaysia's Employment Act and statutory requirements. In the case of Rewards and Recognitions for employees, the criteria for these decisions will be solely based on performance in terms of KPI and competency levels. MAHB also practices formal discussions on wage and benefits via Collective Bargaining every three years for both union and executive staff. It also practices market benchmarking in its pay policy which is aligned to performance, and this applies to the company as well as the individuals within it.



HUMAN CAPITAL DEVELOPMENT

MAHB invested a substantial fund for its Human Capital Development in 2010 and has embarked on the Leadership Development Program to develop leaders within MAHB. The target group for this development is Managers, Senior Managers and selected Executives. To enhance their capability as leaders, several workshop were conducted, namely the Leadership Feedback Workshop, Business Acumen, Strategic Thinking and Action Based Learning. The program objective is to establish a strong team of leaders to create the multiplier effect for massive growth and deliver breakthrough performance.





CORPORATE Responsibilities

A major component of Human Resource (HR) responsibilities is the development of its human capability in the field of certifications and in-house programs. Towards this, active steps were taken to equip trainers with certifications that allowed them to conduct an in-house program. To date a total of 18 staff from HR, AVSEC, AFRS and the Engineering Division have received their trainer's certification from Perbadanan Sumber Manusia Berhad (PSMB) under the Ministry of Human Resources.

In 2010, a total of 379 training programs were delivered by our own internal and appointed external trainers that involved a total of 6,596 employees being trained with an investment of RM6.8 million. HR conducted a number of collaborative programmes. 10 International Civil Aviation Organisation programmes were hosted at MATC KLIA involving 107 participants from 21 Contracting States. In terms of ACI GTH, five training programmes were conducted in 2010.

TALENT MANAGEMENT

One of the key attributes of a World-Class Airport Business is its concern for the standard of professionalism in the workforce to deliver service level standards of the highest quality. Among HR objectives is to ensure that MAHB

has a capable and professional workforce to meet, if not exceed customer expectations through quality delivery.

HR is always looking for new approaches to reach the Company's business goals. The ability to attract, optimise, and retain top talent is a vital component to achieve this objective. Branding the organisation to local campuses is the key focus of recruiting programs, and the career fair appears to be the most effective tool to achieve that goal. HR scouts for talent not only from local universities, but also from other universities overseas.

In 2010, HR participated in five local career fairs which were organized by the Ministry of Higher Education in collaboration with Jobstreet.com, Ministry of Transport, Ministry of Human Resources, Khazanah Nasional and MARA Professional College.

HR has also participated in the career fair at University College London and Arrows on Swanston in Melbourne as part of the Company's strategic initiative to become the "Employer of Choice" and part of Employer Branding. The aim of the career fair is to have an exclusive opportunity to reach Malaysian graduates in UK and Australia in order to have an advantage in recruiting these high-achieving Malaysian graduates ahead of other companies.

In addition, the career fair also offered an exclusive branding opportunity as students will recognize MAHB's role in providing them with relevant information on career choices.

The career fair was organized by Biz-Connection-GRADUAN in a joint-collaboration with the United Kingdom Executive Council (UKEC), Malaysian Students' Council of Australia (MASCA) and the Malaysian Students' Department in London and Australia.

CLOSER TO HOME

For 2010, a total of 26 new AVSEC Officer and 200 AVSEC Assistant completed their training to accommodate operational requirement at airports. In a related development, Malaysia Airports Training Centre (MATC) Penang has trained 21 Airport Rescue and Fire Fighting (ARFF) personnel from Male International Airport, Maldives. Moreover, we registered three more staff for the Employee Exchange Program (EEP), a collaboration between MAHB and Incheon International Airport.

In addition to this, Education Sponsorship Program (ESP) is a new initiative which aims to provide sponsorship for individuals with potential and excellent education backgrounds to continue their studies at selected

colleges and universities. For the year 2010, MAHB had financed 11 eligible students under this program. Apart from ESP, MAHB also places a high value on employee education, and the Education Assistance Program (EAP) is part of the organization's aspiration to promote continuing education for its employees to maintain and improve their job-related competencies.

MAHB continues to send employees to attend the Airport Management Professional Accredited Program (AMPAP). AMPAP is the world's only course-based accreditation programme for airport executives that are delivered both in a face-to-face and online manner. For airport management professionals, the International Airport Professional (IAP) designation is the affirmed global standard of excellence. At this juncture, a total of five MAHB staff have earned their IAP designation during graduation held in 2010.

The Malaysia Airports Career Development Programme (MACDP) is another comprehensive program and utilizes a holistic approach to develop a pool of talent to ensure a continuous supply of highly competent airport personnel for its immediate and future needs. For this purpose, MAHB had collaborated with Universiti Teknologi MARA (UiTM) to conduct two main

programs under MACDP. The Corporate Diploma in Airport Management (CDAM) is designed for executive staff whereas the Executive Diploma in Airport Management (EDAM) is for non-executive staff. For 2010, a total of 97 staff have started their studies that commenced in August and be slated for completion by July 2011.

Furthermore, the pre-retirement programme is a new initiative designated for MAHB employees who will be retiring within three years. The program is an avenue for staff to be prepared for a happy and successful retirement based on four dimensions, namely in the spiritual, intellectual, emotional and physical sense of things with financial planning and management as added value for this quest. In 2010, 28 staff attended the first session.

In line with the GLC Transformation Programme, MAHB embarked on the third cycle, namely Strengthening Leadership Development. This was achieved by having Cross Assignment and Cross Fertilisation programs with the goal of building a new generation of high performing business leaders through the transfer of knowledge and expertise. As the host of the program in 2010, MAHB received eight new cross assignees, with two from other GLC and one from a Government Ministry.

PERFORMANCE MANAGEMENT SYSTEM (PMS)

In 2010, MAHB embarked on a new Performance Management System (PMS) that consists of two performance measures, namely KPI and competency. In this new system, the behavioural competencies of all staff will be assessed using MAHB's Leadership Competency Model, which has two clusters, specifically 'Managing Self' and 'Managing Others'.

In the 'Managing Self' cluster, individuals will be assessed on their capabilities in terms of business acumen, strategic thinking, driving performance excellence, change and continuous improvement, initiative, organisational commitment and analytical thinking.

In the "Managing Others" cluster, individuals will be assessed on their capabilities in terms of managing stakeholders, team leadership, teamwork, developing others, customer service orientation as well as their impact and influence in certain scenarios. As part of the communication plan, HR conducted sessions with various stakeholders through multiple channels such as awareness training and HR bulletins. In a related development, MA Technologies Sdn Bhd was appointed to collaborate with HR on implementing ePMS, an electronic version of the system.

CORPORATE Responsibilities



THE IMPORTANCE OF ENGAGEMENT

MAHB has also embarked on its fifth Employee Engagement Survey, in order to have a better understanding of what employees think and feel about the company, to delve deeper into the complexities of their job requirements and responsibilities as well as identifying factors that 'engage' the employees and what motivates them to drive business-related goals and objectives.

There are three key behaviours that indicate strong 'Engagement', Say, Stay and Strive. 'Say' denotes the ability to consistently speak positively about the organisation to coworkers, potential employees and customers. 'Stay' denotes the intense desire to be a member of the organisation. While 'Strive' denotes the exertion of extra effort and the engagement in behaviours that contribute to business success. The results of the 2010 'Engagement Study' indicate that 74% of employees at MAHB are engaged, which is an increase of 9% from 2009.

Moreover, MAHB had also participated in the Leadership Development Audit, which was one of the initiatives outlined in the Orange Book by Khazanah Nasional Berhad. The audit was focused on 132 positions in the upper management divisions. The audit focused on MAHB leadership activities, outcomes and design plans for improvement. The overall outlook of the audit indicated a general compliance to the Orange Book initiatives. Nonetheless, there are several areas that need to be addressed by the Management.

CORPORATE Responsibilities



Environmental Sustainability

THE GREEN GLOBE CERTIFICATION

KLIA was built with the inherent belief that development and the environment can and must co-exist. This philosophy earned it a worldwide reputation as the world's first environmentally-friendly airport. Its beautiful architecture is aptly themed 'AIRPORT IN THE FOREST, FOREST IN THE AIRPORT'.

REDEFINING SUSTAINABILITY

In 2010, KLIA passed the requirements to be recognised as an Earth Check Benchmarked Airport (previously known as Green Globe Certification) for the sixth year in a row. In addition, MA Sepang was also recertified for the second year for EMS ISO 4001:2004 for its environmental management system.

The Earth Check annual assessment was undertaken against Earth Check benchmarking indicators and checklists. The indicators have been carefully selected to track performance in key areas of environmental and social performance impact. Their outcomes are used by Earth Check to evaluate whether the operation has reached the standards necessary to pass the benchmarking requirements, as stated in the Earth Check Benchmarking Policy.

For 2010 (based on data collected in 2009), 11 out of 12 assessed Earth Check indicators are at or above the Baseline level. From this, six indicators, Water Savings, Community Contributions, Paper Products, Cleaning Products, Pesticide Products, Noise Nuisance, are at or above the Best Practice level. The one indicator that fell below the Baseline level was Waste Sent to Landfill.

Moreover, the use of 100% eco-labeled paper products was highly commended as that demonstrated a very positive commitment to protecting the environment and supporting the local community. Improvements in all the Earth Check indicators will not only help the environment, but also help reduce operational costs. Due to the positive commitment that MAHB's Operations has demonstrated to the environment, the assessors are confident that they can maintain their high standards and remain a leader in environmental performance.



CORPORATE Responsibilities

THE GREEN INITIATIVE

Airport Council International has set a target to achieve carbon neutral growth by 2020, and it is MAHB's aim to meet or beat it. A detailed study to ascertain the carbon footprint at KLIA was carried out, and this concept is now being extended to all our other airports. Apart from that, in line with IATA's Four Pillar Strategy to combat climate change, MAHB is working with its airline partners to conduct efficient procedural landings at KLIA, such as the continuous descent approach, which has the potential to save between 160kg and 480kg of carbon per landing through reduced fuel burn.

BUILDING GREEN AIRPORTS

Apart from the obligations of implementing an Environmental Management Program, the ISO 14001 certification for our airports is also an ongoing commitment that is designed to enhance the organization's ability to attain and measure improvements in environmental performance. A noteworthy initiative has been the Energy Saving Programme (ESP), which has resulted in energy savings of over 30%, exceeding the 20% target that was initially set. Klia2 is also part of these environmentally related initiatives with a Green Building Index certification or a LEED (Leadership In Energy and Environmental Design) Certification being utilised in order to achieve a goal of a terminal with the lowest energy use per passenger in the world.

WATER MANAGEMENT

At MAHB, we recognize the holistic importance of managing water as a resource. We monitor the quality of portable, recycled and reused water in its totality, with test criteria that include physical, chemical and bacteriological content. To curb water wastage, we are also implementing awareness programs at all airports as well. In terms of storm water management, we have a collection of run-off water at two balancing ponds to allow sediments to settle before being released into nearby rivers. To ensure oil and grease discharge from aircraft and vehicles do not enter the rivers, oil water separators at the integrated drainage systems are also monitored. Water samples from storm water outlets and balancing ponds are also collected to ensure no pollution is occurring. Furthermore, there are spillage control procedures in place to tackle incidents that involve hazardous materials, chemicals, detergents, fuels, oils and waste water.

ENHANCING BIODIVERSITY

Being environmentally friendly is one of the core concepts of KLIA, and its 'Airport in the Forest, Forest in the Airport' tagline is more than just a statement, it's a commitment to biodiversity. Unfortunately, as these green areas become suitable habitats for birds, the risk of bird strikes on aircrafts has made it necessary for the Airside Safety Unit to establish the Bird Strike

Management Team. One of the strategies to overcome this threat involves a palm oil plantation in the area that provides an environment for rats, bats and owls. There is also a sanitary landfill developed approximately 7km to the West of the airport, attracting crows to the area.

MITIGATING NOISE

One of the environmental issues that is a concern of airports during operations or any airport development i.e. expansion, upgrading, renovation, redevelopment, or construction of a new airport is the impacts on the noise environment from increased aircraft movements. Therefore, MAHB has established a Land Use Plan for all of its International and Domestic airports. The Land Use planning was made in such a way that residential areas are only allowed at areas where the noise exposure is lower than 65 dB.

In terms of noise control, all activities must meet and support the Environmental Impact Assessment (EIA) of KLIA. A gazetted 10km by 10km 'no residential build zone' has been implemented around the airport, while the creation of an acoustic barrier with a green belt of palm plantation and forests surrounding the airport also helps monitor noise levels in noise sensitive areas.



**MALAYSIA'S FIVE INTERNATIONAL
AIRPORTS ARE CENTRAL TO THE
WORLD'S STRONGEST GROWTH MARKETS.
WE ARE WELL POSITIONED
TO SERVE OVER A QUARTER OF
THE WORLD'S POPULATION.**

POSITIONING FOR THE SUCCESS.





BOARD OF Directors





BOARD OF Directors

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



Tan Sri Datuk Dr. Aris bin Othman, Malaysian, aged 66, was appointed to the Board 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., K.L. Airport Hotel Sdn. Bhd. and MAB 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, AmlInvestment Bank Berhad and YTL Power International Berhad. He has attended 15 out of 15 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 61, was appointed as Managing Director of MAHB on 7 June 2003. He is a member of the Board Finance & Investment Committee of MAHB. He chairs the Board of Malaysia Airports (Niaga) Sdn. Bhd., Malaysia Airports Capital Berhad and Malaysia Airports Capital (Labuan) Limited, as well as is a member on the Board of K.L. Airport Hotel Sdn. Bhd. and MAHB (Mauritius) Private Limited, 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, Delhi International Airport Private Limited, Istanbul Sabiha Gokcen International Airport Group and GMR Male International Airport Limited. Tan Sri Bashir was appointed as the President of Airports Council International Asia Pacific Region on 12 May 2010. He has attended 15 out of 15 Board Meetings held during the financial year.



DATUK ALIAS BIN HAJI AHMAD

(Independent, Non-Executive)

Datuk Alias bin Haji Ahmad, Malaysian, aged 63, was appointed to the Board of MAHB as an Independent Non-Executive Director on 1 December 2003. He chairs the Board Nomination & Remuneration Committee and is a member of Board Procurement Committee, Board Audit Committee and Board Risk Management Committee of MAHB. Prior to this, he had a long and distinguished career with the Government which began soon after his graduation from the University of Malaya in 1972 with an Honours Degree in Arts and Economics. He held various senior positions in several Ministries and Department starting at the Ministry of Finance in 1972, Special Officer to the Minister of Finance and then Minister of Trade and Industry. He also held various senior positions in the Ministry of Defence before moving on as Federal Secretary for Sabah. He was the Deputy Secretary General of the Ministry of Health, a post he held until his retirement in July 2003. He has attended 14 out of 15 Board Meetings held during the financial year.

BOARD OF Directors



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

Datuk Siti Maslamah binti Osman, Malaysian, aged 63, 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 15 Board Meetings held during the financial year.



IZLAN BIN IZHAB
(Non-Independent, Non-Executive)

Izlan bin Izhab, Malaysian, aged 65, was appointed to the Board 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., 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, OSK-UOB Islamic Fund Management Berhad, CIMB Aviva Assurance Berhad, Box-Pak (Malaysia) Berhad, CIMB Aviva Takaful Berhad, K&N Kenanga Holdings Berhad and Kenanga Deutsche Futures 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. He has attended 12 out of 15 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 52, was appointed to the Board 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 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 15 out of 15 Board Meetings held during the financial year.



JEREMY BIN NASRULHAQ
(Independent, Non-Executive)

Jeremy bin Nasrulhaq, Malaysian, aged 58, was appointed to the Board 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 Sweetet 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 Deputy President on the Malaysian CIMA Council. He is a registered chartered accountant of the Malaysian Institute of Accountants (MIA). He also holds a Bachelor of Science Degree in Agribusiness Science from Universiti Putra Malaysia. He has attended 13 out of 15 Board Meetings held during the financial year.

BOARD OF Directors



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

Dato' Long See Wool, Malaysian, aged 56, was appointed to the Board 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 Institut Tadbiran Awam Negara ("INTAN"). He has attended 14 out of 15 Board Meetings held during the financial year.



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

Dyg Sadiah binti Abg Bohan, Malaysian, aged 48, was appointed to the Board 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 is a member on the Board of Malaysia Airports (Sepang) Sdn. Bhd., a wholly-owned subsidiary 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 Institut Tadbiran Awam Negara ("INTAN") in 1989. She obtained her Masters in Business Administration from Universiti Kebangsaan Malaysia in 1998. 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 Senior Private Secretary to the Second Finance Minister. Dyg Sadiah is a Director of Perbadanan Nasional Berhad. She has attended 10 out of 15 Board Meetings held during the financial year.



AHMAD JAUHARI BIN YAHYA
(Non-Independent, Non-Executive)

Ahmad Jauhari bin Yahya, aged 56, was appointed to the Board of MAHB as a Non-Independent, Non-Executive Director on 17 March 2011. Ahmad Jauhari holds a Bachelor of Science (Hons) Degree in Electrical and Electronic Engineering from University of Nottingham, United Kingdom. He started his career with ESSO Malaysia Berhad before joining The New Straits Times Press (M) Berhad where he rose to the rank of Senior Group General Manager, Production and Circulation in 1990. Ahmad Jauhari then joined Time Engineering Berhad as Deputy Managing Director in 1992 and was promoted as Managing Director within the same year. He then joined Malaysian Resources Corporation Berhad as Managing Director before assuming his last executive position as Managing Director of Malakoff Berhad, which he resigned in December 2010. On the international front, Ahmad Jauhari was formerly a Director and Chairman of Executive Committee of Central Electricity Generating Company Limited (Jordan) and a Director of Shuaibah Expansion Project Company Limited (Saudi Arabia). He is also the former Honorary President of Penjanabebas (Association of Independent Power Producers in Malaysia).



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

Mohd Izani bin Ghani, aged 43, was appointed to the Board of MAHB as a Non-Independent, Non-Executive Director on 21 March 2011. He is a member of the Board Finance & Investment Committee of MAHB. Mohd Izani graduated from the London School of Economics and Political Science (LSE), United Kingdom in 1991 with Bachelor of Science (Economics) specializing in Accounting and Finance. After graduating from LSE, he pursued his professional accounting qualification from the Association of Chartered Certified Accountant and admitted to fellowship in 1998. He is also a member of Malaysian Institute of Accountants. He is currently the Director and Chief Financial Officer of Khazanah Nasional Berhad. On cross border financing transactions, he was instrumental in the issuance of the world's first exchangeable sukuk for USD750 million in 2006, followed by other landmark exchangeable sukuk in 2007 and 2008. In relation to domestic ringgit funding, he was deeply involved in the setting up of various sukuk programmes. Currently, Mohd Izani is a Director of Bank Muamalat Malaysia Berhad and is also a Director in several special purpose companies, which are wholly-owned by Khazanah Nasional Berhad, i.e. Rantau Abang Capital Berhad, Feringghi Capital Ltd, Klebang Capital Ltd, Lido Capital Ltd and Cenang Capital Ltd.

BOARD OF Directors



NIK ROSLINI BINTI RAJA ISMAIL

(Alternate Director to Dyg Sadiyah binti Abg Bohan)

Nik Roslini binti Raja Ismail, Malaysian, aged 38, was appointed to the Board of MAHB on 30 August 2010 as an Alternate Director to Dyg Sadiyah binti Abg Bohan. She has served as Assistant Secretary in various departments under the Ministry of Finance including the Economic Analysis and International Division, the Finance Section of the Administrative Division and the Investment, MKD and Privatisation Division. She was appointed as Principal Assistant Secretary from year 2006 and has been posted Institut Tadbiran Awam Negara ("INTAN"), the Investment, MKD and Privatisation Division, and to the Second Finance Minister Special Unit. She rejoins the Investment, MKD and Privatisation Division, Ministry of Finance since September 2009 as Principal Assistant Secretary. She graduated from the University of Exeter, United Kingdom with a Bachelor of Accountancy (Hons) and holds a Diploma in Public Administration from INTAN. She also obtained her Masters in Business Administration (Islamic Finance) from Universiti Islam Antarabangsa Malaysia. Nik Roslini has also served as a Director on the Board of Johor Port Berhad from September 2007 to April 2009 and currently also serves as a Director on the Board of Keretapi Tanah Melayu Berhad.



SABARINA LAILA BINTI DATO' MOHD HASHIM

(Company Secretary)

Sabarina Laila binti Dato' Mohd Hashim, Malaysian, aged 43, 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 also obtained a Masters of Science Degree in Corporate Governance from London South Bank University. She is licensed by the Companies Commission of Malaysia and is an Affiliate of The Malaysian Institute of Chartered Secretaries and Administrators. She joined Malaysia Airports in 1995 as a Legal Advisor in charge of the Group's legal matters. Prior to joining Malaysia Airports, she was a practicing lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies. She is also at present the secretary for all five (5) Board Committees of MAHB.







**WE ARE BUILDING A
WORLD CLASS AIRPORT BUSINESS.
OUR STRATEGIC DEVELOPMENT
INITIATIVES ARE GEARED TOWARDS
MEETING FUTURE DEMANDS.
POSITIONING FOR THE SUCCESS.**

GROUP Senior Management



Left to Right :
ROSEHAIDA AB RAHMAN • TAN SRI
BASHIR AHMAD ABDUL MAJID
• DATO' AZMI MURAD • FAIZAH
KHAIRUDIN • FAIZAL MANSOR
• DATO' ABDUL HAMID MOHD ALI



Left to Right :

**MOHD AMINUDDIN YAAKUB • MOHD NASIR ISMAIL • ROKMAH
ABDULLAH • SABARINA LAILA DATO' MOHD HASHIM**



Left to Right :

**IR. SURADINI ABDUL GHANI • ABDUL
RAHMAN KARIM • DATO' MAHAT SAMAH
• UMAR BUSTAMAM**

GROUP Senior Management



Left to Right :

MUHD NAJIB MOHD RAWI • MOHAMED SALLAUDDIN MOHAMED SHAH @ MAT SAH
• **NASREIN FAZAL SULTAN • DATO' IR. ABDUL NASIR ABDUL RAZAK**





Left to Right :

ZAINOL MOHD ISA • MOHD SUHAIMI ABD MUBIN • VEELAYUDAN
KRISHNAN NAIR • NORNAJIHAH ISMAIL • BRIAN ISKANDAR ZULKARIM



Left to Right :

KAMARUDIN MAHMOOD • NIK ANIS NIK ZAKARIA • ANIS RIZANA
MOHD ZAINUDIN @ MOHD ZAINUDDIN • HJ. MUSTAFA KAMAL HJ.
ALANG OTHMAN • IR. KHAIRIAH SALLEH

GROUP Senior Management

TAN SRI BASHIR AHMAD ABDUL MAJID

Managing Director, MAHB

Tan Sri Bashir Ahmad Abdul Majid, aged 61, was appointed as Managing Director of MAHB on 7 June 2003. He is a member of the Board Finance & Investment Committee of MAHB. He chairs the Board of Malaysia Airports (Niaga Sdn. Bhd.), Malaysia Airports Capital Berhad and Malaysia Airports Capital (Labuan) Limited, as well as is a member on the Board of K.L. Airport Hotel Sdn. Bhd. and MAHB (Mauritius) Private Limited, 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 Boards of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited, Istanbul Sabiha Gokcen International Airport Group and GMR Male International Airport Limited. Tan Sri Bashir was appointed as the President of Airports Council International Asia Pacific Region on 12 May 2010.

DATO' ABDUL HAMID MOHD ALI

Chief Operating Officer, MAHB

Dato' Abdul Hamid Mohd Ali is the Chief Operating Officer of MAHB. Aged 55, he 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 experience in airport planning, development, operations and maintenance throughout his 29 years of service in aviation, including setting up many MAHB joint ventures both local and abroad. He was also involved in the consultancy and

management services of other airports in the 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 Klia2. 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.

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 a CFO of a public listed construction and wastewater management company. He was primarily responsible for the financial restructuring of MAHB which was successfully completed in 2009. Under his leadership, the finance and procurement functions have been transformed into a shared delivery model for which MAHB won the National Award for Management Accounting (NAfMA) 2009 Best Practice Award. He is also responsible for all investor relations initiatives helping to raise MAHB's profile in the local and international investment community.

DATO' AZMI MURAD

Senior General Manager,
Operation Services, MAHB

Dato' Azmi Murad, aged 59, started his aviation career in 1970 with the Department of Civil Aviation as an Air Traffic Controller. From 1984 until April 1998, he had served as Airport Manager for several domestic and international airports in Malaysia and later at KL International Airport (KLIA) when it opened in 1998 as Head of Operations, Malaysia Airports (Sepang) Sdn. Bhd. His 14 years experience as Airport Manager at various airports has since provided him with substantial experience and management acumen of airport operations. He then held various senior management positions covering different portfolios, namely General Manager of Sepang International Circuit in 2000, General Manager of Corporate Communications and Air Traffic Services in 2001, and later General Manager of Malaysia Airports (Sepang) Sdn. Bhd. in 2004 before attaining his current position in June 2006. Dato' Azmi currently sits on the Airport Council International (ACI) World Facilitation and Services Standing Committee as the Chairman. He is a permanent member of *Jawatankuasa Pusat Sasaran Penting (JPSP)* and *Jawatankuasa Pasukan Penyelaras Aktiviti Menentang Penyeludupan (JPPAMP)* under Ministry of Home Affairs. He is also the Chairman of MAHB Whistleblowing Independent 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 eight 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 10 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 Head of 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 value through a strong partnership model with business partners.

ROSEHAIDA AB RAHMAN

Senior General Manager
Human Resource, MAHB

Rosehaida Ab Rahman is the Senior General Manager of Human Resource Services Division. She started her career as an HR generalist and has since built her knowledge in various areas within HR including Strategic Planning, Learning & Development, Compensation & Benefits and Industrial Relations. She has achieved many successes in her career as the Head of HR, having served in diverse industries such as manufacturing, telecommunication, sales and services, property development and oil & gas including two major multinational conglomerates. Among her achievements are increasing the performance level of the human capital by identifying skills, knowledge and behaviors required to achieve business objectives driving process improvement projects to achieve cost savings and improve quality, leading the culture change "GOOD TO GREAT" to meet company's 4-year plan to double sales and identifying successors for global and local Management Team based on capability, competencies, learning ability and career motives, linking the gaps to developmental programs.

GROUP Senior Management

DATO' MAHAT SAMAH

Senior General Manager,
Malaysia International Aerospace Centre Sdn. Bhd.

Dato' Mahat Samah, aged 57, is the Senior General Manager of Malaysia International Aerospace Centre Sdn. Bhd. He graduated with a Bachelor of Engineering (Mechanical) (Hons) from Universiti Teknologi 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 Resources 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 Car Parks 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 with Public Works Department and has held several posts in various divisions prior to joining the Department of Civil Aviation (DCA)

and MAHB. He has more than 28 years of experience in airport operation and management, which include airport management, facilities management, engineering and project and contract management. Prior to the present post he had 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 Airports Sdn. Bhd.

UMAR BUSTAMAM

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

Umar Bustamam aged 58, is currently the General Manager of Malaysia Airports (Niaga) Sdn. Bhd. or better known as ERAMAN. Graduated in BSc (Electronics Communication Engineering) from University of Salford, United Kingdom in 1978, he started his career as Telecommunications Engineer in Telecoms Department Malaysia. After eight years in telecommunications industry, he moved to aviation industry as Director of Aeronautical Communication of the Department of Civil Aviation, Malaysia in 1987. During his five years in DCA, he spearheaded the planning, development and operations of all the systems required to support Air Traffic Control Service and flight operations which include Radar System, Navigational Aids, Air-Ground Communications and Air Traffic Control Centre facilities. He joined MAHB upon the privatisation of DCA in 1992 and was seconded to KL International Airport Berhad (KLIAB) in 1995, joining the development team in the implementation of world's first Total Airport Management System (TAMS) at KLIA. He was then appointed as the first GM of Malaysia Airports (Technologies) Sdn. Bhd. and pioneered the development of in-house TAMS operations and maintenance capability. Subsequently, he held senior positions with various portfolios as GM Planning & Development, GM Corporate Services and GM Commercial Services, prior to his current appointment.

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 51, 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. Started 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 of Engineering 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 is the General Manager of MAB Agriculture-Horticulture Sdn. Bhd. He holds a Bachelor of Science in Engineering (Mechanical) from Plymouth Polytechnic, United Kingdom. Prior to joining the Group in 1998, he has held several positions at Sime Darby Plantations including a senior post with PT-Sime Indo Agro, based in Indonesia. He brings to the Group 28 years of plantation and agricultural experience.

SABARINA LAILA DATO' MOHD HASHIM

Secretarial and Legal Services Division
cum Company Secretary, MAHB

Sabarina Laila Dato' Mohd Hashim, aged 43, is currently the Company Secretary for MAHB and its Group of Companies. She also holds the position of the General Manager, Secretarial & Legal Services Division, MAHB. She obtained a Degree in Bachelor of Laws from Universiti Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992. She also obtained a Masters of Science Degree in Corporate Governance from London South Bank University. She is licensed by the Companies Commission of Malaysia and is an Affiliate of The Malaysian Institute of Chartered Secretaries and Administrators. She joined Malaysia Airports in 1995 as a Legal Advisor in charge of the Group's legal matters. Prior to joining MAHB, she was a practicing lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies.

MOHD AMINUDDIN YAAKUB

General Manager,
IT Development, MAHB

Mohd Aminuddin Yaakub is the General Manager of IT Development overseeing the direction, planning and management of the IT for the group. He has been with MAHB since 2005, bringing years of experience in the Information Technology field. He was the CEO of BIT prior to joining MAHB, overseeing strategic direction and management of the company. Prior to that, he was with Malaysia Airlines where he served in several positions in the IT department. He holds a Bachelor of Science (Honours) from Universiti Sains Malaysia. In MAHB, he sits in the World ACI IT Standing Committee, formulating the standards for the airports system and addressing needs of the industry from the IT perspectives.

GROUP Senior Management

NASREIN FAZAL SULTAN

General Manager,
Internal Audit Division, MAHB

Nasrein Fazal Sultan, aged 46 is the General Manager of Internal Audit Division, MAHB. Nasrein has 20 years of working experience, the first half being in the accounting discipline and the second half in the auditing arena. She holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant (CA) registered with the Malaysia Institute of Accountants (MIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (IIA). She was appointed to her current position in July 2005. Before joining MAHB in 1998, she was the Finance Manager of a subsidiary of the Sime Darby Group and prior to that she had held several senior posts in Finance at SIRIM. She also oversees the secretariat of the Whistleblowing Independent Committee.

ROKMAH ABDULLAH

General Manager,
Procurement & Contract, MAHB

Rokmah Abdullah is the General Manager of the Procurement & Contract Division of MAHB since February 2006. Rokmah graduated with a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia and is qualified as 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, spearheading it into a division that focuses on operational and procurement excellence for the Company. Rokmah also served as Finance & Administration Manager and Company Secretary at Karyaneka Sdn. Bhd. prior to joining MAHB.

MUHD NAJIB MOHD RAWI

General Manager,
Land Development, MAHB

Muhd Najib Mohd Rawi is the General Manager for Land Development of MAHB and 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 property development subsidiaries. In 1991 he joined the property division of UMW Toyota Motor before moving 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 of Business Administration from Ohio University.

IR. KHAIRIAH SALLEH

General Manager,
Engineering, MAHB

Ir Khairiah Salleh is the General Manager of Engineering, MAHB. She leads the operation and maintenance of the airport systems and facilities under the Group. Her experiences over 15 years cover the engineering design and planning, construction and project management, contract management and facility maintenance management. She was with the contracting firms and the engineering design office prior to her appointment at MAHB. She holds a Bachelor of Science Degree in Civil Engineering, 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 actively involved as the industry representative for the Engineering Accreditation Council, Board of Engineers Malaysia and the Technical and Vocational Education Department, Ministry of Education Malaysia.

DATO' IR. ABDUL NASIR ABDUL RAZAK

General Manager,
Planning & Development, MAHB

Dato' 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 a 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 (Klia2). 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 Affairs of Institute Value Management Malaysia (IVMM), and a Senior Fellow of Global Innovative Knowledge Network (GIKEN).

MOHAMED SALLAUDDIN MOHAMED SHAH @ MAT SAH

General Manager,
Marketing, MAHB

Mohamed Sallauddin Mohamed Shah @ Mat Sah 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, Universiti Teknologi Malaysia. He has served in the aviation industry during his entire professional life by starting his career with Malaysia Airlines (MAS) as a Management Trainee in 1986 and proceeded to diversify his aviation knowledge by taking up a role in 1997 in Malaysia's first aircraft manufacturing company Composite Technology Research Malaysia (CTRM) Sdn. Bhd., presenting him the opportunity to serve in the general aviation sectors in the USA and Australia. He joined MAHB in 2001 to be amongst the pioneer group that led the marketing of the international gateways managed by MAHB. Entrusted to encourage more airlines to operate to Malaysia, his immediate and long term aim is to establish KLIA as the Next Generation Hub for both the commercial airlines and travellers.

GROUP Senior Management

HJ. MUSTAFA KAMAL HJ. ALANG OTHMAN

General Manager,
Aviation Security, MAHB

Hj. Mustafa Kamal Hj. Alang Othman, aged 54, is the General Manager of Aviation Security MAHB. He holds a Bachelor Degree of Communication (Hons) from Universiti Putra Malaysia. He started his career in 1980 and had held Chief of Security positions at all international airports including Labuan Airport whilst working with Department of Civil Aviation (DCA). He has extensive experience in airport operations ranging from Aviation Security, Terminal Operations, Airport Operations Centre and Airport Fire & Rescue Service (AFRS). He is a Subject-Matter Expert in Aviation Security and frequently invited as Speakers at various Security Seminars overseas. He is a member of the IATA Pilot Program on Secure Freight Program (SFP) and had attended Senior Crisis Management Course USA, Anti-Terrorism Planning (ATP) USA, International Disaster Management Course UK and Gold Commanders Crisis Management Course organised by National Security Council (NSC). He is a Board Member of MAAH and MATech of MAHB and also Auxiliary Police Association of Malaysia (APAM).

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 five years with Immigration Department of Malaysia before he moved to the private sector as a System Engineer. Prior to 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.

NIK ANIS NIK ZAKARIA

General Manager,
Corporate Communications, MAHB

Nik Anis Nik Zakaria is the General Manager of Corporate Communications. 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 MAHB in 2009. Her corporate communication portfolio includes Marketing and Brand Communication, Employee Communication, Customer Satisfaction Management, Corporate Responsibility Programs, Public Relations and Media Relations. She is 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 37, 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 postprivatisation 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), Istanbul's Sabiha Gokcen International Airport (Turkey) and Malé International Airport (Maldives). He is also currently involved in the development of new international investment opportunities for MAHB.

ANIS RIZANA MOHD ZAINUDIN @ MOHD ZAINUDDIN

General Manager
Corporate Planning, MAHB

Anis Rizana Mohd Zainudin @ Mohd Zainuddin aged 41, 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 possesses 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 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 Bachelors Degree in Economics from Universiti Malaya in 1989. He also holds a Postgraduate Diploma in Aviation Management and a Graduate Diploma in Airport Management from the National University of Singapore in 1994 and 2007 respectively. He started his career with DCA at Subang International Airport as Duty Manager/Security Officer in 1990 and continued to bring his expertise and experience to MAHB after its separation from DCA in 1991. Suhaimi has 20 years of experience 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 his current position, he was the Senior Airport Manager at the Kota Kinabalu International Airport.

GROUP Senior Management

NORNAJIHAH ISMAIL

General Manager,
Finance, MAHB

Nornajihah Ismail is the General Manager, Finance of MAHB. She joined MAHB in June 2006 as Senior Manager, Finance. Prior to that she was the Head of Group Accounts for Padiberas Nasional Berhad, and also had some external audit background prior to joining the Padiberas Group in November 1998. She is a Chartered Accountant, a Fellow of the Association of Chartered Certified Accountants and Malaysian Institute of Accountants. She possesses a BA (Hons.) in Accounting and Finance from South Bank University, London and also holds a Diploma in Accountancy from ITM, Shah Alam.

VEELAYUDAN KRISHNAN NAIR

General Manager,
Special Projects

Veelayudan, aged 53 joined the Department of Civil Aviation in 1986 and continued to serve MAHB upon corporatisation in 1992. He began his career in the Malaysian Civil Service as Assistant Director in the Malaysian Administrative Modernisation Planning Unit (MAMPU), Prime Minister's Department in 1983. He holds a Bachelor of Science Degree in Agribusiness Science from Universiti Putra Malaysia. Over the 24 years in the aviation he has held positions as Assistant Director of Air Transport Operations, Head of Administration, Finance and Public Relations as well as Head of Terminal Operations at the Subang International Airport. In 1996, he was tasked to set up the Research and Planning Division and has been heading the Division since then. Veela carries out economic, statistical and strategic analysis for the company and provides business intelligence and inputs on matters related to traffic performance, traffic forecasts, charges and other air transport economics related matters. He sits on the Board of Malaysia Airports (Sepang) Sdn. Bhd. that operates KL International Airport.

ZAINOL MOHD ISA

Acting General Manager,
Malaysia Airports Sdn. Bhd.

Zainol Mohd Isa is the Acting General Manager for Malaysia Airports Sdn. Bhd., responsible for the operation and management of airports other than KLIA, managed by MAHB. He started his career with Public Works Department (JKR) before being seconded to the Department of Civil Aviation in 1981. He joined the company since its privatisation in 1992. He has 30 years experience in airport operations and maintenance, planning and development, airport standard, project management as well as event operation management for MotoGP and Formula1 events. His other contribution is in Airport Certification Programme leading to Aerodrome Certification, Safety Management System and ISO certification. He holds an Electrical Engineering degree from Universiti Teknologi Malaysia and currently completing his International Airport Professional (IAP) in Airport Management Professional Accreditation Program jointly organized by ICAO and ACI. He is also a qualified trainer in Airport Operations, ICAO Standards and Recommended Practices (SARPs), Safety Management System (SMS) & Visual Aids - Aeronautical Ground Light (AGL).



A person's hand is visible on the right, pulling a red suitcase handle. A yellow bee plushie is attached to the bottom of the suitcase. The scene is viewed through a train window, with a blurred cityscape in the background. The text is overlaid on the upper left portion of the image.

**TRAVERSING THE GLOBE FROM
ASIA TO EUROPE, OUR REACH
IS TRULY FAR AND WIDE.
OUR OVERSEAS VENTURES
CREATE NEW POSSIBILITIES.**

POSITIONING FOR THE SUCCESS.



CORPORATE Profile



An unrelenting commitment towards operational efficiency, safety and security of passengers, cargo and aircraft operations drives this organization to greater heights.

MAHB

Malaysia Airports Holdings Berhad (MAHB) was incorporated as a public limited company in November 1999 and achieved a listing on the Main Board of the Kuala Lumpur Stock Exchange (Bursa Malaysia), stamping its mark as the first airport operating company to be listed in Asia, and the sixth in the world. MAHB is the operator and manager of 39 Airports within Malaysia which comprise international domestic and Short Take-Off and Landing (STOL) ports.

It has also exported its strong operating and managing presence in several other foreign Airports such as the Indira Gandhi International Airport and Rajiv Gandhi Hyderabad International Airport in India, the Sabiha Gökçen International Airport in Turkey and recently, the Malé International Airport in the Maldives. It was fitting that MAHB received the Airport Investment Company Of The Year in the 2010 Frost & Sullivan Asia Pacific Aerospace & Defence Awards as well.

Fueled by a vision to be a world class airport business, MAHB is committed towards providing world class aviation gateways, managing cost-effective airport network and services and exceeding the expectations of customers, shareholders and other stakeholders. An unrelenting commitment towards operational efficiency, safety and security of passengers, cargo and aircraft operations drives this organization to greater heights. This company's unique identity is a distinctive synergy of excellence and integrity. IATA acknowledged these initiatives by presenting MAHB with the prestigious



Eagle Award for Best Airport in 2009, in special recognition of outstanding performance in customer satisfaction, cost- efficiency and continuous improvements.

The company's core activities include the management, operation, maintenance and development of airports. The aeronautical revenue of the company is mainly derived from landing fees, aerobridge charges, check-in-counter charges, parking fees and passenger service charges. Non-aeronautical revenue is then derived from commercial activities, including duty free operations, hotel operations, free commercial zone operations, management of parking facilities and the lease of commercial space.

The year 2010 marked a significant milestone in the illustrious history of MAHB as it marked the beginning of a new chapter in its corporate aspirations. The company unveiled its corporate blueprint, "Runway To Success", towards building a world class airport business, between the years 2010 to 2014. Apart from aiming to double its revenue by 2014, the corporation aims to maintain its excellent service with value by focusing on traffic growth, service excellence and commercial development. MAHB is well on its way in terms of "Positioning for the Success".

Moving forward, the challenge for MAHB will be all about managing expectations. MAHB has now set its sights on a future business direction that is set to transcend boundaries. It is our plan to bring together demographically diverse sets of travellers to experience a seamless yet excellent journey in all of our airports nationwide.

MAHB proudly welcomes you to the gateway of a World-Class Airport Business.

CORPORATE Profile



KLIA

KL International Airport (KLIA) is one of South-East Asia's premier aviation hubs. The airport began its operations in June 1998, and it is capable of handling 35 million passengers and 1.2 million tonnes of cargo a year in its current phase.

KLIA was thrice voted as the Best Airport (15-25 million passengers per annum) in the 2005 AETRA awards, 2006 ACI-ASQ awards and 2007 ACI-ASQ awards. KLIA was also voted the 2nd Best Airport Worldwide and in the Asia Pacific categories for 2007 ACI-ASQ awards. KLIA is currently rated as the 5th Best Airport in the world, in the 25-40 million passengers per annum category of the ASQ programme by Airport Council International. KLIA also holds the honour of being the first to be presented with an Airport Service Quality (ASQ) Assured certificate by ACI in 2007, following a successful audit of its airport passenger service quality management system.

KLIA also received the 'Best Airport Immigration Service and Staff Service Excellence' in South East Asia in the Skytrax 2010 World Airport Awards 2010, while also winning the Brand Laureate 2009-2010 in the 'Best Brands for Transportation-Airports' category. Travellers can also look forward to be pampered in our award winning Pan Pacific KLIA Hotel (2010 Winner of Global Luxury Airport Hotel) and experience distinctively local hospitality at the Airside Transit Hotel as well.

Currently, KLIA comprises two buildings, namely the Main Terminal Building (MTB) and the Satellite Building. All domestic and some international arrivals and departures are from the Contact Pier at the MTB. Departure and arrival formalities (immigration, customs etc.) are also processed at the MTB. The Satellite Building solely caters for international arrivals and departures.

The Main Terminal Building area was designed using the concept of 'Airport in the forest, forest in the airport', in which it is surrounded by green space. This was done with the co-operation of the Forest Research Institute of Malaysia. An entire section of rain forest was transplanted from the jungle and placed in the Satellite Building.

KLIA's commitment to promote environment responsibility for all local and foreign travellers was recognised by Green Globe, making it the first and only airport in the world to receive the EarthCheck benchmark (formerly the Green Globe 21) for three consecutive years since 2004.

KLIA is located at the top of the southern corridor of Peninsular Malaysia, bordering the states of Selangor and Negeri Sembilan. It is situated in the Sepang district, approximately 50 km from the capital city, Kuala Lumpur. A good network of highways and expressways links KLIA to the rest of Peninsular Malaysia.

The Express Rail Link provides the latest means of transportation to KLIA from the city centre. The KLIA Express and the KLIA Transit links KLIA to Kuala Lumpur (KL Sentral - City Air Terminal) and vice-versa. At the City Air Terminal, departing passengers have the option of checking-in their luggage, receiving their boarding passes and proceeding to board the train for KLIA. Travel time between KL Sentral to KLIA is 28 minutes on the KLIA Express and 37 minutes on the KLIA Transit.

LCCT

Over the last 10 years, low fare travel has increased by leaps and bounds, and today it constitutes 16% of total travel in the Asia Pacific region and 43% in the Malaysian context and this percentage is expected to increase in the coming years. AirAsia, the home grown carrier has been the principal driver for this growth, and MAHB along with the Government have been crucial enablers in fully supporting low fare travel for the benefits of all Malaysians.

It was in this vein of thought, that the current low cost carrier terminal (LCCT-KLIA) was built. Constructed on a fast track basis, to the tune of RM108 million, it has been operational since March 2006. It had undergone expansion works and is now able to cater to 15 million passengers annually. In November 2006, LCCT-KLIA was voted CAPA Low Cost Airport of the Year in the CAPA Aviation Awards for Excellence.

Its 64,607 square metre terminal was designed to handle international and domestic departures within a single floor operation area. The airport is capable of handling 15 million passengers a year. It has a variety of facilities and services that provide all the necessary amenities and comfort for the travellers it serves. Nonetheless, the time has come for a revolution in the low cost carrier travel experience, and MAHB is set to unveil a new benchmark.

In another world's first, MAHB is set to redefine the travel experience for passengers in the region as its Next Generation Hub concept comes to fruition in 2012. Klia2, the world's only dedicated low cost mega terminal is expected to be completed in the third quarter of 2012. This hub will feature ease of connectivity between full service airlines and low cost carriers.

Klia2 is designed with flexibility in mind to allow expandability for future growth trends and operational models of airlines. Built to accommodate 30 million passengers per annum, Klia2 will contribute to MAHB's vision of its premier aviation hub that will be synonymous with the ever-evolving and dynamic nature of the global aviation industry.

Klia2 embodies the vision of MAHB's vision of a world class airport business. The contemporary steel structure of Klia2 will be environmentally friendly and will adhere to the Green Building Index. The interior design concept will be one of vibrancy, fun, comfort and yet uniquely Malaysian in its celebration of our cultures, traditions and lifestyles. A 'Mall in the Airport, Airport in the Mall' concept will promise a shopping and dining paradise like no other for the travellers who pass through this terminal. Moreover, this terminal will feature an iconic 300 metre 'Pedestrian Skybridge' that will connect the Main Terminal Building and Satellite Building, giving the passengers a spectacular view of the airside and the surroundings of the airport.

Ultimately, Klia2 will raise the bar in terms of the low cost carrier travel experience in the region. This mega terminal will adopt an integrated transportation model for a seamless travelling experience. Be it for business or pleasure, this is a terminal that is built to meet or even exceed expectations. The terminal will also feature a multi-storey car park for 6,000 vehicles, and integrated transport hub for bus, taxis and a connection to an extension of the ERL. Built to handle up to 30 million passengers per annum, or even 45 million passengers per annum through expansions, Klia2 is set to revolutionize the low cost travel experience for years to come.

CORPORATE Information

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

DATUK ALIAS BIN HAJI AHMAD
(Independent Non-Executive)

DATUK SITI MASLAMAH BINTI OSMAN
(Independent Non-Executive)

JEREMY BIN NASRULHAQ
(Independent Non-Executive)

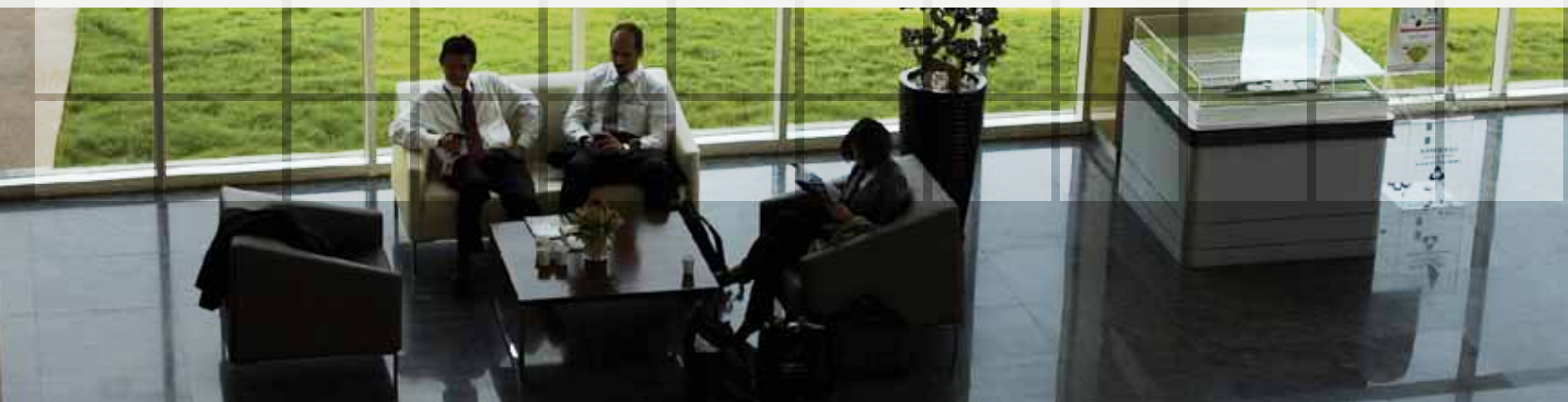
IZLAN BIN IZHAB
(Non-Independent Non-Executive)

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

AHMAD JAUHARI BIN YAHYA
(Non-Independent Non-Executive)

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

NIK ROSLINI BINTI RAJA ISMAIL
(Alternate Director to Dyg Sadiyah binti
Abg Bohan)
(Non-Independent Non-Executive)



COMPANY SECRETARY

Sabarina Laila binti Dato' Mohd Hashim
(LS 0004324)

REGISTERED OFFICE

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

WEBSITE

www.malaysiaairports.com.my

SHARE REGISTRAR

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

AUDITORS

Messrs. Ernst & Young
Level 23A, Menara Millenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 603-7495 8000
Fax: 603-2095 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 ("LCCT") in Sepang and provision of airport related services.

100% MAHB

Malaysia Airports Consultancy Services Sdn Bhd

(375245-X)

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

75% MACS

Urusan Teknologi Wawasan

Sdn Bhd (459878-D)

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

51% UTW

Airport Automotive

Workshop Sdn Bhd (808167-P)

Operation 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 (Properties)

K.L. Airport Hotel Sdn Bhd

(330863-D)

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

100% MA (Properties)

MAB Agriculture-Horticulture

Sdn Bhd (467902-D)

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

20% MA (Properties)

Kuala Lumpur Aviation Fueling

System Sdn Bhd (395396-X)

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

100% MAHB

Airport Ventures Sdn Bhd

(512527-U)

Investment holding.

100% AV

Malaysia Airports Technologies Sdn Bhd

(512262-H)

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

100% MA (Tech)

Malaysia Airports MSC Sdn Bhd (516854-V)

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/GBL)

Investment holding management.

100% MAHB

Malaysia Airports Capital Berhad

(906593-U)

General corporate and investment.

100% MAHB

Malaysia Airports Capital

(Labuan) Limited (LL07679)

General corporate and investment.

100% MAHB

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

Investment holding management.

23% MA (Labuan)

GMR Male International Airport Private Limited (C0490/2010)

Operation, maintenance, expansion, rehabilitation and modernisation of the Male International Airport.

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 (In Liquidation) (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 (In Liquidation) (523300-X)

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

100% APAC

Asia Pacific Machinery Auctions Sdn Bhd (In Liquidation) (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 (In Liquidation) (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 (In Liquidation) (528250-P)

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

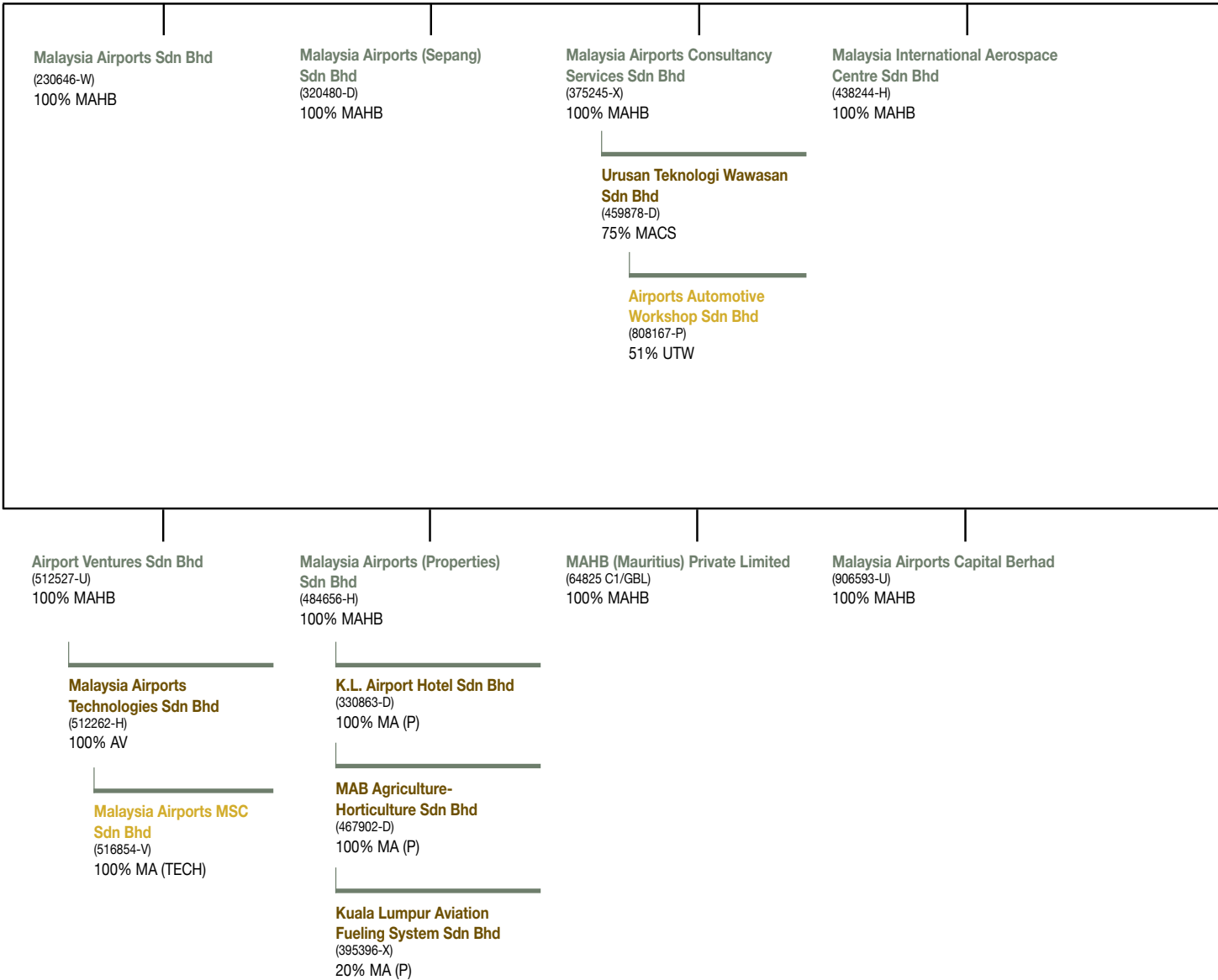
100% APAC

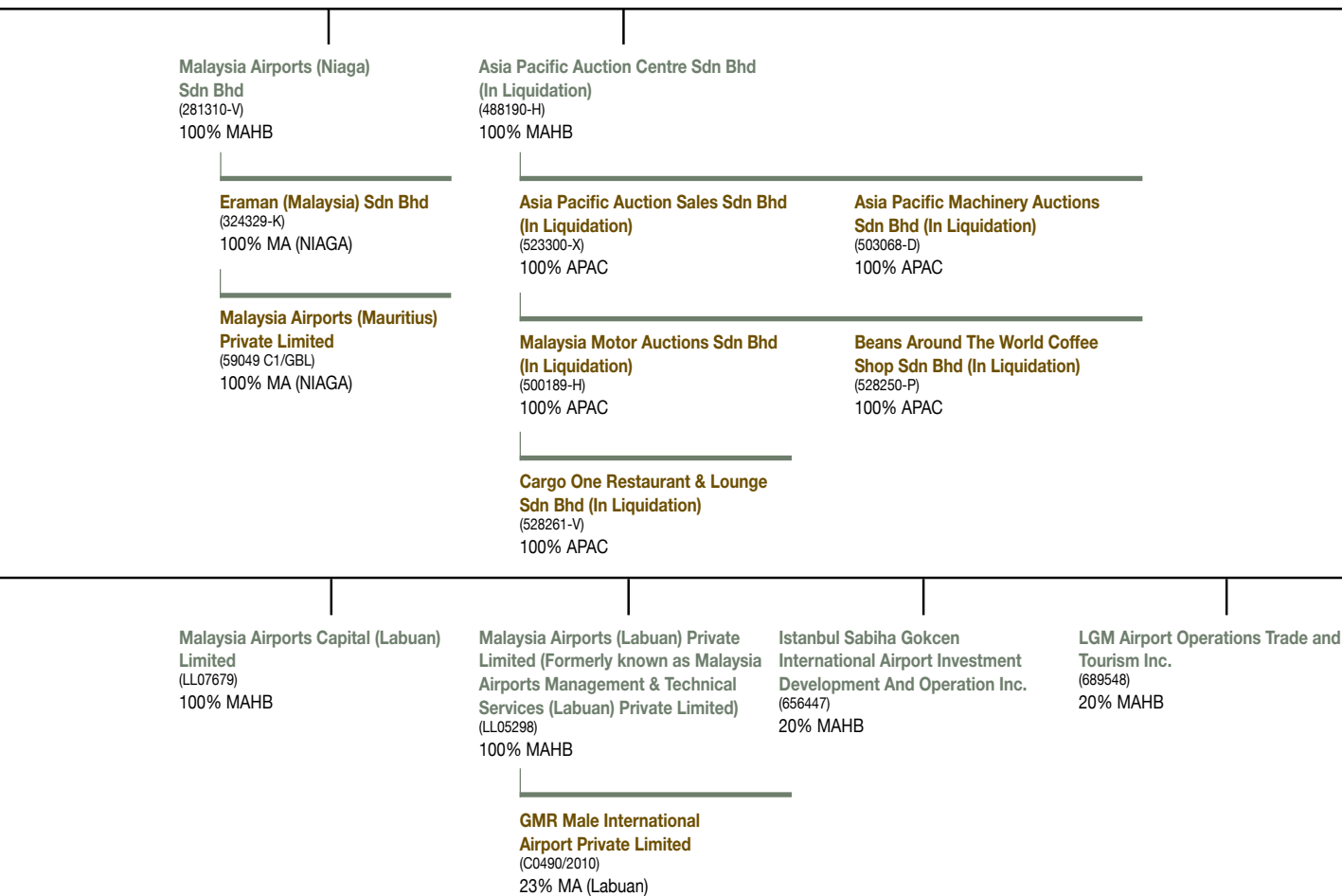
Cargo One Restaurant & Lounge Sdn Bhd (In Liquidation) (528261-V)

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

GROUP CORPORATE
Structure

Malaysia Airports Holdings Berhad (487092-W)





CALENDAR OF Events 2010

15 January 2010

BLOOD DONATION DRIVE AT AIRPORTS

In its effort to promote a caring society and the importance of saving lives, MAHB collaborated with the National Blood Bank to overcome a shortage of blood supply by encouraging the public to donate blood at 19 airports. The campaign collected a total of 1392 pints of blood, which can save 4176 lives.



20 January 2010

A HIGHLIGHT ON SAFETY, HEALTH AND THE ENVIRONMENT

MAHB further promoted the importance of ensuring safety, preserving health and conserving the environment to its entire staff with the launching of the Safety, Health and Environment Campaign 2010, themed "The Safe Way is The Only Way".

25 January 2010

EXPANSION OF COMMERCIAL OPPORTUNITIES IN HYDERABAD

Malaysia Airports Consultancy Services Sdn. Bhd. (MACS) entered into a Memorandum of Understanding (MoU) with GMR Hyderabad International Airport Limited (GHIAL) to provide technical services to GHIAL for commercial projects to be developed by GHIAL. It enabled MACS to further explore commercial opportunities with GHIAL particularly for the Rajiv Gandhi International Airport in Hyderabad.



28 January 2010

ARRIVAL OF MAHAN AIR INTO KLIA

KLIA offers more connections to the Middle East as Mahan Air, the second largest carrier in Iran made its historic maiden landing on Malaysian soil, offering two weekly flights, from Shiraz to Kuala Lumpur and vice versa on Thursdays and Mondays, utilising an Airbus A310-300 with 196 seating capacity.

1 February 2010

EMIRATES INCREASED FREQUENCY TO MALAYSIA

Emirates, the international airline of the United Arab Emirates, inaugurated its Kuala Lumpur – Melbourne non-stop service, offering a daily connection between these two important commercial and tourist hubs.



4 February 2010

PM LAUNCHED HISTORICAL LANDMARK IN MELAKA

YAB Dato' Sri Mohd Najib Tun Abd Razak, the Prime Minister of Malaysia officially launched the new terminal for Melaka Airport, signifying the emergence of another historical landmark for the Historical City. The new terminal started operations on 5th May last year and was renamed Melaka Airport, relocating from the previous Batu Berendam airport which operated for the past 57 years.

8 February 2010

OPENING OF SKY MART AND JONKER WALK KOPITIAM AT KLIA

MAHB collaborated with Ministry of International Trade & Industry to further stimulate growth and development of Bumiputera small and medium enterprises (SME) at KLIA with the establishment of two Bumiputera-owned outlets, Jonker Walk Kopitiam and Sky Mart Travel.



11 February 2010

FOUR INTERNATIONAL AIRPORTS RECEIVED IATA'S PLATINUM STATUS FOR BCBP
KLIA, Penang International Airport, Kota Kinabalu International Airport and Kuching International Airport achieved the Platinum status from IATA for the implementation of Bar Coded Boarding Passes (BCBP), implying that all the IATA member airlines operating at the airports are issuing 2D bar coded boarding passes.

CALENDAR OF Events 2010

30 March 2010

ERAMAN STAFF AND POLICE HONOURED

ERAMAN organised a certificate presentation ceremony to honour the success of 14 ERAMAN staff and police in busting a credit card fraud syndicate attempted at ERAMAN outlet in KLIA.



1 April 2010

MAHB UNVEILED ITS 2010-2014 BUSINESS DIRECTION

MAHB unveiled its five-year business direction, called 'Runway To Success - Building A World-Class Airport Business 2010-2014'. The directory underlined three core areas in its business direction objectives to drive future business growth - Traffic Growth, Service Excellence, and Commercial Development.

1 May 2010

OMAN AIR COMMENCED FOUR WEEKLY FLIGHTS TO KUALA LUMPUR

Oman Air, the national carrier of the Sultanate of Oman started offering four flights a week between Muscat, the capital of Oman, and Kuala Lumpur. The inclusion of Oman Air increased the number of Middle Eastern airlines serving KLIA.



2 June 2010

KLIA WELCOMED BACK ROYAL JORDANIAN AIRLINES

After a seven-year absence, Royal Jordanian Airlines resumed its flights to KLIA. Royal Jordanian Airlines commenced three weekly flights for the Amman - Bangkok - Kuala Lumpur route on every Monday, Wednesday and Friday, utilising its latest aircraft the Airbus 330 with 280 seats.

11 June 2010

FOOTBALL FRENZY AT KLIA AND LCCT-KLIA

In conjunction with the 2010 World Cup, KLIA and LCCT-KLIA offered a myriad of exciting and engaging activities themed “Let’s All Football” from 11th June until 11th July 2010.



26 June 2010

AVIATION INDUSTRY HIGH ACHIEVERS AWARDED IN KLIA AWARDS 2009

15 awards were up for grabs for all airlines and service providers operating at KLIA, honouring partners with exceptional performance for the year 2009. This fifth edition of KLIA Awards was deemed to be more significant from the previous years in view of the strenuous challenges that the aviation industry had faced.

30 June 2010

KLIA TURNED 12

KLIA celebrated its 12th birthday and in commemorating its 12 achievement-filled years, KLIA feted four lucky passengers in a simple yet special reception.



3 July 2010

TERMINAL 3 DELHI AIRPORT LAUNCHED

The state-of-the-art integrated terminal, called Terminal 3 of Indira Gandhi International Airport (IGIA) in New Delhi was launched by India’s Prime Minister Manmohan Singh. Malaysia Airports’ delegates, headed by Chairman of MAHB were also there to witness this historic event, which was also attended by the Transport Minister, Dato’ Sri Kong Cho Ha.

CALENDAR OF Events 2010

8-29 July 2010

MAHB ADOPTED 12 SCHOOLS IN BEYOND BORDERS SECOND PHASE

Envisaging equal or even better success, MAHB launched the second phase of Beyond Borders at twelve new adopted schools around Malaysia. MAHB maintained the proximity to the airport as the main selection criteria, as MAHB strives to help the communities from the airports' surrounding areas improve and elevate their level of education quality in academic performance and personal efficacy.



16 July 2010

98 STAFF RECEIVED THE LOYAL SERVICE AWARD

A total of 98 MAHB staff who has served the Company for 25 years received their Loyal Service Award. The total comprised 66 staff from Semenanjung Malaysia, six from Sarawak and 26 from Sabah.

16 July 2010

HUMAN RESOURCE MANAGEMENT SYSTEM LAUNCHED

Chairman of MAHB launched the eMASS (Electronic Malaysia Airports Self Service). The service comprised of Staff Search, Leave Application, Personal Data Update, salary e-Slip and e-Mileage Claim.



17 July 2010

MEDIA NETWORKING PLATFORM THROUGH EXPLORE HUNT

MAHB's Media Explore Hunt, which is in its 8th edition, provided a good platform for networking, not only between its staff and the media, but also for the media members themselves. 50 teams embarked on the journey to The Zon Regency, Johor Bahru, challenging themselves in answering questions, finding treasures and testing their physical strength.

23 July 2010

MAHB SPREADS ITS WINGS TO CHINA

MACS entered into a Memorandum of Understanding (MoU) with Nagamas Enterprise (HK) Limited (NEL) to participate and explore the possibility of providing airport operation, management and technical consultancy services to the Yongzhou Lingling Airport in Hunan Province as well as other airports in China.



23 July 2010

'INDULGE TILL YOU FLY' CAMPAIGN LAUNCHED

Passengers moving through KLIA, Langkawi, Penang, Kuching and Kota Kinabalu international airports were presented with the chances to win priceless holiday packages thanks to MAHB's 'Indulge Till You Fly' Campaign. The campaign marked one of the growth strategies for Malaysia Airports' commercial development.

25 July 2010

MAHB ADDED MALDIVES TO ITS OVERSEAS VENTURES PORTFOLIO

MAHB won the bid to build, operate, modernise and expand the MALE International Airport (MIA) in Maldives through its GMR-MAHB consortium. The concession is for 25 years.



5 August 2010

MINISTER OF TRANSPORT VISITED KLIA

YB Dato' Sri Kong Cho Ha, Minister of Transport made his first official working visit to KLIA. The purpose of the visit was to familiarise himself with MAHB's role as airport operator, KLIA operations and also to witness the progress of the New Permanent LCCT construction.

CALENDAR OF Events 2010

6 August 2010

AIRPORTS SHUTTERBUGS WINNERS ANNOUNCED

MAHB announced the winners of the inaugural Airports Shutterbugs photo competition themed 1Malaysia, which ran for a period of three months. The internal competition attracted hundreds of submissions, with winners receiving attractive photography items.



30 August 2010

KLIA2 CONSTRUCTION OFFICIATED BY PM

The Prime Minister officiated the ground breaking ceremony for the commencement of construction of the new terminal for low cost carriers at KLIA, Klia2. This marked another significant development of the aviation history of Malaysia. Built to handle initially 30 million passengers, it has the flexibility to allow expansion to cater for future growth and changes to the operational models of airlines.

2 October 2010

MAHB CELEBRATED HARI HAYA AIDILFITRI WITH ORPHANS

MAHB shared the joy of Hari Raya Aidilfitri with 40 orphans from Sekolah Rendah Kebangsaan Dengkil, Sepang, contributing RM20 'duit raya' to each of the children at MAHB's Ceria Aidilfitri. About 2,000 staff and family thronged the Hari Raya open house held at Pan Pacific Kuala Lumpur International Airport.



19 October 2010

MAHB RELEASED ITS FIRST ANNUAL SUSTAINABILITY REPORT AT IGE 2010

MAHB further underlined its commitment in environmental sustainability by launching its first annual Sustainability Report for 2009 during the International Greentech and Eco Product Exhibition and Conference Malaysia (IGEM 2010) at KL Convention Centre. The purpose of the Sustainability Report was to consolidate all of MAHB's processes and impacts in a single report that is transparent to propel it into further improving the way it conducts its business.

4 November 2010

AIR ASTANA INCREASED FREQUENCY TO KLIA

After a year serving KLIA, Air Astana, the national carrier of Kazakhstan increased its frequency by adding another flight to Kuala Lumpur. Effective November 4, the airline serves Kuala Lumpur twice weekly, on Sunday and Thursday.



23 November 2010

RUNWAY FASHION WITH iSTYLE FASHION

The glitz and glamour of the fashion world returned to KLIA with the second iStyle Fashion KL International Airport 2010. The fashion show provided budding fashion design students with a platform to put in practice their learning and showcase their talents and creativity with KLIA as their fashion playground.

24 – 26 November 2010

MAHB HOSTED THE CHECK-IN ASIA CONFERENCE IN KUALA LUMPUR

MAHB hosted another world class aviation conference, the Check-In Asia at the Pan Pacific KLIA from 24 – 26 November. The conference organised by the UK based PPS Publications, featured speakers from the global aviation industry on the theme 'Enhancing the passenger experience – from beginning to end' and was attended by about 200 international delegates.



28 November – 5 December 2010

12 SCHOOLS COMPETED IN BEYOND BORDERS AWARDS 2010

MAHB's 12 adopted schools competed in the Beyond Borders Awards 2010, showcasing their talents and skills in English language through acting and writing. Four different schools took part at three different regions – Northern, Eastern and Central. Under the Beyond Borders Awards banner, MAHB organised the Beyond Borders Interschool Project Competition, Beyond Borders Planet Green Project Competition, Golden Pen Awards: Essay Writing Competition and 'Act it Up' Interschool Drama Competition.

CALENDAR OF Events 2010

15 December 2010

MAHB BECOMES FIRST GLC TO PRODUCE VALUE MANAGEMENT MANUAL

MAHB launched its Value Management manual, becoming the first Government Link Company (GLC) to produce documented guidelines towards optimising value for all its projects.



15 December 2010

ANOTHER FIVE AIRPORTS RECEIVED SMS CERTIFICATION

Alor Setar, Bintulu, Sibul, Sandakan and Limbang airports received the Safety Management System (SMS) certification from DCA. The certification was a testimony of MAHB's initiatives to ensure the highest level of safety at the airports and to fully comply with the International Civil Aviation Organisation (ICAO) Safety Management Program.

17 December 2010

228 NEW SECURITY RECRUITS JOINED MAHB

Malaysia Airports further strengthened its security services when 228 new Aviation Security recruits graduated after completing their intensive six months Foundation Course for Flight Security Assistant.



20 December 2010

PENANG INTERNATIONAL AIRPORT DEVELOPMENT & EXPANSION PROJECT
Prime Minister, YAB Dato' Sri Mohd Najib Tun Abd Razak officiated the ground breaking ceremony for the development and expansion works for Penang International Airport. Targeted to be completed by June 2012, the cost of total development and expansion works is RM250 million, being part of the second economic stimulus package.



21 December 2010

EXCLUSIVE DISCOUNTS AT ERAMAN OUTLETS FOR CIMB CREDIT CARDS HOLDERS

ERAMAN Malaysia and CIMB Bank formed an exclusive partnership to offer CIMB Bank credit card holders with special discounts at ERAMAN Malaysia outlets located at KLIA, LCCT-KLIA, Penang, Kota Kinabalu and Kuching international airports until 31 December 2011.

Awards & ACCOLADES 2010



Information Security Organisation of the Year

Malaysia Airports Technologies Sdn Bhd received the Information Security Organisation of the Year in the Malaysia Cyber Security Awards 2010. The award acknowledged the company's effort in continuously benchmarking and improving its processes to be at par with the best in the industry.

Most Innovative Use of Technology

Malaysia Airports Technologies Sdn Bhd received Gold Award for the Most Innovative Use of Technology for the Asia Pacific region in the design of the CCTV solutions in KLIA, in the Hitachi Data System IT Inspiration Awards 2010.



Airport Investment Company of the Year and Asia Pacific Airport of the Year

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.

Best Airport Immigration Service and Staff Service Excellence

KLIA service excellence was acknowledged the Skytrax 2010 World Airport Awards 2010, when it won two awards - Best Airport Immigration Service and Staff Service Excellence in South East Asia category. The World Airport Awards are the most prestigious and coveted awards that recognise product and service quality across the world's airport industry.

Asia's Leading Airport Hotel and World's Leading Airport Hotel

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

Best Brands in Transportation

KLIA was awarded The Brand Laureate 2009-2010 for Corporate Branding - Best Brands in Transportation - Airport, the fourth consecutive time KLIA won the award.

Best Brands in Airport Hotels

Pan Pacific Kuala Lumpur International Airport won the APBF Brandlaureate Award 2009-2010 in the Best Brands in Airport Hotel category for the second year in a row.

Airports Operated

BY THE GROUP





INTERNATIONAL

PENINSULAR MALAYSIA

- KL International Airport • Langkawi
- Pulau Pinang

SABAH

- Kota Kinabalu

SARAWAK

- Kuching

AIRPORTS OVERSEAS

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

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

MALAYSIAN AIRPORTS LOCATION & OVERSEAS AIRPORTS Managed By MAHB





Airports Overseas



A woman with dark hair tied back is shown from the chest up, holding a white paper airplane. A monarch butterfly is perched on her forehead. The background is a soft-focus indoor setting with light coming from a window. The text is overlaid in the center-right of the image.

**OUR FUTURE GROWTH DEPENDS
ON HOW WE BALANCE PROFITABILITY
AND SUSTAINABILITY WHILST CARING
FOR THE ENVIRONMENT TOO.**

POSITIONING FOR THE SUCCESS.

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 delivering the long-term sustainable business growth and creating economic value for shareholders as well as other stakeholders. The adoption of sound corporate governance standards and practices ensures that MAHB Group is managed appropriately and operated successfully in the current and future needs of global business environment.

The Board is fully committed in compliance with the principles and best practices of 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 Corporate Governance Guide (“CG Guide”) issued by Bursa Malaysia. The Board constantly strived its efforts in enhancing and raising

a high standard of corporate governance throughout MAHB Group, which are fundamental to fulfilling its responsibility of protecting and enhancing the shareholders’ value and the financial performance of the Group.

Good corporate governance practices, however, should extend beyond mere statement of compliance. It should aim at achieving the highest standards of conduct, business integrity, ethics, accountability and professionalism across all the Group’s activities. The Board acknowledges the importance of corporate governance in enhancing stakeholders’ value, increasing investors’ confidence, establishing customers’ trust



and building a competitive organization 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 ranked second (2nd) position in score A category under the inaugural Malaysian Corporate Governance ("MCG") Index 2010 by the Minority Shareholder Watchdog Group ("MSWG"). The index, an initiative by MSWG, is an extension of MSWG's corporate governance survey in collaboration with Nottingham University Business School ("NUBS") in 2004 – 2008. MAHB had received the Distinction Award in the MCG Index 2009 and ranked seventh (7th) position (2007: 14th and 2006: 40th) in the MSWG – NUBS corporate governance survey conducted in 2008.

TRANSFORMATION PROGRAMME

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

- (a) To structure a high performing Board;

- (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.

In March 2010, MAHB launched its 5-year business direction "Malaysia Airports Runway to Success: Building A World-Class Airport Business 2010 – 2014". The business direction outlines MAHB's strategic focus and targets in achieving revenue of RM3 billion through increase traffic growth, service excellence and commercial development.

THE BOARD OF DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD

The Board

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

Board Charter

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

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

The Board reviews the Board Charter from time to time or at least once in every two (2) years to reflect changes to the Company's policies, procedures and processes as well as latest relevant legislations and regulations.

Directors' Code of Ethics

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

STATEMENT ON Corporate Governance

The Balance and Composition of the Board

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

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

The Board currently comprises seven (7) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors and one (1) Managing Director. Izlan bin Izhab shall retire as Non-Independent Non-Executive Director of the Company at the conclusion of the Twelfth Annual General Meeting to be held on 28 April 2011. Following the retirement of Izlan, the Company shall comply with paragraph 15.02 of the Bursa Malaysia Listing Requirements. The directors' biographies are enclosed from pages 134 to 142 of this Annual Report.

There were several changes in the MAHB Board's composition as follows:-

Name	Designation	Remark
Nik Roslini binti Raja Ismail (Alternate Director to Dyg Sadiyah binti Abg Bohan)	Non-Independent Non-Executive	Appointed with effect from 30 August 2010
Mohd Nadziruddin bin Mohd Basri	Non-Independent Non-Executive	Resigned with effect from 17 March 2011
Ahmad Jauhari bin Yahya	Non-Independent Non-Executive	Appointed with effect from 17 March 2011
Mohd Izani bin Ghani	Non-Independent Non-Executive	Appointed with effect from 21 March 2011

The Board expressed its appreciation to Mohd Nadziruddin bin Mohd Basri for his contribution and guidance to the Company and the Board, in particular, during his tenure as a member 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.

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

The Role of the Board

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

In order to ensure that Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Board has adopted a restriction policy on external appointments.

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;

STATEMENT ON Corporate Governance

- (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.

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.

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 in 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

The newly-appointed Directors will be undergoing 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, except for the newly appointed Director, Mohd Izani bin Ghani. 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.

STATEMENT ON Corporate Governance

Members of the Board of Directors of MAHB had attended the training programmes organised during the financial year 2010. 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 experts, on areas relating to the changes in the aviation industry, business sustainability and strategy development, etc. The training programmes attended by the Directors in 2010, are as follows:

- (a) Aviation Insurance Outlook Talk by Mr. Keith Richardson from Messrs Barlow, Lyde & Gilbert;
- (b) Condition of Use Briefing by Mr. Andy Swan from Messrs JLT Aviation Insurance;
- (c) Transformational Leadership – A Passionate Passage Talk by Malaysian Directors Academy (MINDA);
- (d) 2010 National Conference on Internal Auditing “New Directions for the New Decade” by the Institute of Internal Auditors Malaysia;
- (e) Economics Updates by Citibank Malaysia Berhad; and
- (f) Aviation Industry Updates and Outlook Talk by Nomura Securities Sdn. Bhd.

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.

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. The questionnaire form 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. Whilst assessing the performance of the Board Committees, the members indirectly assess the individual performance against a range of key competencies. These competencies include strategic thinking, commitment and preparedness, listening and communication skills, contribution to decision making and constructive challenging of information. Thereafter, the results of these questionnaires, were documented, and collectively, formed the basis of a report to be tabled at the Board Nomination & Remuneration Committee meeting, subsequently for onward submission to the Board of Directors’ meeting for deliberation thereof, whereby the Board had evaluated their performance and formulate a “going forward position”, to enhance the effectiveness of the Board.

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



STATEMENT ON Corporate Governance

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;
- (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 ("WIC") which is comprised of respectable individuals from various levels of management chaired by Dato' Che Azmi bin Murad, Senior General Manager, Operations, MAHB whereby the Committee would assess all concerns reported and act accordingly in accordance to their terms of reference. Subsequently, the WIC will submit a report to the Board Risk Management Committee on a quarterly basis. All details pertaining to the name and position of the whistleblower will be kept strictly confidential throughout the investigation proceedings.

During the year, a total of six (6) 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 the Company, 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 2010, twelve (12) Board meetings and three (3) 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 2010, in compliance with the Bursa Malaysia Listing Requirements.

Directors who were unable to attend the Board meetings would review the relevant Board papers and thereafter convey their comments to the Chairman or the Company Secretary prior to the proceeding of the meetings.

Details of the Attendance of each Board member during the financial year 2010 are as follows:-

Directors	Number of Board Meetings attended/held (during the Directors' tenure)	Percentage
Non-Independent Executive		
Tan Sri Bashir Ahmad bin Abdul Majid	15 out of 15	100%
Non-Independent Non-Executive		
Tan Sri Datuk Dr. Aris bin Othman	15 out of 15	100%
Dato' Long See Wool	14 out of 15	93%
Izlan bin Izhab	12 out of 15	80%
Hajah Jamilah binti Dato' Hj Hashim	15 out of 15	100%
Mohd Nadziruddin bin Mohd Basri	15 out of 15	100%
Dyg Sadiah binti Abg Bohan	10 out of 15	67%
Independent Non-Executive		
Datuk Alias bin Haji Ahmad	14 out of 15	93%
Datuk Siti Maslamah binti Osman	13 out of 15	87%
Jeremy bin Nasrulhaq	13 out of 15	87%

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 results;	(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;

STATEMENT ON Corporate Governance

- (i) Appointment, re-appointment or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Articles of Association;
- (j) Appointment or removal of the company secretary;
- (k) Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;
- (l) Approval of the division of responsibilities between the Chairman and Managing Director; and
- (m) Approval for the establishment of the Board Committees, their terms of reference (i.e. membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions.

Quality of Information

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

Under the current practice, Notices pertaining to all Board meetings are issued to the directors, at least 14 days from the date of the meeting, whilst the notices of the Board Committee meetings are circulated to the Committee members and all those invited to attend the meeting, at least 7 days before each meeting. The agenda and the board papers are circulated within 7 days from the date of the meeting. Furthermore, in order to provide an in-depth discussion of the respective matters within a reasonable and sufficient time, the Managing Director, together with the Chairman would decide on the agenda and accordingly structure and prioritise the respective matters based on their relevancy and importance. Confidential papers or urgent proposals are presented and tabled at the Board meetings under special agenda.

The format and structure of the Board papers are 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. 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 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 meeting 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.

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, 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.

STATEMENT ON Corporate Governance

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. Subsequently, the search for the potential candidates based on the description of the roles and capabilities required by the Board would be embarked upon by the members of the Board with the assistance of the Company Secretary. A list of potential candidates would be shortlisted through consultation with the Committee Chairman. Thereafter, a formal meeting of the Committee will be held to consider the merit of each candidate and to finalise a recommendation to the Board for deliberation and approval thereof.

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, 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 of the Committees in view of their respective academic and professional qualifications, experience and qualities.

Re-election of Directors

All directors, including the Managing Director, are subject to re-election by the shareholders at their first opportunity after their appointment, and are subject to re-election at least once every three (3) years, in accordance with Articles 129, 131 and 132 of the Company's Articles of Association. The re-election of directors at a regular interval not only promotes the creation of an effective Board, but also present the shareholders with the opportunity to gauge the performance of the directors.

The retiring directors who are seeking re-election would be subjected to performance assessment carried out by the Board Nomination & Remuneration Committee, which would then submit its recommendations to the Board for deliberation and approval. The Board would endorse a director for re-election if his or her performance is considered as satisfactory and meet the expected roles and responsibilities.

The Directors retiring at the Twelfth Annual General Meeting are Ahmad Jauhari bin Yahya, Mohd Izani bin Ghani, Datuk Alias bin Haji Ahmad, Jeremy bin Nasrulhaq and Izlan bin Izhab.

Izlan bin Izhab has advised that he does not wish to seek for re-election at the Twelfth Annual General Meeting.

The Board has determined that the performance of Ahmad Jauhari bin Yahya, Mohd Izani bin Ghani, Datuk Alias bin Haji Ahmad and Jeremy bin Nasrulhaq are subject to re-election, have continued to exemplify and demonstrate the highest commitment towards strengthening the effectiveness of the governance framework. Hence, the Board unanimously recommend that the shareholders vote in favour of the re-election of the four (4) Directors at the Company's Twelfth Annual General Meeting.



STATEMENT ON Corporate Governance

Directors over the age of seventy years old are also required to submit themselves for re-appointment annually, in accordance with Section 129 (6) of the Companies Act, 1965. Currently, the Company has no Directors who have reached the above stipulated age.

DIRECTORS' REMUNERATION

The Board Nomination & 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.

During the year, 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.

The Chairman and Non-Executive Directors received the following fees in respect of the financial year 2010:-

	Fee	Chairman	Non-Executive Director
1.	Directors' Fee	RM8,000/month (Jan – May) RM10,000/month (June – Dec)	RM1,500/month (Jan – May) RM3,000/month (June – Dec)
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 2010 are summarized as follows:-

Category	Salary, Bonus and Other Emoluments (RM)	Directors' Fees (RM)	Directors' Other Emoluments (RM)	Benefits in Kind (RM)	Total (RM)
Executive Director*					
Tan Sri Bashir Ahmad bin Abdul Majid	1,051,714	-	-	18,031	1,069,745
Total	1,051,714	-	-	18,031	1,069,745
Non-Executive Directors					
Tan Sri Datuk Dr. Aris bin Othman	-	110,000	65,500	16,600	192,100
Dato' Long See Wool	-	28,500	25,500	-	54,000
Izlan bin Izhab	-	28,500	24,000	-	52,500
Hajah Jamilah binti Dato' Hj Hashim	-	28,500	24,500	-	53,000
Mohd Nadziruddin bin Mohd Basri	-	** 28,500	** 26,000	-	54,500
Dyg Sadiyah binti Abg Bohan	-	28,500	25,500	-	54,000
Datuk Alias bin Haji Ahmad	-	28,500	36,000	-	64,500
Datuk Siti Maslamah binti Osman	-	28,500	29,500	-	58,000
Jeremy bin Nasrulhaq	-	28,500	25,500	-	54,000
Nik Roslini binti Raja Ismail					
(Alternate Director to Dyg Sadiyah binti Abg Bohan)	-	-	500	-	500
Total	-	338,000	282,500	16,600	637,100
Grand Total	1,051,714	338,000	282,500	34,631	1,706,845

* Being the Managing Director

** Inclusive of RM28,500 and RM26,000 paid to Khazanah Nasional Berhad, in respect of Directors' Fee and Other Emoluments provided for Mohd Nadziruddin bin Mohd Basri

STATEMENT ON Corporate Governance

The number of directors of the Company whose total remuneration fell within the specified bands during the financial year 2010 is tabulated, as follows:-

	Number of Directors	
	2010	2009
Executive Director:		
RM850,001 – RM900,000	-	-
RM900,001 – RM950,000	-	1
RM950,001 – RM1,00,000	-	-
RM1,000,001 – RM1,050,000	-	-
RM1,050,001 – RM1,100,000	1	-
Non-Executive Director:		
Less than RM50,000	1	9
RM50,001 – RM100,000	8	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	1	1

Board Committees

The Board of Directors delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined terms of reference, to assist the Board in discharging its responsibilities: -

Board Committee	Key Functions
Board Audit Committee (“BAC”)	Review and evaluate performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the company’s operations, adequacy of internal control system, compliance to established policies and procedures, transparency in decision-making process and accountability of financial and management information.
Board Nomination & Remuneration Committee (“BNRC”)	Review, assess and recommend to the Board of Directors, remuneration packages of the executive director and senior management as well as to determine criteria for Board/Board Committees’ membership, structure, responsibilities and effectiveness, and to formulate/review policies and procedures on human resource matters with regard to recruitment, appointment, promotion, transfer and secondment of employees, etc.
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 Risk Management Committee (“BRMC”)	Formulate the overall risk management, occupational safety and health, ICAO safety management system and information security strategy of the group and recommend for approval and/or approve (whenever applicable) any major risk financing decisions by the group.
Board Procurement Committee (“BPC”)	Approve 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 the minutes of Committee meetings would also be presented at the Board meetings.

The composition of the Board Committees and the attendance of members at Board Committee meetings during the financial year 2010 are reflected as follows: -

Composition of the Board Committees

Director	BAC	BNRC	BF&IC	BRMC	BPC
Non-Independent Executive					
Tan Sri Bashir Ahmad bin Abdul Majid			M		
Non-Independent Non-Executive					
Tan Sri Datuk Dr. Aris bin Othman			C	C	C
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		M	M		M
Independent Non-Executive					
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

STATEMENT ON Corporate Governance

Attendance at the Board Committee Meetings

Director	BAC	BNRC	BF&IC	BRMC	BPC
Non-Independent Executive Tan Sri Bashir Ahmad bin Abdul Majid			4/5		
Non-Independent Non-Executive Tan Sri Datuk Dr. Aris bin Othman			5/5	4/4	9/9
Dato' Long See Wool				2/4	5/9
Izlan bin Izhab	6/6				
Hajah Jamilah binti Dato' Hj Hashim		5/5			
Mohd Nadziruddin bin Mohd Basri			4/5	2/4	
Dyg Sadiyah binti Abg Bohan		5/5	4/5		7/9
Independent Non-Executive Datuk Alias bin Haji Ahmad	6/6	5/5		3/4	9/9
Datuk Siti Maslamah binti Osman	5/6	4/5	4/5		
Jeremy bin Nasrulhaq	6/6	5/5			

TERMS OF REFERENCE

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

Board Audit Committee ("Audit Committee")

The Audit Committee comprises no fewer than four (4) members, all of whom are non-executive directors with majority being independent directors. At least one (1) member must be a member of the Malaysian Institute of Accountants,

or he/she complies with the requirement of paragraph 15.09 (1)(c) of the Bursa Malaysia Listing Requirements.

The terms of reference and summary of activities carried out by the Audit Committee are set out under the Audit Committee Report from pages 220 to 225 of this Annual Report.

The Audit Committee meets at least six (6) times during the financial year to carry out its functions. The Audit Committee is

also responsible for recommending the person(s) to be nominated 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 (2) years to assess its relevancy and clarity.



STATEMENT ON Corporate Governance

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 Board. 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;
- (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 Board Committees 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 Board Committees, 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.

Remuneration

- (a) To establish and recommend to the Board the remuneration structure and policy for the Managing Director and the general managers, including the terms of employment or contract of employment/service, benefits, pensions or incentive scheme entitlement, bonuses, fees and

- expenses and any compensation payable on the termination of the service contract by the company and/or group and to review any changes to the policy, as necessary;
- (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 the agreed targets, with the performance-related elements of remuneration, 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 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.

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.

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 and 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.

Board Risk Management Committee ("Risk Management Committee")

The Risk Management Committee comprises at least four (4) members, made up of independent non-executive directors and non-independent non-executive directors. The members of the Risk Management Committee are appointed by the Board.

The responsibilities of the Risk Management Committee are to, inter alia:

- (a) Approve the overall Risk Management, Occupational Safety and Health (OSH), ICAO Safety Management System (SMS) and Information Security policies and strategies;
- (b) Oversee senior management's responsibilities in managing risks including information security risks and safety to ensure that the risk management process is in place and functioning;

- (c) Review major risk and safety strategies, policies and risk tolerance standards proposed or to be proposed to the Board and to opine or make recommendations to the Board;
- (d) Review risk management, OSH, Safety and Information Security activities to ensure that all risks are taken into account in business plans and strategies;
- (e) Review the Corporate Risk Profile and understand the significant risks that affects the achievement of company's objectives and ensure the implementation of appropriate systems to manage these risks;
- (f) Oversee the adequacy of resources for implementation of risk management and safety strategies, activities and initiatives; and
- (g) Ensure a risk management statement is included in the annual report confirming that risks are being identified, evaluated/assessed and that appropriate Management Action Plans are in place to manage and mitigate those risks effectively.

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.

STATEMENT ON Corporate Governance

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 process, and support of national development objectives.

Under the Improvement Programme, the Procurement Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

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 financial results to Bursa Malaysia Securities Berhad. Press conferences are also held to brief the members of the media, and to highlight any significant events undertaken by the Group. All Non-Executive Directors have always been invited to the briefings, should they wish to.

Relations with Private Shareholders

Each year, shareholders would receive the annual report of the Company. The shareholders can also access up-to-date information on the Group's latest activities such as financial performance, Group background and future events throughout the year on the Company's official website at 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 Securities Berhad 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 Securities Berhad and other regulatory authorities are expeditiously responded to.

Investor Relations

MAHB recognizes the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. The Company's 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. MAHB provides these investors with sufficient business, operations and financial information on the Group enabling them to make informed investment decisions.

MAHB hold analyst presentations in each quarter in 2010 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-on-one meetings with investment analysts and fund managers throughout the year. The analysts and fund managers briefings will continue to be held regularly in 2011.

MAHB have revamped its Investor Relations web portal in 2010, in line with MAHB's commitment towards corporate governance and best practice in investor relations. The website, www.malaysiaairports.com.my, provides a wealth of in-depth and up-to-date information for both existing and potential shareholders, with timely and accurate information about MAHB. The website also allows visitors to register and receive the latest information about MAHB, enhancing transparency, facilitate more effective communication with the investment community and promote Investor Relations best practice in the region.

Dividend Policy

The Company's dividend policy entails the payment of dividend at a payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest commencing from the financial year 2007. Nevertheless, the actual amount and timing of the dividend payments would depend on the Company's cash flow position, results of operations, business prospects, current and expected obligations, and such other matters as the Board of Directors may deem relevant.

Annual General Meeting

The Annual General Meeting ("AGM") would normally take place at Pan Pacific Kuala Lumpur International Airport Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, and formal notification is sent to the shareholders at least twenty one (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.

STATEMENT ON Corporate Governance

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 biography of Faizal Sham bin Abu Mansor is enclosed on page 150 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 financial results announcement to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Board Audit Committee assists the Board by reviewing the information to be disclosed to ensure completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation Financial Reporting Standards ("FRS") approved by the Malaysian Accounting Standards Board, and has adopted the relevant FRSs applicable for the Group's financial year 2010.

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 260 to 295 of this Annual Report.

Internal Control

The Statement of Internal Control set out from pages 227 to 235 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.

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 246 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 2010.

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 2010.

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 2010.

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 2010, 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	85,000.00
	Reporting accountant fee for MAHB Group's issuance of debt securities	525,000.00
Total		610,000.00

5. Profit Guarantee

There was no profit guarantee given by the Company during the financial year 2010.

6. Revaluation Policy on Landed Properties

There was no revaluation of properties of the Company during the financial year 2010.

7. Share Buy-Back

There was no share buy-back exercised by the Company during the financial year 2010.

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 2010.

This Statement on Corporate Governance was duly reviewed and approved by the Board of Directors of MAHB on 28 February 2011.

On behalf of the Board



Tan Sri Datuk Dr. Aris bin Othman
Chairman

A large cardboard box sits on a metal surface, likely an airport tarmac. In the background, the wing and fuselage of a large commercial airplane are visible against a cloudy sky. The box has several labels and markings. On the left side, there is a white label with the text "COUNTRY OF ORIGIN: CHINA", "MANUFACTURED IN: PHILIPPINES", and a diamond-shaped logo containing the number "1037". Below this, there is a blue and white shipping label with the text "AIR CARGO" and other smaller text. On the right side of the box, there is a red label with the text "DO NOT OPEN". On the bottom left corner, there is a red label with the text "DO NOT OPEN". On the bottom right corner, there is a red label with the text "DO NOT OPEN".

**MORE BUSINESSES
HAVE PLIED THEIR TRADE
THROUGH OUR AIRPORTS.
WE ARE READY AND
EQUIPPED TO BE THE
CATALYST TO MOVE TRADE
FOR MANY MORE.
POSITIONING FOR THE SUCCESS.**



1033
MADE IN PHILIPPINES
COUNTRY OF ORIGIN: CHINA

MAX LOAD AT 37' 1000 LBS

Risk Management

STATEMENT

‘Managing risks towards our Runway to Success’

At Malaysia Airports, we view Risk Management as one of the crucial tools in managing our organisations. The establishment of the Enterprise Risk Management framework paved the way for the continuous process to embed the good risk management culture in the organisation. The process was intensified in 2010 with the full support of the management team.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Board of Directors is ultimately responsible for the management of risks. The Board, through its Risk Management Committee (“BRMC”), maintains overall responsibility for risk oversight. The Board has established a policy governing our approach to risk management. Our risk management infrastructure provides clear accountability, ownership and responsibility for managing risks. Our Enterprise Risk Management (“ERM”) framework addresses a wide range of risk management activities, all of which are in line to the process as sets out in ISO 31000 – Risk Management Principles and Guidelines.

MAHB Risk Scorecard (MArs) System

The dynamic nature of our business and the geographical spread of our operations necessitate a solution which would enable all our airports to log into the system live from any locations. A powerful web-based solution known as Malaysia Airports Risk Scorecard or MArs was deployed to all our International airports and will be extended to all Domestic airports by 2011.

MArs enables all risk scorecard owners to go through the risk management process in a systematic and structured manner. The built-in Corporate Digital Assurance feature, requiring risk owners to sign-off their respective risk register, provides the assurance to the Board that risks relevant to our organisations and business are identified and where necessary, mitigated. It also ensures that all risks are monitored and reviewed twice a year, thus enhancing the assurance to the Board that the risks of the organisation remain updated and relevant.

ERM INITIATIVES

Our continuous focus on the risk management framework, which emphasises on effective risk management at the corporate level and throughout all departments, airports and subsidiaries, has contributed to the ability to achieve sustainable profitability and optimising shareholders’ value under the challenging business conditions and market uncertainties.

To manage and control risk, we continue to embed good risk management practices and integrate risk management into our business processes, and strengthen our risk culture via various ERM initiatives, education and communication. The Board believes that risk management must be a culture embedded into the daily activities of the company. Therefore, to cultivate this culture, an award for Risk Manager of the Year for our Risk Coordinators has been established since 2008.

The Risk Manager of the Year is selected using a stringent evaluation of criteria and the winner was chosen based on his/her overall performance and commitment on our ERM initiatives throughout the year. We have also introduced for the very first time, the Risk Management Award – Airport for the Year for International Airports. The award is given as recognition of the efforts and dedication of airports' management and staff towards effective risk management. We believe that these awards will be a catalyst for effective ERM implementation and strengthen the risk culture of MAHB.

We are dedicated and committed to make continuous effort to enhance and strengthen the risk management philosophy and practices in our organisation. Some of the key initiatives that we have embarked upon in 2010 include the following:

- **Corporate Risk Profile**
The Corporate Risk Profile is periodically reviewed to ensure its relevance. The review was led by the Managing Director with the commitment and participation of our Senior Management team. The review session covers identification and review of the whole spectrum of risks encompassing strategic, financial, human capital, reputational, health and safety, and operational risks, as well as review of action plans on risk treatment and mitigation.
- **International and Domestic Airports Risk Registers**
Periodic review of risk scorecards for KLIA/ LCCT and four (4) other international airports had been performed to reflect current risks as well as the status of action plans to achieve target risks.

At Domestic Airports, risk scorecards and action plans to manage the critical risks to the airports were gradually developed. Each airport has its designated risk coordinator who is responsible and trained to coordinate the risk scorecard review and updates with the identified risk owners. The Airport Manager being the responsible executive at airport level is the ultimate risk owner for each of the airport.
- **Departmental Risk Registers**
Scorecards for all departments in MAHB and its subsidiaries with target risks action plans to manage the risks were periodically reviewed. All departments have its designated risk coordinator coordinating with risk owner of each identified risk who is responsible for managing risks to an acceptable level.
- **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 assessments conducted in 2010, for example the KLIA 2 Project and Penang Airport Expansion Project, with participation from key project staffs, contractors, consultants and other stakeholders. Each project risk is uploaded into the MARS system for better monitoring and management of risk.
- **Benchmarking Exercise**
A benchmarking exercise with other international airport has been undertaken to benchmark against industry best practices in ensuring that we remain at the leading edge of ERM and Business Continuity Management ("BCM") activities.
- **Training and Awareness Programme**
We believe in continuous effort in ensuring high level of risk awareness amongst our Management and staff to obtain their buy-in and subscribe to our tagline that 'Managing Risks is Everyone's Responsibility'.

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 2010, the BAC met six (6) times, with the following record of attendance:

Name of Director	Attendance
Datuk Siti Maslamah binti Osman	5/6
Datuk Alias bin Haji Ahmad	6/6
Izlan bin Izhab	6/6
Jeremy bin Nasrulhaq	6/6

Representatives of Senior Management and the Head of Internal Audit were in attendance during all BAC meetings. The External Auditors’ representatives were invited to attend the meetings as and when required.

During two (2) of the meetings, the BAC held a private discussion with the External Auditors without the presence of the management.

The minutes of the BAC meetings were circulated to all members of the MAHB Board and material issues were discussed at the Board meetings.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The BAC carried out its duties in accordance with its terms of reference during the financial year ended 31 December 2010.

The main activities undertaken by the BAC were as follows:

Internal Audit

- Reviewed and approved the Internal Audit Division’s (“IAD”) Annual Internal Audit Plan, budget and staffing requirements to ensure adequacy of resources, competencies and coverage on key risk areas.
- Reviewed the Internal Audit Reports and Special Audit Reports to ensure that the Management addresses and resolves the issues highlighted in the audit reports.
- Reviewed follow-up reports by the Internal Auditors on the status of actions taken by the Management on recommendations suggested in the audit reports.
- Reviewed follow-up reports by the Internal Auditors on External Auditors’ findings as set out in the Management Letter and status of actions taken by the Management on issues raised by the External Auditors.
- Evaluated the performance of the IAD and recommended improvements.

External Audit

- Reviewed the External Auditor's scope of work and audit plans for the financial year.
- Reviewed with the External Auditors their Management Letter together with the management response.
- Evaluated the performance of the External Auditors and made recommendations to the Board on the appointment and audit fees.

Financial Results

- Reviewed the quarterly financial results of the Group before recommending to the Board of Directors.
- Reviewed the audited results of MAHB Group with the External Auditors before recommending to the Board of Directors.
- Ensured compliance to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, applicable accounting standards in Malaysia, provisions of Companies Act 1965 and other legal and regulatory requirements.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group is carried out by the IAD that reports directly to the BAC. The principal role of the IAD is to undertake independent, regular and systematic review of the systems of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The IAD adopts a risk-based approach in its audit plan and examination.

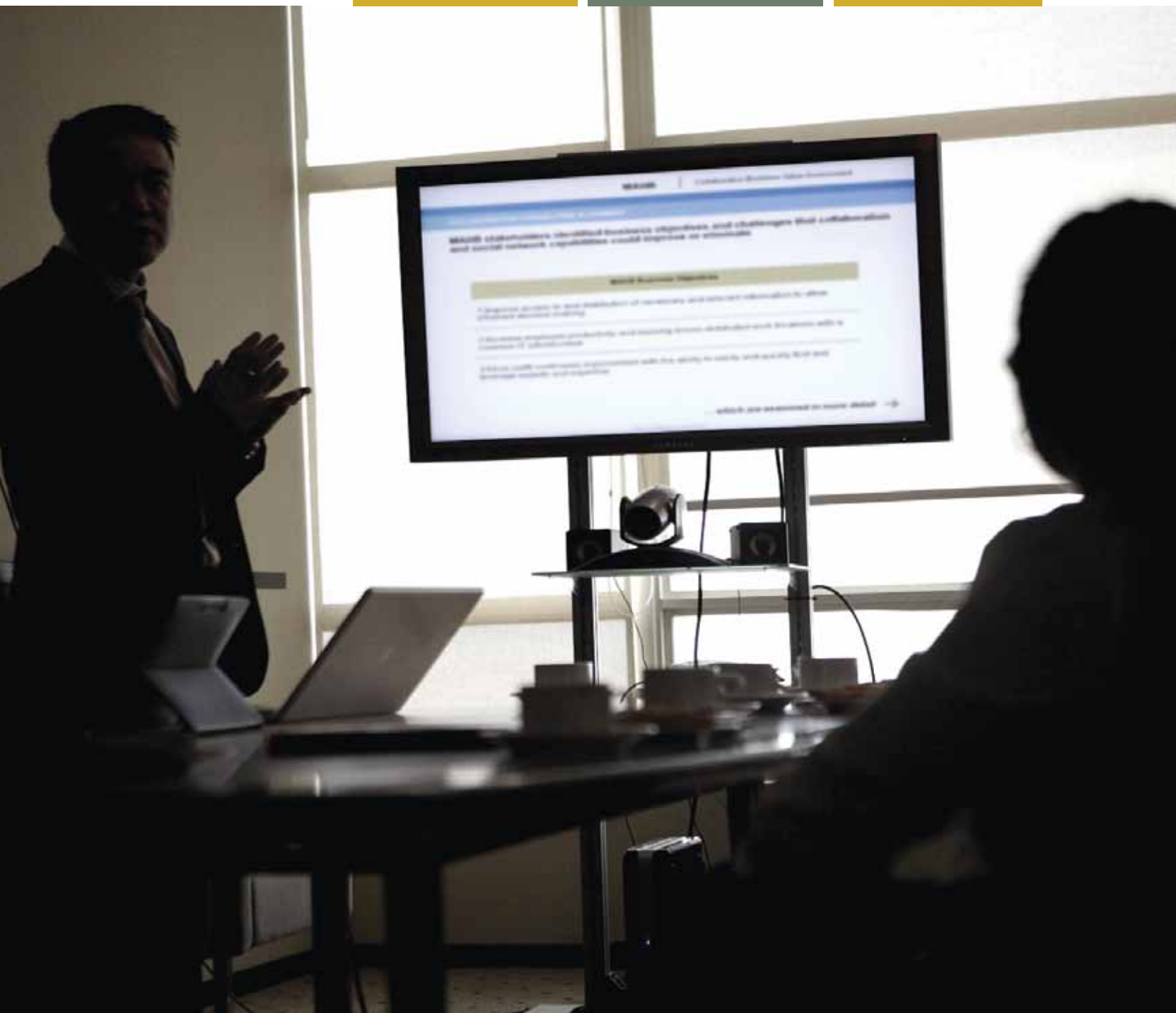
It is the responsibility of the IAD to provide the BAC with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

A structured risk assessment is used to examine all auditable areas and its inherent risks. Audits are prioritized according to the assessment of the potential risk exposure. During the financial year, the IAD issued a total of fifty two (52) reports. The areas of coverage include operations, procurement, commercial, corporate quality, transformation management, human resource development, airport fire rescue services, cash management at airports, airside transit

hotel, car park management, aviation security, retail outlets and food and beverages, performance review, airport service quality, information systems, investigations and special reviews on specific areas as requested by the Board, Board Committees, Management or arising from the Whistle Blowing Programme.

The Internal Audit reports arising from these assignments were issued to the Management for their response and corrective actions. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. The Internal Audit reports are then presented at the Internal Audit Management Committee, chaired by the Managing Director or his representative, to discuss the current status of audit issues before being tabled at the BAC.

In ensuring audit work performed by the Internal Auditors is in line with The Institute of Internal Auditors standards, an external quality assessment by a qualified independent reviewer has been carried out, 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 2010 is RM1.2 million (2009: 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.

TERMS OF REFERENCE

MAHB Board Audit Committee (“BAC”)

(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.

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 authorized 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

INTRODUCTION

The Malaysian Code of Corporate Governance (the Code) requires the Board of Directors (Board) to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Pursuant to Para 15.26(b) of Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements and Statement on Internal Control: Guidance for Directors of Public Listed Companies, the Board is pleased to present the Statement on Internal Control (the Statement) which outlines the nature and scope of internal control of the Group during the financial year under review.

RESPONSIBILITY AND ACCOUNTABILITY

The Board is ultimately responsible for the Group's system of internal control which includes the establishment of an appropriate control environment and review of its adequacy and integrity on a regular basis to ensure its effectiveness. The Board and Management are responsible and accountable for maintaining a sound system of internal control encompassing governance, risk management, financial, organizational, operational and compliance controls. The Board is committed to safeguard shareholders' investment, Group's assets and other stakeholders' interests.

PURPOSE OF INTERNAL CONTROL FRAMEWORK

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 the occurrence of any material misstatement, loss or fraud.

The system of internal control is based on an ongoing process designed to identify the principal risks impeding the achievement of the organisation's goals and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process is regularly reviewed by the Board, taking into account changes in the regulatory and business environment to ensure the adequacy and integrity of the system of internal controls.

RISK AND CONTROL FRAMEWORK

MAHB Group has in place an Enterprise Risk Management Strategy which explains its approach to identify, evaluate, monitor and manage significant risks that could impede the achievement of the Group's objectives. It also identifies the main reporting procedures and promotes good risk management practices within the Group. MAHB Group is committed to implementing Enterprise Risk Management (ERM) as a key strategic tool to proactively identify and manage risks throughout the Group.

In MAHB, risks are identified and evaluated in the following ways:

- Clearly documented financial management procedures and guidelines;
- Continuous documentation of Standard Operating Procedures (SOP) for all business units;
- Periodic reviews by the risk owners to assess the probability, severity and relevance of risks, as well as current strategies applied and the strength of these strategies;
- An Internal Audit function which provides an assessment of the current state of internal controls across MAHB Group's key operations; and
- Sources such as project risk assessments, workshops and referrals from various steering committees.

STATEMENT ON Internal Control

REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The Board's evaluation of the effectiveness of internal controls in the Group is based on criteria developed under the COSO (Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control - Integrated Framework ; a generally accepted framework for internal control widely recognised as the standard against which the Group measures the effectiveness of its system of internal control. The internal control system is intertwined with the Group's operating activities and exists for fundamental business reasons.

The Board's review of internal control effectiveness is based on information from:

- Key management within the organisation with the responsibility for the development and maintenance of the internal control framework;
- The work of the Internal Auditors, who submit regular reports to the Board Audit Committee (BAC) which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;

- Comments made by the External Auditors in their Management Letter and other reports.

Under the COSO Internal Control - Integrated Framework, internal control assessment is segregated into five interrelated components as follows:

A. CONTROL ENVIRONMENT

Control environment is the organisational structure and culture created by Management and employees to sustain organizational support for effective internal control. It is the foundation for all other components of internal control, providing discipline and structure. Management's commitment to establishing and maintaining effective internal control is cascaded down and permeates the Group control environment, aiding in the successful implementation of internal controls. Key activities include:

i. Board and Audit Committee

- The various Board Committees, namely the Audit Committee, the Nomination and Remuneration Committee, Procurement Committee, Finance and Investment Committee, Risk Management Committee, are all governed by clearly defined terms of references.

- The Audit Committee, comprising only Non-Executive Directors and a majority of Independent Directors, has wide ranging in-depth experience, knowledge and expertise. Its members continue to meet and have full and unimpeded access to both the Internal and External Auditors during the financial year.

ii. Strategic Theme and Objectives

- To chart the Group's business direction, MAHB has produced "Malaysia Airports Runway to Success (2010-2014)" where three strategic thrusts to support the achievement of the Group's key business strategic objectives were identified. They are:
 - Traffic Growth. Our objective is to increase passenger numbers to over 60 million per year, with a focus on strengthening KLIA as the Next Generation Hub.
 - Service Excellence. The objective is to maintain top quality service levels, benchmarked against the best airports worldwide.
 - Commercial Development. Will be the main driver to achieve Group EBITDA and ROE in excess of RM1 billion and 10% respectively by 2014.

- The Executive Committee (EXCO) provides clear direction and guidance for the implementation of the key business strategies and assisted by the Corporate Planning Office in monitoring the overall delivery of the initiatives towards meeting the business strategies.

iii. Organisation Structure

- The current organisational structure for the Group incorporates the company's new vision, in ensuring that the business direction can be delivered. The responsibility, accountability and delegation of authority of each division/subsidiary head are clearly defined.
- The organisation structure was also benchmarked against other international airport operators so that the company would remain competitive.
- The Business Process Improvement where roles of Finance & Procurement as well as Human Resources shared services have been strengthened to allow standardised adoption of best practices to support the rapid growth and expansion of MAHB.

iv. Shared Values

- Internalisation of MAHB Group's Shared Values of 'Market Driven', 'Customer Focused', 'Strive For Excellence', 'Teamwork' and 'Loyalty' serves as a foundation of the Group's culture.

v. Code of Ethics

- The Group Code of Ethics is in place, applicable to all employees and the Company's representatives including agents, consultants, contractors and suppliers of the Group. The Code outlines clearly forms of acceptable business practices in the Group and to ensure that the employees and all representatives adhere to one standard Code.
- The Declaration of Assets is performed every three years by all MAHB employees to keep track of any changes of individually or jointly owned asset value.

vi. Procurement Code of Ethics

- It outlines the principles and specific requirements related to the procurement process. It supports the Procurement Red Book and complements the MAHB Code of Ethics, which provides guidelines on dealing with employees, customers, business partners, competitors and other parties.

vii. Competency-Based Development Framework

- Top-down target setting process, with targets cascading from the Managing Director based on a Corporate Scorecard approved by the Board, aligns strategic focus and direction. As part of the implementation of the system, Senior Management are placed on contract compensation scheme.
- KPIs have been implemented to assess and reward all staff of the Group. Competency based Human Resource processes, covering annual and semi-annual performance appraisals, career development, succession planning and structured training programmes, are implemented for all staff, to ensure staff are competent and adequately trained in carrying out their duties. During the year, leadership competency programme was established for Managers and above who were assessed on the competencies and thereupon an individual development programme was developed to address the identified gaps.

STATEMENT ON Internal Control

B. RISK ASSESSMENT

Risk assessment is the identification and analysis of risks which may impede the achievement of the Group's objectives, forming a basis for determining how risk is managed in terms of probability and severity. Key activities involved within this area are:

i. Enterprise Risk Management (ERM)

- The Risk Management Division is responsible for the overall coordination of the 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 a structured Business Continuity Management framework for the Group and trainings are on-going for target groups.
- Group Internal Audit complements the role of the Risk Management Division by independently reviewing risk profiles, risk management strategies and the adequacy and effectiveness of the controls identified and implemented in response to the risks identified at every audit engagement.

C. CONTROL ACTIVITIES

Control activities are policies and procedures that help to ensure Management's directives are carried out. Relevant activities within MAHB Group include:

i. Assignment of Authority and Responsibility

- 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.
- Clear accountability and responsibility for key business processes have been established through related SOP.

ii. Policy and Procedures

- Accounting Policies approved by the Board are adopted by the whole Group, covering accounting policies related to the Group. Revisions and additions are made when necessary, taking into consideration the Financial Reporting Standards (FRSs).
- Procurement Limits of Authority, also known as the 3Ps (Procurement Policy, Procedures and Guidelines) was established and regularly reviewed to safeguard the procurement processes of the Group.

- Value Management (VM) Manual launched in December 2010, prepared for the purpose of clarifying MAHB policies on value management and outlines the VM Methodology framework.
- Continuous documentation and review of SOP was undertaken for all business units. All five international airports, fifteen domestic airports and key functions at subsidiary levels have been certified to MS ISO 9001:2008 Quality Management System. Moving towards a culture of total quality management system for the Group, in 2010, related functions at Head Office and subsidiary had undergone certification Stage 2 (Compliance Audit) and awaiting SIRIM approval for certification. With the inclusion of MS ISO 14001 Environmental Management System (EMS) and OHSAS 18001 Occupational, Health and Safety Management System (OHSAS), all five international airports, one domestic airport (Miri) and our IT-arm, MA Technologies have been fully certified under the Integrated Management System. MA Technologies was the first MS ISO/IEC 27001 Information Security Management System (ISMS) Certified in Airport Business worldwide (since 2005) and was awarded Best ISMS in year 2010 from Cyber Security Malaysia.



STATEMENT ON Internal Control

- All five international airports and nine domestic airports have been awarded the Aerodrome Certification by the Department of Civil Aviation, as required under Airport Standards Directive 103 (ASD 103) of International Civil Aviation Organisation (“ICAO”). This certificate is a requirement to ensure safety, regulatory and efficiency of aerodromes.

iii. Continuous Improvement Initiatives

- The continuous Improvement Initiatives are on-going to drive Malaysia Airports in achieving greater performance in its targets and future aspirations while building future sustainability. The deliverables of the initiatives, among others, include higher cost savings and revenue enhancement, realigning towards MAHB’s strategic plans while integrating and synergizing people, processes, systems and structure in the company. It also focuses on delivering shareholders’ financial expectations. Among the initiatives are:
 - Business Process Improvement
 - Cross-Functional Transformation (i.e. Human Resources, Operations and IT)
 - Lean Management
 - World-Class Maintenance (Engineering and AFRS)

iv. Whistleblowing Programme

- 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 programme is expected to improve the overall organisational effectiveness, while upholding Malaysia Airports’ integrity in the eyes of the public and as an entity serving the national interests.

v. Corporate Social Responsibility (CSR)

- The Group has adopted the Global Reporting Initiative (GRI) Sustainability, Bursa Malaysia CSR as well as Silver Book reporting framework as a guiding principle to provide clarity, focus and consistency of CSR practices that deliver sustainable value to society at large. Guided by the GRI framework, the Group’s inaugural Sustainability Report for the year 2009 was self-declared Global Reporting Initiative (GRI) Application Level B.
- 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.

- Malaysia Airports actively participated in Project PINTAR (Promoting Intelligence, Nurturing Talent, Advocating Responsibility), established under the auspices of the Ministry of Finance and Khazanah Nasional. Nurtured under the theme “Beyond Borders” and its tagline “Give Them Wings, Let Them Fly”, for phase 2 (year 2010-2012) MAHB adopted another twelve schools within the proximity of our system of airports, advocating the importance of education and improvement of academic standards and self-efficacy.

vi. MAHB Information Security Policy

- A review has been conducted in 2010 to enhance the MAHB Information Security Policy (established since 2005). The manual provides MAHB employees with a consistent set of security rules required to protect the company’s information, information assets and intellectual property towards minimizing security risk and ensure all security related incidents are effectively managed.

vii. Insurance and Physical Safeguards

- Adequate insurance and physical safeguards on major assets are in place to ensure that Group assets are sufficiently covered against any mishap that could result in material loss.

D. INFORMATION AND COMMUNICATION

Information and Communication support all other control components by communicating control responsibilities to employees and by providing information in a form and time frame that allows people to carry out their responsibilities. Relevant key activities within the Group include:

i. Communication Policy

- MAHB Group is committed to open and effective communication as an essential component of its culture in order to motivate the workforce to deliver high quality service and exceptional value to customers and other stakeholders as well as to anticipate their feedback. Among the communication tools established are MAHB portal and K-Office (employees), Websites and Annual Reports (stakeholders, shareholders and general public).
- Its purpose is to ensure that communication across the Group is well coordinated, effectively managed and meets the diverse needs of the organisation.

- Crisis Communication is specifically detailed down as part of Airport Emergency Plan requirement. The Plan has been audited by external party to ensure that it meets the regulatory requirement and DCA.

ii. Safety Management System

- MAHB has adopted the Safety Management System (SMS) as a systematic and comprehensive approach to reduce threats to aviation safety and prevent similar incidents from occurring in other airports within the Group. All five international airports and five domestic airports are SMS certified, making them the first in Asia to adopt the SMS. The SMS certification is a testimony to our commitment to ensure the highest level of safety across our system of airports in full compliance with the ICAO requirements. Besides the SMS and Aerodrome certification programmes, MAHB carries out all safety drills and simulation exercises deemed mandatory by the ICAO and DCA. These include full-scale exercises at least once every two years, partial exercises at least once a year and tabletop exercises bi-annually.

E. MONITORING

Monitoring the effectiveness of internal controls is embedded in the normal course of the business. Periodic assessments are being integrated as part of Management's continuous monitoring of internal controls. Systematic processes available to address deficiencies include:

i. Management Committees

- Two Top Level Committees have been established, namely Executive Committee (EXCO) and Management Committee (MC), each with clear demarcation of roles in managing the Group's strategic and operational matters more effectively.
- The EXCO comprising of the Managing Director, Chief Operating Officer, Chief Financial Officer, Senior General Manager Commercial, Senior General Manager 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 MC, comprising of the Managing Director, Chief Operating Officer, Chief Financial Officer, Senior General Managers and General Managers, is the forum for discussing/deliberating/coordinating the operational issues affecting the company.

STATEMENT ON Internal Control

- At Group level, the Internal Audit Management Committee (IAMC) is established to review all audit findings before being tabled at the Board Audit Committee. The IAMC is chaired by the Managing Director or his designated representative and it is also attended by the heads of the respective audit areas. The current status of the audit findings and any new decisions are agreed at this meeting.
- Other steering committees responsible to ensure effective supervision over related key operational areas are: -
 - Information Security Management System (ISMS) Steering Committee
 - IT Steering Committee
 - Management Procurement Committee
 - Quality Council
 - Transformation Council
 - Value Management related Committees (Approval, Procurement Activities and System & Procedure)

ii. Periodic Self-Assessments

- Annual disclosures are made by the Senior Management on the overall effectiveness, reliability and adequacy of their respective companies'/divisions' systems of internal and financial controls.

iii. Group Internal Audit

- The Internal Audit Division carried out ongoing reviews of the internal control system of the Group. It also assists to promote effective risk management at the lines of business. The audits conducted were in the areas of finance/accounts, operations, management, information systems and investigation in accordance with the approved Risk Based Audit Plan. The Internal Audit Division also undertook special reviews as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme. Periodic follow-up reviews are conducted to monitor the status of internal control issues raised. The Internal Audit Division continued 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.

- Group Internal Audit's practices and conduct are governed by its Internal Audit Charter. The Internal Audit Division reports directly to the Board Audit Committee. The Key Performance Indicators (KPIs) of the Head of the Internal Audit Division are approved by the Board Audit Committee.

iv. Other Internal Assurance Providers (IAP)

- Besides the Internal Audit Division, there are nine other IAP functions established under various divisions such as Risk Management, Safety, Health & Environment (SHE), Airport Service Quality (ASQ), Corporate Quality Management (CQM), Aviation Security (AVSEC), Airport Fire & Rescue Service (AFRS), Airport Standard, Engineering and MA Technologies Quality Assurance. They are aimed to improve the Group's services standards and meet regulatory requirements.

CONCLUSION BY THE BOARD OF DIRECTORS

The Board considers the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the internal controls framework. For the financial year under review, the Board is satisfied that the system of internal controls is satisfactory and has not resulted in any material loss, contingency or uncertainty. MAHB's internal control system does not apply to its associate companies, which fall within the control of their majority shareholders. Nonetheless, MAHB's interests are served through representation on the Board of Directors and Senior Management secondment to the associate companies as well as through the review of management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of MAHB Group for the year ended 31 December 2010. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of the internal controls.



STATEMENT OF Directors' Responsibility

In respect of the preparation of the Financial Statements for the financial year ended 31 December 2010.

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 2010 set out from pages 241 to 380, 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 28 February 2011.

A hand in a dark suit with a white shirt cuff is pointing towards the right side of the frame. The background is a composite image showing an airport terminal and a runway. The terminal has a modern, curved design with a glass facade. The runway is a wide, flat expanse of asphalt with some greenery and trees in the distance. The sky is a pale blue with some light clouds. The overall scene suggests a vision or future plan for an airport.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Information in respect of the group's operating agreements with the Government of Malaysia ("GoM"), including both the Group's obligations and operations are disclosed in Note 1.2 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit from continuing operations, net of tax	294,597	71,229
Profit attributable to:		
Owners of the parent	293,911	71,229
Minority interests	686	-
	294,597	71,229

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIRECTORS' REPORT

RESULTS (CONT'D.)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement and adoption of IC Interpretation 13: Customer Loyalty Programmes which have resulted in decrease in the Group's profit net of tax by RM57,480,000 and RM31,082,000 as disclosed in Notes 2.2 and 3 to the financial statements respectively.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2009 were as follows:

	RM'000
In respect of the financial year ended 31 December 2009 as reported in the directors' report of that year:	
Final dividend of 14.90% less 25% taxation, on 1,100,000,000 ordinary shares, declared on 4 May 2010 and paid on 28 June 2010	122,925
In respect of the financial year ended 31 December 2010:	
Interim dividend of 8.0% less 25% taxation, on 1,100,000,000 ordinary shares, declared on 29 November 2010 and paid on 29 December 2010	66,000
	188,925

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2010, of 11.75% less 25% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM96,938,000 (8.81 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 2011.

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 Izhab

Hajah Jamilah binti Dato' Hj Hashim

Jeremy bin Nasrulhaq

Dato' Long See Wool

Dyg Sadiyah binti Abg Bohan

Nik Roslini binti Raja Ismail

[alternate director to Dyg Sadiyah binti Abg Bohan] (appointed on 30 August 2010)

Ahmad Jauhari bin Yahya (appointed on 17 March 2011)

Mohd Nadziruddin bin Mohd Basri (resigned on 17 March 2011)

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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (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 17 March 2011.



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 250 to 379 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 2010 and financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 43 on page 380 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 17 March 2011.



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 250 to 379 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 17 March 2011.



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 statements of financial position of the Group and of the Company as at 31 December 2010, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 250 to 379.

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 2010 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 which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 43 on page 380 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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
17 March 2011



George Koshy
No. 1846/07/11(J)
Chartered Accountant

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		Group		Company	
	Note	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations					
Revenue	3	1,812,857	1,609,619	137,618	63,000
Changes in inventories		69	4,754	-	-
Purchases of inventories		(216,326)	(188,500)	-	-
Other income	4	108,548	83,543	76,976	63,928
Employee benefits expense	5	(382,411)	(356,670)	(59,607)	(43,194)
Depreciation and amortisation		(162,735)	(150,474)	(5,174)	(2,756)
Other expenses		(618,799)	(538,102)	(50,938)	(44,365)
Finance costs	6	(15,724)	(14,177)	(37)	(53)
Share of results of associates		(80,488)	2,631	-	-
Profit before tax and zakat from continuing operations	7	444,991	452,624	98,838	36,560
Taxation and zakat	9	(150,394)	(100,165)	(27,609)	(13,143)
Profit from continuing operations, net of tax		294,597	352,459	71,229	23,417
Discontinued operations					
Loss from discontinued operations, net of tax	10	-	(1,355)	-	-
Profit net of tax		294,597	351,104	71,229	23,417
Profit attributable to:					
Owners of the parent		293,911	350,448	71,229	23,417
Minority interests		686	656	-	-
		294,597	351,104	71,229	23,417
Earnings per share attributable to owners of the parent (sen per share)					
- basic, for profit from continuing operations	11	26.72	31.98		
- basic, for loss from discontinued operations		-	(0.12)		
- basic, for profit for the year		26.72	31.86		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		Group		Company	
	Note	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Profit net of tax		294,597	351,104	71,229	23,417
Other comprehensive income:					
Net loss on available-for-sale financial assets					
- Loss on fair value changes		(23)	-	-	-
- Transfer to profit or loss upon disposal		(304)	-	-	-
Foreign currency translation		(3,385)	(833)	-	-
Other comprehensive income for the year, net of tax		(3,712)	(833)	-	-
Total comprehensive income for the year		290,885	350,271	71,229	23,417
Total comprehensive income attributable to:					
Owners of the parent		290,199	349,615	71,229	23,417
Minority interests		686	656	-	-
		290,885	350,271	71,229	23,417

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		Group			Company	
	Note	2010 RM'000	Restated 2009 RM'000	As at 1.1.2009 RM'000	2010 RM'000	2009 RM'000
Assets						
Non-current assets						
Property, plant and equipment	13	2,320,145	1,612,984	1,910,726	784,194	106,915
Plantation development expenditure	14	47,237	46,834	58,314	-	-
Land use rights	15	7,910	8,031	8,152	-	-
Concession rights	16	1,675,851	1,712,192	1,187,777	-	-
Investments in subsidiaries	17	-	-	-	1,777,263	1,777,260
Investments in associates	18	45,074	133,734	52,663	135,554	114,040
Investment in a jointly controlled entity	19	100	100	-	-	-
Available-for-sale investments	20	242,114	302,041	311,583	2,005	34,925
Trade and other receivables	21	223,295	358,152	20,501	-	-
Staff loans	22	32,076	32,536	31,503	-	-
Deferred tax assets	23	16,845	3,635	3,616	-	1,120
		4,610,647	4,210,239	3,584,835	2,699,016	2,034,260
Current assets						
Inventories	24	60,947	60,440	58,100	156	339
Trade and other receivables	21	807,470	634,359	667,759	1,131,815	1,261,695
Cash and cash equivalents	25	1,539,770	268,286	677,287	1,319,467	28,291
		2,408,187	963,085	1,403,146	2,451,438	1,290,325
Assets of disposal group classified as held for disposal	10	496	496	4,306	-	-
		2,408,683	963,581	1,407,452	2,451,438	1,290,325
Total assets		7,019,330	5,173,820	4,992,287	5,150,454	3,324,585

		Group			Company	
	Note	2010 RM'000	Restated 2009 RM'000	As at 1.1.2009 RM'000	2010 RM'000	2009 RM'000
Equity and liabilities						
Equity attributable to owners of the parent						
Share capital	26	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
Share premium		822,744	822,744	822,744	822,744	822,744
Retained earnings	27	1,366,449	1,421,407	1,256,997	262,081	379,777
Fair value adjustment reserve	28	72	-	-	-	-
Foreign exchange reserve	29	(5,396)	(2,011)	(1,178)	-	-
		3,283,869	3,342,140	3,178,563	2,184,825	2,302,521
		5,498	4,714	4,058	-	-
Minority interests						
Total equity						
		3,289,367	3,346,854	3,182,621	2,184,825	2,302,521
Non-current liabilities						
Retirement benefits	30	51,029	51,580	52,751	2,446	2,457
Other financial liability	31	177,716	199,625	201,961	-	-
Loans and borrowings	32	2,500,000	507,890	250	2,500,000	507,890
Trade and other payables	33	239,358	307,920	131,774	-	-
Deferred tax liabilities	23	47,903	47,725	47,917	1,058	-
		3,016,006	1,114,740	434,653	2,503,504	510,347
Current liabilities						
Loans and borrowings	32	-	250	2,782	-	250
Trade and other payables	33	671,948	665,406	503,035	462,125	511,467
Concession rights payable		-	-	826,680	-	-
Income tax payable		41,780	46,341	39,859	-	-
		713,728	711,997	1,372,356	462,125	511,717
Liabilities of disposal group classified as held for disposal	10	229	229	2,657	-	-
		713,957	712,226	1,375,013	462,125	511,717
Total liabilities						
		3,729,963	1,826,966	1,809,666	2,965,629	1,022,064
Total equity and liabilities						
		7,019,330	5,173,820	4,992,287	5,150,454	3,324,585

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

Group	Note	Attributable to owners of the parents					Minority interests RM'000	Total equity RM'000
		Share capital RM'000 (Note 26)	Share premium RM'000	Fair value adjustment reserve RM'000	Foreign exchange reserve RM'000	Distributable retained earnings RM'000 (Note 27)		
At 1 January 2009		1,100,000	822,744	-	(1,178)	1,256,997	4,058	3,182,621
Total comprehensive income, as previously reported		-	-	-	(833)	377,922	656	377,745
Adjustment	2.5(iii)	-	-	-	-	(27,474)	-	(27,474)
Total comprehensive income, restated		-	-	-	(833)	350,448	656	350,271
Transactions with owners								
Dividends	12	-	-	-	-	(186,038)	-	(186,038)
At 31 December 2009		1,100,000	822,744	-	(2,011)	1,421,407	4,714	3,346,854
At 1 January 2010		1,100,000	822,744	-	(2,011)	1,421,407	4,714	3,346,854
Effects of adopting FRS 139	2.2	-	-	399	-	(159,944)	-	(159,545)
At 1 January 2010, as restated		1,100,000	822,744	399	(2,011)	1,261,463	4,714	3,187,309
Total comprehensive income		-	-	(327)	(3,385)	293,911	686	290,885
Transactions with owners								
Dividends	12	-	-	-	-	(188,925)	-	(188,925)
Minority interest share of capital		-	-	-	-	-	98	98
Total transactions with owners		-	-	-	-	(188,925)	98	(188,827)
At 31 December 2010		1,100,000	822,744	72	(5,396)	1,366,449	5,498	3,289,367

	Note	Share capital RM'000 (Note 26)	Non- distributable share premium RM'000	Distributable retained earnings RM'000 (Note 27)	Total equity RM'000
Company					
At 1 January 2009		1,100,000	822,744	542,398	2,465,142
Total comprehensive income		-	-	23,417	23,417
Transactions with owners					
Dividends	12	-	-	(186,038)	(186,038)
At 31 December 2009		1,100,000	822,744	379,777	2,302,521
At 1 January 2010					
Total comprehensive income		-	-	71,229	71,229
Transactions with owners					
Dividends	12	-	-	(188,925)	(188,925)
At 31 December 2010		1,100,000	822,744	262,081	2,184,825

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from operating activities				
Profit/(loss) before tax and zakat from:				
- Continuing operations	444,991	452,624	98,838	36,560
- Discontinued operations	-	(1,355)	-	-
Adjustments for:				
Interest income from:				
- Continuing operations	(8,096)	(13,876)	(3,623)	(4,065)
- Discontinued operations	-	(291)	-	-
Dividend income	-	-	(137,618)	(63,000)
Interest from late payments	(4,050)	(1,071)	-	-
Interest expense	15,724	14,177	37	53
Provision for liabilities (Note 33)	9,218	5,275	-	-
(Writeback of)/provision for liabilities:				
- Continuing operations (Note 33)	(707)	(52,577)	604	(11)
- Discontinued operations (Note 33)	-	(108)	-	-
Accretion of premium arising from redemption of preference shares by associate	-	(37)	-	-
Amortisation of:				
- concession rights	36,341	36,667	-	-
- plantation development expenditure	2,544	2,833	-	-
- land use rights	121	121	-	-
- premium on investments	88	159	-	-
- deferred income	(2,882)	(6,487)	-	-
Impairment of property, plant and equipment	-	1,248	-	-
Depreciation of property, plant and equipment:				
- Continuing operations	123,729	110,853	5,174	2,756
- Discontinued operations	-	1,157	-	-
Net allowance for and writeback of doubtful debts	8,696	5,153	-	-
Balance carried forward	625,717	554,465	(36,588)	(27,707)

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Balance brought forward	625,717	554,465	(36,588)	(27,707)
(Gain)/loss on disposal of:				
- property, plant and equipment:				
- Continuing operations	(93)	(157)	(18)	-
- Discontinued operations	-	(187)	-	-
- bonds and medium term notes	(16)	(1,438)	-	-
- other investments	-	(904)	-	385
- investments in subsidiaries	-	(6,847)	-	2,757
Property, plant and equipment written off	2,485	514	2	-
Inventories written off	3,136	18	-	-
Realisation of deferred income	-	(28,282)	-	-
Retirement benefits:				
- Continuing operations	2,868	2,698	310	216
- Discontinued operations	-	(2)	-	-
Dividend income	(2,319)	(250)	-	-
Fair value adjustments on financial instruments of:				
- Loans and receivables	(10,499)	-	-	-
- Financial liabilities	13,464	-	-	-
Share of results of associates	80,488	(2,631)	-	-
Operating profit/(loss) before working capital changes	715,231	516,997	(36,294)	(24,349)
(Increase)/decrease in inventories	(3,643)	(2,953)	183	(31)
(Increase)/decrease in receivables	(170,136)	(337,977)	(207)	76,256
(Decrease)/increase in payables	(94,640)	118,791	(11,333)	224,558
Decrease in provisions for liabilities	(6,582)	(6,766)	(12)	(8)
Increase/(decrease) in related company balances	-	-	95,640	(741,414)
Cash generated from/(used in) operations	440,230	288,092	47,977	(464,988)
Taxes and zakat paid	(140,510)	(91,611)	(29,703)	(17,282)
Retirement benefits paid	(2,850)	(3,406)	(203)	(432)
Net cash generated from/(used in) operating activities	296,870	193,075	18,071	(482,702)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from investing activities				
Purchase of:				
- property, plant and equipment	(833,555)	(317,700)	(682,471)	(97,442)
- bonds and medium term notes	-	(10,651)	-	-
- unquoted shares	(7,000)	(2,345)	(3)	(1,344)
- plantation development expenditure	(2,947)	-	-	-
Proceeds from disposals of:				
- property, plant and equipment	273	618	34	-
- other investments	38,823	4,513	32,920	2,451
Other cost in respect of concession rights	-	(146)	-	-
Acquisition of associates (Note 18)	(21,514)	(22)	(21,514)	(22)
Additional investment in an associate	-	(88,731)	-	(88,731)
Redemption of bonds	5,226	17,012	-	-
Dividend income received	2,319	250	-	-
Interest received:				
- Continuing operations	8,096	13,876	3,623	4,065
- Discontinued operations	-	291	-	-
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)	-	-
Payment made to GoM	-	(507,890)	-	-
Dividend received from:				
- an associate	-	450	-	-
- subsidiaries	-	-	137,618	63,000
Net cash used in investing activities	(810,279)	(919,284)	(529,793)	(118,023)

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Cash flows from financing activities				
Repayment of hire purchase and finance lease liabilities	-	(32)	-	-
Redemption of other financial liability	(2,185)	-	-	-
Repayment of loans and borrowings	(508,140)	(2,750)	(508,140)	(2,750)
Drawdown of loans and borrowings	2,500,000	507,890	2,500,000	507,890
Share capital issued to minority interest	98	-	-	-
Interest paid	(15,724)	(14,177)	(37)	(53)
Dividends paid to shareholders of the Company	(188,925)	(177,478)	(188,925)	(177,478)
Net cash generated from financing activities	1,785,124	313,453	1,802,898	327,609
Net increase/(decrease) in cash and cash equivalents	1,271,715	(412,756)	1,291,176	(273,116)
Effects of foreign currency translation	(231)	27	-	-
Net movement in cash and cash equivalents classified as discontinued operations	-	3,728	-	-
Cash and cash equivalents at beginning of year	268,286	677,287	28,291	301,407
Cash and cash equivalents at end of year (Note 25)	1,539,770	268,286	1,319,467	28,291

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

1. CORPORATE INFORMATION AND OPERATING AGREEMENTS

1.1 Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan.

The 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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 17 March 2011.

1.2 Operating Agreements

The Group signed a concession agreement with Government of Malaysia ("GoM") on 19 October 1998 for a period of 50 years to manage, operate and maintain and undertake future development of the KLIA in Sepang and other related services.

However, on 12 February 2009, the Group restructured its financial obligations with the GoM, which includes both the Group's obligations and operations by signing operating agreement between the Company with Malaysia Airports (Sepang) Sdn. Bhd. ("MA Sepang") and the GoM ("Operating Agreement for KLIA") and an operating agreement between the Company with Malaysia Airports Sdn. Bhd. ("MASB") and the GoM ("Operating Agreement for Designated Airports").

The Operating Agreements include the following salient information:

- (a) To restate the Group's respective rights and commitments with respect to the operation, management, maintenance and development of KLIA and the Designated Airports, and to terminate all prior rights and commitments arising from the concession agreement and lease agreement for KLIA entered into earlier between the GoM and MA Sepang save for rights and commitments expressly excluded in the Operating Agreements for KLIA and the Designated Airports;
- (b) 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's financial resources and business plans; and

1. CORPORATE INFORMATION AND OPERATING AGREEMENTS (CONT'D.)

1.2 Operating Agreements (cont'd.)

- (c) The GoM shall procure the Federal Lands Commissioner ("FLC") as the registered owner of the Airport Lands ("Lands"), to lease to the Operator these Lands by procuring the execution by FLC of the New Lease Agreement (substantially in the form annexed of the Operating Agreements). The period of the lease under the New Lease Agreement shall be co-terminous with the operating period to the extent that if the Operating Rights are extended pursuant to the terms and conditions of the Operating Agreements or otherwise, the period of such lease shall be accordingly extended on such terms and conditions to be determined by the GoM, the FLC and the Operator for the relevant period.
- (d) The existing Concession Agreement and the FLC Lease Agreement between MA Sepang and the GoM and the FLC respectively is terminated and 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.
- (e) The Company also disposed 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, 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.
- (f) In consideration of the GoM entering into the Operating Agreements for KLIA and Designated Airports, MA Sepang and MASB agree to pay the GoM the User Fee. User Fee is equal to a specified percentage of revenue the Group derive from activities carried out at KLIA and other airports . Until the Balance Residual Payment has been settled, the GoM shall be entitled to receive half of the User Fee whereby another half is paid to the GoM to reduce the Balance of Residual Payment. The accounting policy for User Fee is described in Note 2.4(t).
- (g) Under the Operating Agreement, the GoM shall assist Malaysia Airports Holdings Berhad ("MAHB") in bearing its socio-economic obligations by compensating MA Sepang and MASB with a marginal cost support sum ("MARCS") for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.
- (h) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

1. CORPORATE INFORMATION AND OPERATING AGREEMENTS (CONT'D.)

1.2 Operating Agreements (cont'd.)

- (i) Under the Operating Agreements, these rights may be revoked by the GoM for certain prescribed reasons, including any default on the MAHB Group's obligations, any order being made, or a resolution being passed, for the winding-up, liquidation, or receivership of MAHB or its principal subsidiaries, MA Sepang or MASB, the execution of any judgment against a substantial portion of the assets of MAHB or MA Sepang or MASB, if MAHB, MA Sepang or MASB were to make an assignment or enter into an arrangement or composition with its creditors or the licenses held by MA Sepang or MASB to operate airports being revoked or suspended by the GoM. The New Operating Agreements permit the GoM to expropriate the rights with three months' written notice if they determine, in their sole discretion, that it is in the national interest or in the interest of national security. Upon the GoM exercising its rights of termination, the GoM shall pay an amount to be determined by an independent valuer appointed by the GoM and the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 7: Financial Instruments: Disclosures
- FRS 8: Operating Segments

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

- 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 132: Financial Instruments - Presentation [Compilation]
- Amendments to FRS 139: Financial Instruments - Recognition and Measurement, FRS 7: Financial Instruments - Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Improvements to FRSs issued in 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

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions will also be effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114 details of which are disclosed in Note 42.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statements of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 41).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

Amendments to FRS 117 Leases

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated 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 represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

Amendments to FRS 117 Leases (cont'd.)

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee.

IC Interpretation 13: Customer Loyalty Programmes

On 1 January 2010, the Group adopted IC Interpretation 13: Customer Loyalty Programmes which is effective for periods beginning on or after 1 January 2010. Further details of the change in accounting policy is described in Note 2.5(iii).

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognizing and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Equity instruments**

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investments, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM399,000. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of retained earnings as at 1 January 2010. Investments in equity instruments whose fair value cannot be reliably measured amounting to RM5,901,000 at 1 January 2010 continued to be carried at cost less impairment losses.

- **Impairment of trade receivables**

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139. However, the difference is not material to be adjusted against the opening balance of retained earnings as at that date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd.)

- **Staff loans**

During the current and prior years, the Group and the Company granted 4% loans to its employees. Prior to 1 January 2010, these loans were recorded at cost in the financial statements of the Group and the Company. Upon the adoption of FRS 139, the interest-free loans are recorded initially at their fair values that are lower than costs. The difference between the fair value and the absolute loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of prepaid operating expenses. Subsequent to initial recognitions, the loans are measured at amortised cost. The Group has assessed these amounts and considered that the fair value of the staff loans to be approximate to the carrying amounts at the date of the inception.

- **Financial guarantee contracts**

During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its associates. Prior to 1 January 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010.

- **Investments in associates**

During the year, the Group has equity accounted for the effects of FRS 139 in respect of share of results in the investment in associates. The effects of which are adjusted as opening retained earnings and as further disclosed in Note 2.5(ii).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd.)

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 31 December 2010 RM'000	As at 1 January 2010 RM'000
Group		
Statements of financial position		
Investment in securities		
- available-for-sale financial assets	72	399
Trade and other receivables	(127,696)	(138,195)
Deferred tax assets	24,852	27,477
Investment in associates	(91,523)	(36,262)
Other payables	23,057	(12,964)
Retained earnings	(217,424)	(159,944)
Other reserves - fair value adjustment reserve	72	399

	Increase/ (decrease) 2010 RM'000
Group	
Statements of comprehensive income	
Interest income	10,499
Other expenses	10,093
Share of results of associates	(55,261)
Profit before tax from continuing operations	(54,855)
Income tax expense	2,625
Profit from continuing operations, net of tax	(57,480)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

FRS 139 Financial Instruments: Recognition and Measurement (cont'd.)

The following are effects arising from the above changes in accounting policies: (cont'd.)

	Sen per share
Group	
Basic Earnings per share	(5.23)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

	Effective for annual periods beginning on or after
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (Revised)	1 July 2010
FRS 127: Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 2: Share-based Payment	1 July 2010
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138: Intangible Assets	1 July 2010
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12: Service Concession Arrangements	1 July 2010
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17: Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132: Classification of Rights Issues	1 March 2010
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: First-time Adoption of Financing Reporting Standards [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

The Group has not adopted the following standards and interpretations that have been issued but not yet effective: (cont'd.)

	Effective for annual periods beginning on or after
Amendments to FRS 3: Business Combinations [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 7: Financial Instruments - Disclosures [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 101: Presentation of Financial Statements [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 128: Investments in Associates [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 131: Interests in Joint Ventures [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 132: Financial Instruments: Presentation [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 134: Interim Financial Reporting [Improvements to FRSs (2010)]	1 January 2011
Amendments to FRS 139: Financial Instruments: Recognition and Measurement [Improvements to FRSs (2010)]	1 January 2011
Amendments to IC Interpretation 13: Customer Loyalty Programme [Improvements to FRSs (2010)]	1 January 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 4: Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18: Transfers of Assets from Customers	1 January 2011
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
FRS 124: Related Party Disclosures (revised)	1 January 2012
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 12, as well as the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 3, the amendments to FRS 127 and IC Interpretation 12 are described below.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective (cont'd.)

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Group does not intend to early adopt.

IC Interpretation 12 Service Concession Arrangements

The IC considered the nature of the rights conveyed to the operator in a service concession arrangement. It first examined whether the infrastructure used to provide public services could be classified as property, plant and equipment of the operator under FRS 116. It started from the principle that infrastructure used to provide public services should be recognised as property, plant and equipment of the party that controls its use. This principle determines which party should recognise the property, plant and equipment as its own.

The interpretation also concluded that treatment of infrastructure that the operator constructs or acquires or to which the grantor gives the operator access for the purpose of the service arrangement should be determined by whether the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and the grantor control through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

The changes in accounting policies will be accounted for in accordance with FRS 108 retrospectively. However, the Group need not disclose information of any possible impact to the financial statements prior to the effective date of this Interpretation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 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 reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(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 2.4(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.

(d) Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on usage based method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Intangible assets (cont'd.)

(ii) Other intangible assets (cont'd.)

As disclosed in the Note 1.2, the Group signed new Operating Agreements on 12 February 2009 for a period of 25 years ending 2034 and these are classified as concession rights.

The Group's amortisation policy in respect of the Operating Agreements is determined on the method reflecting the asset's usage based on passengers volume and usage of airport activities over the concession period. The current amortisation used shall reflect the pattern in which the concession's future economic benefits are expected to be consumed by the Group and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits using the following basis:

Number of passengers for the year		Net book value of
Actual passengers for the year +	x	concession rights +
projected total passengers for subsequent		additions (if any)
years to end of concession		

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Property, plant and equipment and depreciation (cont'd.)

Capital work-in-progress is capitalised in accordance with the FRS 116: Property, Plant and Equipment and is recognised as an asset when:

- (i) it is probable that future economic benefits associated with the asset will flow to the enterprise; and
- (ii) the cost of the asset to the enterprise can be measured reliably.

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%
Capital improvements	12.5%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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.

(f) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Impairment of non-financial assets (cont'd.)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(g) Inventories

Inventories 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(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 assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Financial assets (cont'd.)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Impairment of financial assets (cont'd.)

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(l) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call which have an insignificant risk of changes in value.

(m) Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Leases (cont'd.)

(a) As lessee (cont'd.)

Lease assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(n) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(o) Income tax and zakat

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Income tax and zakat (cont'd.)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(o) Income tax and zakat (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Zakat

Zakat payable by the Group and Company is a form of contribution according to the principles of Syariah.

(p) Provisions for liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(q) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(r) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund.

(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 2.4(r)(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 statements of financial position 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 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies 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 (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Foreign currencies (cont'd.)

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each 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 reporting date.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2010 RM	2009 RM
United States Dollar (USD)	3.08	3.42
Great Britain Pound (GBP)	4.78	5.50
Singapore Dollar (SGD)	2.39	2.44
Euro (EUR)	4.08	4.92

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(t) User fee

User Fee is payable to the GoM and equal to a specified percentage of all revenue the Group derive from activities at KLIA and other airports that involves the use of airport infrastructure, assets provided by or financed by the GoM or land belonging to the GoM. The User Fee increases over time by approximately 0.25% per annum and is payable on quarterly basis and increases further depending on the capital expenditure borne by the GoM based on the criteria set out in the Operating Agreements. The revenue base used in calculating the User Fee does not include any reimbursements, interest income, recovery of bad debt or inter-company transactions. The amount recognized in the income statement represents half of the total user fee payable to the GoM. The balance is paid to reduce the amount due to GoM as disclosed in Note 33. Upon its full settlement, the full user fee thereafter will be fully recognised in the income statement.

(u) 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 and horticulture service 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 reporting date. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(u) Revenue recognition (cont'd.)

(iv) Marginal Cost Support Sum ("MARCS")

Under the Operating Agreements, the GoM shall assist the Group in bearing its socio-economic obligations by compensating the Group with a marginal cost support sum ("MARCS") for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.

The MARCS support is recognised in the financial statements throughout the concession year as revenue when recovery is probable and the amount that is recoverable can be measured reliably. Further details are disclosed in Notes 1.2 and 3.

(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) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Disposal groups classified as held for sale and discontinued operations

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Adjustments, restatements and reclassification of previously issued financial statements

(i) Option of racing circuit

The Group's arrangement with the GoM to restructure its financial obligations as disclosed in Note 1.2(e) includes the proposed disposal of the Sepang F1 racing circuit pursuant to the Share Sale Agreement which was entered into between the Company, its subsidiary Malaysia Airports Sdn. Bhd. ("MASB") and the GoM in prior year relating to the disposal of former subsidiary, Sepang International Circuit Sdn. Bhd. and the grant of a 10 year Call Option that is exercisable by the GoM at anytime based on the book value of the Sepang F1 racing circuit.

The above transaction was not accounted for as a disposal and accordingly, in the prior year, in the Group's financial statements, the Sepang F1 racing circuit asset was not de-recognized. However, upon reassessment of the salient terms of the Share Sale Agreement and the Call Option, the above transaction should have been accounted for as a disposal.

Accordingly, the Sepang F1 racing circuit should have been derecognised in the prior year with a corresponding amount due from the GoM. The above has been accounted for retrospectively. In addition, pursuant to the adoption of the FRS 139 Financial Instrument: Recognition and Measurement with effect from 1 January 2010, the effects of the adjustments arising from the adoption of FRS 139 is accounted for by adjusting the opening retained earnings as at 1 January 2010. Further details of the effects of the adjustments arising from the above transaction are disclosed in Notes 2.2, 2.6(a)(ii) and 38.

(ii) Share of results of associates

Pursuant to the Group's adoption of FRS 139 Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, the effects arising from the adoption of FRS 139 on the Group's share of results of one of the Group's associates, Istanbul Sabiha Gokcen International Investment Development and Operation Inc., ("Sabiha") amounting to RM36,282,000 is accounted for as opening retained earnings adjustment. These adjustments are primarily in respect of the remeasurement of derivative instruments to their respective fair value.

(iii) Customer loyalty programmes

On 18 November 2009, the Group established an Airline Recovery Programme effective for a period of three years ending 2011.

Under the Airline Recovery Programme, airlines flying into the international or domestic airports operated and managed by the Group in Malaysia will receive incentive payments subject to certain conditions as stipulated in the Programme.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Adjustments, restatements and reclassification of previously issued financial statements (cont'd.)

(iii) Customer loyalty programmes (cont'd.)

Prior to 1 January 2010, the Group recognized the airline incentives obligations and the corresponding reduction in revenue only in the year subsequent to the year the airlines used the airports. Accordingly, airline incentives obligations of approximately RM27,474,000 which were calculated from 1 January 2009 to 31 December 2009 was recognized in the following year with a corresponding reduction in the revenue. IC Interpretation 13: Customer Loyalty Programmes however requires that the consideration received and receivable from the use of the airports are to be split between revenue and deferred revenue, being incentives granted to customers for which the customers implicitly paid. The change in the accounting policy in respect of the adoption of IC Interpretation 13 is applied retrospectively and the effects of this change is disclosed in Note 2.2 and Note 38.

(iv) Concession rights

The restatement arose from the remeasurement of the fair value of sum payable to the GoM as disclosed in Note 33(c).

2.6 Significant accounting judgements and estimates

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Amortisation of concession rights

The carrying amount of the concession asset is amortised over the concession period determined by the method where the amortisation method used shall reflect the pattern which the concession's future economic benefits are expected to be consumed by the Group based on the expected number of passengers and the utilisation of the airports over the concession period. The variable factors in determining the estimated amortisation includes projected total number of passengers for subsequent years to year 2034. The assumptions to arrive at the passenger volume projections and usage of airports also take into consideration the growth rate based on current market and economic conditions. Changes in the expected passenger volume and usage of airports could impact future amortisation charges.

NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Significant accounting judgements and estimates (cont'd.)

(a) Critical judgements made in applying accounting policies (cont'd.)

(ii) Amount due from GoM

Management assessed the amount claimable from the GoM together with the future obligations of the Group in respect of user fee payable to the GoM.

Profit projections are used in determining the future obligations in respect of future user fee payable for any potential set-off against the amount claimable from GoM as at reporting date. The profit projections by the management are based on various assumptions, amongst others including passenger volume, usage of airports, amortization of concession asset and projected growth rate.

Further management's key assumptions and judgement on arriving the initial recognition and the fair value of the amount receivable from the GoM relating to the option of the racing circuit are as follows:

- The present value of the consideration of the racing circuit option is calculated on the assumption that the amount expected to be received by the Group at the end of the option period in April 2019.
- The consideration of the racing circuit is based on the book value of the circuit as at 31 December 2009 and subsequent to the present value of the amount reclassified as long-term debts (receivable from the GoM), the initial recognition of adjustment relating to the fair value of approximately RM107 million is adjusted against the opening retained profit balances following the adoption of FRS 139 as disclosed in Note 2.2.
- The discounted rate used of 4.55% which approximated the prevailing market rates at the date of inception and subsequent changes to the accretion of the present value is accounted for as interest income relating to loans and receivables in future years.

Details of amounts due from and to GoM are disclosed in Notes 21 and 33.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Significant accounting judgements and estimates (cont'd.)

(a) Critical judgements made in applying accounting policies (cont'd.)

(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 customer. The estimated revenue is based on pre-determined rates negotiated upon the operations of the K.L. International Airport ("KLIA") and the amount determined is expected to be probable. The management estimates that based on their experience with other customers where definitive terms were finalised, the formalisation of the agreed rates will not be materially different if such rates are being re-negotiated. Revenue will not be recognised if the amounts cannot be reliably measured and are not expected to be probable.

Significant judgement is also applied to determine the accrued revenue for aeronautical and commercial debtors based on passenger movements, the number of airlines and timing of billings.

As at reporting date, the amount of accrued revenue for aeronautical and commercial debtors is disclosed in Note 21 comprised approximately 4% (2009: 4%) to the total revenue.

(iv) Land use rights

The Group has assessed that the previous amount paid was in relation to the rights to occupy the land leased by the Federal Land Commissioner, and accordingly pursuant to Amendments to FRS 117, prepaid land lease payments is classified as land use rights.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Deferred taxation

Deferred tax assets are recognised for all unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 23.

(iii) Airline incentives

As disclosed in Note 2.2 for the financial period beginning 1 January 2010, the management determined that the Group's obligation to provide the airlines incentives should be recognised and measured by allocating some of the consideration received or receivable from the sales transactions to award credits and deferring the recognition of revenue.

In deferring the recognition of the revenue, management estimated and made certain assumptions on the probability of each airline to have met the conditions imposed by the Group in order to qualify under the incentive programme such as the achievement of the growth rate of the inbound passengers and landing managed by the respective airlines, the probability of non-disputing of billings and settlement of outstanding debts; and the likelihood of the existence of the airlines within the next twelve months from the date of the airlines' incentive entitlement.

Further information on airline incentives are disclosed in Notes 33(d).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.6 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iv) Impairment of investments in associates

Investments in associates are for long term basis and the Company determines whether the carrying amounts of its investments in associates are impaired at least on an annual basis at reporting date. This requires an estimation of the value in use of the cash-generating units ("CGU") which is attributable to those investments. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

In respect of the investment in SGIA, the recoverable amount of a CGU is determined based on value-in use calculations using cash flow projections based on financial budgets approved by management covering a period of 20 year projection. The key assumptions used for each of the CGU's value-in-use calculations are as follows:

- (a) Gross Margin
The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for market and economic conditions and internal resource efficiency. The gross margin expected in 2011 is approximately 55.5% (2010: 52.2%)
- (b) Growth rate
The average growth rate used is based on the annual growth rate of 9.0% (2009: 9.0%).
- (c) Discount rate
The discount rates used range between 9% and 13% (2009: 9% and 13%) which approximates the CGU's average cost of funds in SGIA.
- (d) Sensitivity to changes in the assumptions
Management believes that no reasonably possible changes to the above key assumptions, other than the projected average growth rate used in estimating the CGUs. Barring any unforeseen circumstances, a -1% change in the growth rate would have potentially caused the carrying amounts of investments in associates to be approximately RM12,974,000 exceeding its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

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3. REVENUE

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Airport operations:				
- Airport services:				
- Aeronautical	899,785	790,483	-	-
Less: airline incentives	(31,082)	(27,474)	-	-
	868,703	763,009	-	-
- Non-aeronautical	394,722	354,482	-	-
- Duty free and non dutiable goods	411,809	351,609	-	-
Non-airport operations:				
- Agriculture and horticulture	46,698	48,530	-	-
- Hotel operations	62,885	57,511	-	-
- Management services	28,040	34,478	-	-
Dividend income from subsidiaries	-	-	137,618	63,000
	1,812,857	1,609,619	137,618	63,000

Included in aeronautical revenue is marginal cost support sum income of RM147,622,000 (2009: RM145,775,000) as disclosed in Note 2.4(u)(iv).

4. OTHER INCOME

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest income:				
- Loans and receivables	7,267	11,889	3,623	4,065
- Available-for-sale financial assets	829	1,987	-	-
Dividend income from:				
Available-for-sale financial assets on equity instruments				
- quoted in Malaysia	214	-	-	-
- unquoted in Malaysia	2,105	250	-	-
Fair value adjustments on financial instrument on loans and receivables	10,499	-	-	-
Rental income:				
- Minimum lease payments	8,498	6,256	-	-
Accretion of premium arising from redemption of preference shares by associate	-	37	-	-
Gain on disposal of property, plant and equipment	93	157	18	-
Gain on disposal of bonds and medium-term notes	16	1,438	-	-
Amortisation of deferred income (Note 33 (d))	2,882	6,487	-	-
Net realised foreign exchange gain	3,151	1,070	5	-
Management fee charged to subsidiaries	-	-	64,003	58,557
Interest from late payments	4,050	1,071	-	-
Recoupment of expenses	51,862	46,760	340	548
Other project fee	9,342	-	6,573	-
Miscellaneous	7,740	6,141	2,414	758
	108,548	83,543	76,976	63,928

NOTES TO THE FINANCIAL STATEMENTS

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5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Wages and salaries	221,189	204,673	33,292	23,219
Bonus	44,106	43,063	6,242	4,764
Contributions to defined contribution plans	45,446	42,287	7,583	5,568
Social security contributions	3,470	3,329	317	228
Short-term accumulating compensated absences	2,932	(315)	604	(11)
Defined benefit plan (Note 30)	2,868	2,698	310	216
Other employee benefits	62,400	60,935	11,259	9,210
	382,411	356,670	59,607	43,194

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,052,000 (2009: RM935,000) and RM1,052,000 (2009: RM935,000) respectively as further disclosed in Note 8.

6. FINANCE COSTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest expense:				
- Bank loans and bonds	40,338	14,177	24,651	53
Less: Interest expense capitalised in Property, plant and equipment (Note 13)	(24,614)	-	(24,614)	-
Total finance costs	15,724	14,177	37	53

7. PROFIT BEFORE TAX AND ZAKAT FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax and zakat from continuing operations:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	641	523	621	509
Auditors' remuneration:				
- statutory	446	410	60	52
- other services	610	175	610	175
User fee expenses	76,909	112,548	-	-
Lease rental expenses (Note 33):				
- provision	3,285	3,060	-	-
- writeback	-	(52,000)	-	-
Rental expense	9,225	9,802	4,089	3,252
Depreciation of property, plant and equipment (Note 13)	123,729	110,853	5,174	2,756
Amortisation of:				
- plantation development expenditure (Note 14)	2,544	2,833	-	-
- land use rights (Note 15)	121	121	-	-
- concession rights (Note 16)	36,341	36,667	-	-
- premium on investments	88	159	-	-
(Gain)/loss on disposal of:				
- investments in subsidiaries (Note 17)	-	(6,847)	-	2,757
- other investments	-	(904)	-	385
Property, plant and equipment written off	2,485	514	2	-
Net allowance for and writeback of doubtful debts	8,696	5,153	-	-
Inventories written off	3,136	18	-	-
Bad debts recovered	(900)	(310)	-	-
Realisation of deferred income	-	(28,282)	-	-
Fair value adjustments on financial instrument on financial liabilities	13,464	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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7. PROFIT BEFORE TAX AND ZAKAT FROM CONTINUING OPERATIONS (CONT'D.)

The following items have been included in arriving at profit before tax and zakat from continuing operations: (cont'd.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Impairment of property, plant and equipment	-	1,248	-	-
Utility charges	206,825	194,617	2,051	1,005
Repair and maintenance costs	119,382	121,977	3,469	2,568
Management fee paid to hotel operator	2,539	2,402	-	-
Legal and other professional fees	22,527	22,456	14,469	13,628

User fee amounting to RM 76,909,000 (2009: RM 112,548,000) relates to license and operating rights payable to the GoM which ranges from 8.74% to 8.96% (2009: 8.49% to 8.68%) of gross revenues by the Group from activities carried out at KLIA and other airports excluding reimbursements, interest income, recovery of bad debt or inter-company transactions.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive director's remuneration (Note 5):				
- Other emoluments	1,052	935	1,052	935
Non-executive directors' remuneration (Note 7):				
- Fees	338	239	338	239
- Other emoluments	303	284	283	270
	641	523	621	509
Total directors' remuneration	1,693	1,458	1,673	1,444
Estimated money value of benefits-in-kind	35	35	35	35
Total directors' remuneration including benefits-in-kind	1,728	1,493	1,708	1,479

8. DIRECTORS' REMUNERATION (CONT'D.)

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Executive:				
- Salaries and other emoluments	711	599	711	599
- Bonus	188	200	188	200
- Defined contribution plans	153	136	153	136
- Estimated money value of benefits-in-kind	18	18	18	18
	1,070	953	1,070	953
Non-executive:				
- Fees	338	239	338	239
- Allowances	303	284	283	270
- Estimated money value of benefits-in-kind	17	17	17	17
	1,728	1,493	1,708	1,479

The amount of fee paid to the immediate holding company in respect of services rendered to the Company by directors are RM160,000 (2009: RM81,500).

NOTES TO THE FINANCIAL STATEMENTS

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8. DIRECTORS' REMUNERATION (CONT'D.)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2010	2009
Executive director:		
RM850,001 - RM900,000	-	-
RM900,001 - RM950,000	-	1
RM950,001 - RM1,000,000	-	-
RM1,000,001 - RM1,050,000	-	-
RM1,050,001 - RM1,100,000	1	-
Non-executive directors:		
Less than RM50,000	1	9
RM50,001 - RM100,000	8	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	1	1

9. INCOME TAX AND ZAKAT

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Continuing operations				
Malaysian income tax and zakat:				
Current income tax	143,772	112,838	24,577	11,984
Overprovision in prior years	(9,267)	(15,036)	(590)	(610)
	134,505	97,802	23,987	11,374
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	5,616	10,238	203	715
Under/(over)provision of deferred tax liabilities in prior years	8,829	(10,449)	1,975	(390)
	14,445	(211)	2,178	325
	148,950	97,591	26,165	11,699
Income tax expenses	148,950	97,591	26,165	11,699
Zakat	1,444	2,574	1,444	1,444
Total income tax expense and zakat from continuing operations	150,394	100,165	27,609	13,143
Discontinued operations				
Malaysian income tax and zakat	-	-	-	-
Total income tax and zakat	150,394	100,165	27,609	13,143

NOTES TO THE FINANCIAL STATEMENTS

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9. INCOME TAX AND ZAKAT (CONT'D.)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	2010 RM'000	2009 RM'000
Group		
Profit/(loss) before tax and zakat from:		
- Continuing operations	444,991	452,624
- Discontinued operations (Note 10)	-	(1,355)
	444,991	451,269
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	111,248	113,156
Effect of different tax rates in other countries	2	7
Tax effects of share of results of associates	20,122	(658)
Income not subject to tax	(1,132)	(2,938)
Expenses not deductible for tax purposes	19,598	26,277
Utilisation of previously unrecognised unabsorbed capital allowances	(809)	-
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	359	232
Utilisation of unrecognised other deductible temporary differences	-	(13,000)
Overprovision of income tax in prior years	(9,267)	(15,036)
Under/(over)provision of deferred tax in prior years	8,829	(10,449)
Income tax expense for the year	148,950	97,591

9. INCOME TAX AND ZAKAT (CONT'D.)

	2010 RM'000	2009 RM'000
Company		
Profit before tax and zakat	98,838	36,560
Taxation at Malaysian statutory tax rate of 25% (2009: 25%)	24,710	9,140
Expenses not deductible for tax purposes	7,445	4,309
Income not subject to tax	(6,566)	(750)
Utilisation of previously unrecognised unabsorbed capital allowances	(809)	-
Overprovision of income tax in prior years	(590)	(610)
Under/(over)provision of deferred tax in prior years	1,975	(390)
Income tax expense for the year	26,165	11,699

Current income tax is calculated at the statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

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10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL

In prior year, pursuant to the restructuring arrangement with the GoM, the Company disposed of NECC Sdn. Bhd. ("NECC") and Sepang International Circuit Sdn. Bhd. ("SIC") on 30 June 2009 and 10 July 2009 respectively.

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.

The results from APAC Group, NECC and SIC presented separately in the income statements as discontinued operations in prior year.

As at 31 December 2010 and 2009, the assets and liabilities of APAC Group have been presented on the statements of financial position as a disposal group held for disposal.

An analysis of the result of the discontinued operations is as follows:

	Group	
	2010 RM'000	2009 RM'000
Revenue	-	61,459
Other income	-	617
Expenses	-	(63,431)
Loss before tax from discontinued operations (Note 9)	-	(1,355)
Income tax expense (Note 9)	-	-
Loss for the year from discontinued operations	-	(1,355)

10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL (CONT'D.)

The major classes of assets and liabilities of APAC Group classified as held for disposal on the statements of financial position as at 31 December 2010 and 2009 are as follows:

	Group	
	2010 RM'000	2009 RM'000
Assets		
Trade and other receivables	492	492
Cash and cash equivalents	4	4
Assets of disposal group classified as held for disposal	496	496
Liabilities		
Trade and other payables	229	229
Liabilities of disposal group classified as held for disposal	229	229

The trade and other receivables are past due but not impaired as the amounts are expected to be realised upon liquidation of the APAC Group.

The following amounts have been included in arriving at loss before tax from discontinued operations:

	Group	
	2010 RM'000	2009 RM'000
Auditors' remuneration	-	8
Interest income	-	(291)
Depreciation of property, plant and equipment (Note 13)	-	1,157
Loss on disposal of property, plant and equipment	-	(187)
Retirement benefits-interest cost (Note 30)	-	2
Rental expenses	-	33
Utilities	-	656
Repair and maintenance	-	1,265

NOTES TO THE FINANCIAL STATEMENTS

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10. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL (CONT'D.)

The cash flows attributable to the discontinued operations are as follows:

	Group	
	2010 RM'000	2009 RM'000
Operating cash flows	-	(786)
Investing cash flows	-	291
Total cash outflows	-	(495)

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	
	2010 RM'000	2009 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	293,911	351,803
Loss from discontinued operation attributable to ordinary equity holders of the Company	-	(1,355)
Profit attributable to ordinary equity holders of the Company	293,911	350,448

11. EARNINGS PER SHARE (CONT'D.)

(a) Basic (cont'd.)

	Group	
	2010	2009
Weighted average number of ordinary shares in issue ('000)	1,100,000	1,100,000
	Group	
	2010 sen	2009 sen
Basic earnings per share for:		
Profit from continuing operations	26.72	31.98
Loss from discontinued operations	-	(0.12)
Profit for the year	26.72	31.86

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

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12. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Recognised during the year:				
Interim dividend for 2010: 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 2009: 14.90% less 25% taxation, on 1,100,000,000 ordinary shares (11.18 sen net per ordinary share)	-	122,925	122,925	-
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
Proposed for approval at forthcoming Annual General Meeting (not recognised as liability as at 31 December 2010):				
Final dividend for 2010: 11.75% less 25% taxation, on 1,100,000,000 ordinary shares (8.81 sen net per ordinary share)	96,938	-	-	-
	162,938	188,925	188,925	186,038

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2010, of 11.75% less 25% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM96,938,000 (8.81 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 2011.

13. PROPERTY, PLANT AND EQUIPMENT

	Property and terminal buildings RM'000	Hotel property RM'000	Infrastructure, safety equipment and motor vehicles RM'000	Office, communication and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Capital improvements RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
At 31 December 2010								
Cost								
At 1 January 2010, restated	984,153	120,745	109,526	805,594	20,070	119,246	118,015	2,277,349
Additions	20,996	-	138	21,251	131	-	791,039	833,555
Disposals	-	-	(948)	(2,056)	-	-	-	(3,004)
Written off	-	-	(245)	(6,628)	(8)	-	-	(6,881)
Transfers	21,319	-	3,187	39,071	952	6,968	(71,497)	-
At 31 December 2010	1,026,468	120,745	111,658	857,232	21,145	126,214	837,557	3,101,019
Accumulated depreciation and impairment								
At 1 January 2010, restated	168,768	29,087	63,879	354,193	6,506	39,436	2,496	664,365
Charge for the year	31,808	3,799	6,430	73,539	2,382	5,771	-	123,729
Disposals	-	-	(931)	(1,893)	-	-	-	(2,824)
Written off	-	-	(237)	(4,158)	(1)	-	-	(4,396)
At 31 December 2010	200,576	32,886	69,141	421,681	8,887	45,207	2,496	780,874
Net carrying amount	825,892	87,859	42,517	435,551	12,258	81,007	835,061	2,320,145

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Property and terminal buildings RM'000	Hotel property RM'000	Infrastructure, safety equipment and motor vehicles RM'000	Office, communi- cation 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 (contd.)									
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	192,978	317,700
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)/from:									
- Plantation development expenditure (Note 14)	-	-	-	-	-	-	-	8,647	8,647
- 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
Adjustment (Note 2.5(ii))	-	-	-	-	-	(434,916)	-	-	(434,916)
At 31 December 2009, restated	984,153	120,745	109,526	805,594	20,070	-	119,246	118,015	2,277,349

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Property and terminal buildings RM'000	Hotel property RM'000	Infrastructure, safety equipment and motor vehicles RM'000	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 (contd.)									
Accumulated depreciation and impairment									
At 1 January 2009	145,058	25,461	74,970	331,294	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	29,087	63,879	354,193	6,506	96,757	39,436	2,496	761,122
Adjustment (Note 2.5(i))	-	-	-	-	-	(96,757)	-	-	(96,757)
At 31 December 2009, restated	168,768	29,087	63,879	354,193	6,506	-	39,436	2,496	664,365
Net carrying amount	815,385	91,658	45,647	451,401	13,564	-	79,810	115,519	1,612,984

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	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 2010					
Cost					
At 1 January 2010	28,505	1,859	24,165	63,931	118,460
Additions	53	4	2,557	679,857	682,471
Disposal	-	(99)	-	-	(99)
Written off	-	-	(3)	-	(3)
Transfers	4,576	-	898	(5,474)	-
At 31 December 2010	33,134	1,764	27,617	738,314	800,829
Accumulated depreciation					
At 1 January 2010	380	1,529	9,636	-	11,545
Charge for the year (Note 7)	1,360	220	3,594	-	5,174
Disposal	-	(83)	-	-	(83)
Written off	-	-	(1)	-	(1)
At 31 December 2010	1,740	1,666	13,229	-	16,635
Net carrying amount	31,394	98	14,388	738,314	784,194

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
Company (cont'd.)					
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
Transfers	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

NOTES TO THE FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Included in the capital work in progress are costs incurred to date in respect of the construction of KLIA 2 amounting to RM611,496,000 (2009: RM41,364,000) and are not depreciated.

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 in prior year. The reclassification has no significant effect to prior year depreciation charge and the carrying amounts of property, plant and equipment.

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 RM226,857,000 (2009: RM201,597,000) and RM9,236,000 (2009: RM7,366,000) respectively.

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from the borrowings under the Sukuk Program specifically for the purpose of the construction of KLIA 2. Details of borrowings and securities are disclosed in Note 32. During the financial year, the borrowing costs capitalised as cost of plant and equipment amounted to RM24,614,000 (2009: RM Nil).

14. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2010 RM'000	2009 RM'000
Cost		
At 1 January	62,685	73,785
Reclassified to property, plant and equipment (Note 13)	-	(11,100)
Additions	2,947	-
At 31 December	65,632	62,685
Accumulated amortisation		
At 1 January	15,851	15,471
Charge for the year (Note 7)	2,544	2,833
Reclassified to property, plant and equipment (Note 13)	-	(2,453)
At 31 December	18,395	15,851
Net carrying amount	47,237	46,834

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15. LAND USE RIGHTS

	Group	
	2010 RM'000	2009 RM'000
Net carrying amount		
At 1 January	8,031	8,152
Amortisation during the year (Note 7)	(121)	(121)
At 31 December	7,910	8,031
Analysed as:		
Short term land use rights	1,845	1,893
Long term land use rights	6,065	6,138
	7,910	8,031

16. CONCESSION RIGHTS

	Group	
	2010 RM'000	Restated 2009 RM'000
Cost		
At 1 January	1,897,310	1,336,228
Reclassified from property, plant and equipment (Note 13)	-	4,170
Additions	-	556,912
At 31 December	1,897,310	1,897,310
Accumulated amortisation		
At 1 January	185,118	148,451
Charge for the year (Note 7)	36,341	36,667
At 31 December	221,459	185,118
Net carrying amount	1,675,851	1,712,192

NOTES TO THE FINANCIAL STATEMENTS

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17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2010 RM'000	2009 RM'000
Unquoted shares at cost	1,787,716	1,787,716
Acquisition during the year	3	-
Less: Accumulated impairment losses	(10,456)	(10,456)
	1,777,263	1,777,260

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
		2010 %	2009 %	
Malaysia Airports Sdn. Bhd. (230646-U)	360,113,847	100	100	Management, operations and maintenance of designated airports and provision of airport related services in Malaysia other than K. L. International Airport ("KLIA").
Malaysia Airports (Sepang) Sdn. Bhd. (320480-D)	50,000,002	100	100	Management, operations, maintenance and future development of KLIA and Low Cost Carrier Terminal ("LCCT") in Sepang and provision of airport related services.
Malaysia Airports (Niaga) Sdn. Bhd. (281310-V)	5,000,002	100	100	Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2010 %	2009 %	
Malaysia Airports Consultancy Services Sdn. Bhd. (375245-X)	500,002	100	100	Provision of maintenance and technical services in connection with the airport industry.
Malaysia Airports (Properties) Sdn. Bhd. (484656-H)	2	100	100	Provision of non passenger related services which involves property management and establishing fixed asset requirements.
MAB Agriculture-Horticulture Sdn. Bhd. (467902-D)	10,000,000	100	100	Cultivation and selling of oil palm and other agricultural products, and engaging in horticulture activities.
K.L. Airport Hotel Sdn. Bhd. (330863-D) - preference shares	10,900,000 900,000	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.
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.
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.

NOTES TO THE FINANCIAL STATEMENTS

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2010 %	2009 %	
MAHB (Mauritius) Pte Ltd @	USD2	100	100	Investment holding management.
Asia Pacific Auction Sales * Sdn. Bhd. (523300-X)	2,000	100	100	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	100	Involved in the auction of light and heavy machineries. The Company has ceased operations since 2001.
Malaysia Motor Auctions * Sdn. Bhd. (500189-H)	2,000	100	100	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 (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2010 %	2009 %	
Malaysia Airports MSC Sdn. Bhd. (516854-V)	500,000	100	100	Dormant. Intended principal activities are to provide internet services, development and incubation of electronic commerce, and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.
Malaysia Airports (Labuan) Pte Ltd (LL05298) (Formerly known as Malaysia Airports Management & Technical Services (Labuan) Pte Ltd	USD1,000	100	100	Investment 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)	200,000	38 **	38 **	Operations of automotive vehicle workshop.
Malaysia Airports Capital Berhad # (906593-U)	2	100	-	Investment holding management.
Malaysia Airports Capital Labuan Pte Ltd # (LL07679)	USD2	100	-	Investment holding management.

* Subsidiaries under member's voluntary winding-up as at 31 December 2010 and classified as discontinued operations

@ Audited by a member firm of Ernst & Young Global

** 51% shareholding held through Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)

The Company subscribed the shares of the newly incorporated subsidiaries during the year

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17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Disposals of subsidiaries

In prior year, pursuant to the restructuring arrangement with the GoM, the Company disposed:

- (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.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Disposals of subsidiaries (cont'd.)

The disposals of subsidiaries in prior year were in respect of SIC and NECC and the cash inflows resulted from the disposals were as follows:

	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 30)	(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	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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unquoted shares at cost:				
- outside Malaysia	135,554	114,040	135,554	114,040
- in Malaysia	600	600	-	-
Share of post-acquisition reserve	136,154	114,640	135,554	114,040
Provision for liability (Note 33)	(97,656)	19,094	-	-
	6,576	-	-	-
	45,074	133,734	135,554	114,040
Analysed as:				
Unquoted shares at cost:				
At 1 January	114,640	35,750	114,040	25,287
Acquisition during the year	21,514	22	21,514	22
Additional capital contribution	-	88,731	-	88,731
Redemption of preference shares by associate	-	(9,863)	-	-
At 31 December	136,154	114,640	135,554	114,040
Share of post-acquisition reserve:				
At 1 January	19,094	16,913	-	-
Effects of adopting FRS 139	(36,262)	-	-	-
Share of results	(80,488)	2,631	-	-
Dividend received	-	(450)	-	-
At 31 December	(97,656)	19,094	-	-

Investment in associates with carrying amounts of RM21,537,000 (2009: RM22,000) are pledged to financial institutions for credit facilities granted to the associates.

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
			2010 %	2009 %		
Held by the Company:						
Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc ("SGIA")	Turkey	€114,840,000	20	20	31 December	Operation, management and development and provision of airport related services.
LGM Airport Operations Trade and Tourism Inc	Turkey	€23,145	20	20	31 December	Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.
GMR Male International Airport Limited **	Republic of Maldives	USD30,065,000	23	-	31 December	Operation, management and development and provision of airport related services.
Held through a subsidiary:						
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.
- preference shares		RM1,320,000				

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18. INVESTMENTS IN ASSOCIATES (CONTD.)

- * KAF has a financial year end of 31 March 2010 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 2010 have been used for the purpose of applying the equity method of accounting.
- ** On 28 October 2010, the Company had entered into a Joint Venture Agreement with GMR Infrastructure Limited and GMR Male International Airport Limited for the rehabilitation, expansion, modernization, operation and maintenance of Male International Airport, Republic of Maldives.

The summarised financial statements of the associates are as follows:

	Group	
	2010 RM'000	2009 RM'000
Assets and liabilities		
Current assets	796,244	428,506
Non-current assets	5,899,697	6,339,194
Total assets	6,695,941	6,767,700
Current liabilities	(891,122)	(155,616)
Non-current liabilities	(5,590,092)	(5,939,385)
Total liabilities	(6,481,214)	(6,095,001)
Results		
Revenue	1,165,081	666,315
(Loss)/profit for the year	(391,394)	13,155

19. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group	
	2010 RM'000	2009 RM'000
Investment in a jointly controlled entity	100	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 complementaries, 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 current and previous financial years.

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20. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Bonds and medium term notes in Malaysia - net of amortisation of premium of RM5,011,000 (2009: RM4,924,000)	10,605	15,831	-	-
Quoted unit trust in Malaysia	7,000	5,901	-	-
Unquoted shares at cost:				
- in Malaysia	17,259	50,180	2,005	34,925
- outside Malaysia	207,250	230,129	-	-
	231,509	286,210	2,005	34,925
Total other investments	242,114	302,041	2,005	34,925
Market value of:				
- unit trust	7,000	6,013	-	-
- bonds and medium term notes	10,605	15,831	-	-

Movement in quoted and unquoted shares are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	286,210	290,670	34,925	36,417
Additions	7,000	2,344	-	1,344
Redemption of preference shares	-	(3,609)	-	-
Disposal	(38,823)	-	(32,920)	(2,836)
Foreign currency translation	(22,878)	(3,195)	-	-
At 31 December	231,509	286,210	2,005	34,925

Unquoted shares of RM99,587,000 (2009: RM106,881,000) for the Group are pledged as security in respect of certain agreement entered into by the Group.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Current				
Trade receivables				
Third parties	305,984	311,205	-	-
Accrued revenue	66,996	56,843	-	-
	372,980	368,048	-	-
Less: Allowance for doubtful debts				
Third parties	(60,228)	(51,705)	-	-
Trade receivables, net	312,752	316,343	-	-
Other receivables				
Amounts due from:				
Subsidiaries	-	-	1,057,255	1,191,614
Staff loans (Note 22)	3,555	3,470	-	-
Deposits	4,111	3,260	987	9
Tax recoverable	-	-	8,736	4,464
Prepayments	3,322	1,994	258	95
Due from GoM	448,262	278,195	49,119	49,119
Sundry receivables	37,229	32,685	15,468	16,402
	496,479	319,604	1,131,823	1,261,703
Less: Allowance for doubtful debts	(1,761)	(1,588)	(8)	(8)
Other receivables, net	494,718	318,016	1,131,815	1,261,695
	807,470	634,359	1,131,815	1,261,695

NOTES TO THE FINANCIAL STATEMENTS

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21. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Non-current				
Trade receivables				
Third parties	11,001	19,993	-	-
Other receivables				
Due from GoM (Note 2.5(ii))	212,294	338,159	-	-
	223,295	358,152	-	-
Total trade and other receivables (current and non-current)	1,030,765	992,511	1,131,815	1,261,695
Add: Cash and bank balances (Note 25)	1,539,770	268,286	1,319,467	28,291
Total loans and receivables	2,570,535	1,260,797	2,451,282	1,289,986

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables excluding accrued revenue is as follows:

	Group	
	2010 RM'000	2009 RM'000
Neither past due nor impaired	72,715	106,149
1 to 30 days past due not impaired	43,586	43,540
31 to 60 days past due not impaired	17,538	18,704
61 to 90 days past due not impaired	10,553	15,210
91 to 120 days past due not impaired	734	6,248
More than 121 days past due not impaired	53,034	40,352
Impaired	125,445	124,054
	118,825	100,995
	316,985	331,198

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 74% (2009: 63%) of the Group's trade receivables arise from customers with more than 5 years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for doubtful debts used to record the doubtful debts are as follows:

	Individually Impaired	
	2010 RM'000	2009 RM'000
Group		
Trade receivables		
- nominal amounts	118,825	100,995
Less: Allowance for doubtful debts	(60,228)	(51,705)
	58,597	49,290

- (a) Receivables amounting to RM21,879,000 (2009: RM22,177,000) are in respect of certain debtors who have the obligations to repay their debts but are prolonged as settlement of the outstanding balances pending approvals. Historically, the nature for these type of debts will eventually be settled, including the possible set off against any future liabilities of the Group with the same debtors. Accordingly, no further allowance for doubtful debt is necessary.
- (b) Trade receivables arising from project management and services rendered to certain debtors amounting to RM32,280,000 (2009: RM20,467,000) have been arranged to be settled via firm commitment on specific dates by the customers. The firm commitment includes those projects which have back to back collection arrangements as indicated in their relevant agreements and also the Group's rights to utilise certain customers' bank guarantees that are pledged to the project management. Accordingly, no further allowance for doubtful debt is necessary.

NOTES TO THE FINANCIAL STATEMENTS

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21. TRADE AND OTHER RECEIVABLES (CONT'D.)

Movement in allowance for doubtful debts:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade				
At 1 January	51,705	48,641	-	-
Net allowance for and writeback of doubtful debts	8,523	5,289	-	-
Written off	-	(3)	-	-
Discontinued operations	-	(2,222)	-	-
At 31 December	60,228	51,705	-	-
Non trade				
At 1 January	1,588	1,724	8	8
Net allowance for and (writeback of) doubtful debts	173	(136)	-	-
At 31 December	1,761	1,588	8	8

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management and bears interest at 1% per month on overdue balances. As at reporting date, the concentration of credit risk in the form of outstanding balances is mainly due to six (2009: six) customers representing approximately 56% (2009: 48%) of the total trade receivables.

21. TRADE AND OTHER RECEIVABLES (CONT'D.)

(b) Amounts due from subsidiaries (Current)

Amounts due from subsidiaries are non-interest bearing and are repayable on demand. All related parties receivables are unsecured and are to be settled in cash. Included in amounts due from subsidiaries was RM507,890,000 paid by the Company to GoM on behalf of its subsidiary in prior year.

(c) Trade receivables (Non-current)

The Group had previously negotiated with several debtors to extend the settlement of outstanding debts by entering into debts settlement agreements. The non-current amounts consist of overdue balances of these debtors with the term of settlements ranging from 1 to 6 years. The amounts due are non-interest bearing, unsecured and are to be repaid by cash settlement.

(d) Other receivables (Non-current)

Amount due from GoM is as explained in Note 2.5(i).

(e) Due from GoM

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Debts assumed from former subsidiary	121,200	121,200	49,119	49,119
MARCS (Note 2.4(u)(iv))	168,004	91,728	-	-
Landing rebates	159,058	65,267	-	-
	448,262	278,195	49,119	49,119

Amounts due from GoM are unsecured, interest free and repayable on demand.

Other information on financial risks of other receivables are disclosed in Note 40.

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22. STAFF LOANS

	Group	
	2010 RM'000	2009 RM'000
Staff loans	35,631	36,006
Less: Current (Note 21)	(3,555)	(3,470)
Non-current portion	32,076	32,536
Analysed as:		
Current	3,555	3,470
Non-current:		
Later than 1 year but not later than 2 years	3,325	3,336
Later than 2 years but not later than 5 years	8,526	8,977
Later than 5 years	20,225	20,223
	32,076	32,536
	35,631	36,006

The staff loans attract interest rate at 4% (2009: 4%) per annum.

Staff loans are unsecured and non-interest bearing. The Group has assessed the non-current portion and considered that the fair value amounts to approximate the carrying amounts.

23. DEFERRED TAX (ASSETS)/LIABILITIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	44,090	44,301	(1,120)	(1,445)
Effects of adopting FRS 139	(27,477)	-	-	-
At 1 January, as restated	16,613	44,301	(1,120)	(1,445)
Recognised in income statement (Note 9)	14,445	(211)	2,178	325
At 31 December	31,058	44,090	1,058	(1,120)
Presented as follows:				
Deferred tax assets	(16,845)	(3,635)	-	(1,120)
Deferred tax liabilities	47,903	47,725	1,058	-
	31,058	44,090	1,058	(1,120)

NOTES TO THE FINANCIAL STATEMENTS

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23. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

The component and movement of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
At 1 January 2010	83,100
Recognised in the income statement	13,704
At 31 December 2010	96,804
Less: Offset against deferred tax assets	(48,901)
	47,903
At 1 January 2009	81,565
Recognised in the income statement	2,270
Deferred tax recognised at reduced tax rate	(735)
At 31 December 2009	83,100
Less: Offset against deferred tax assets	(35,375)
	47,725

23. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Receivables RM'000	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2010	(1,877)	(10,412)	(13,753)	(12,968)	(39,010)
Effect of FRS 139	-	(27,477)	-	-	(27,477)
At 1 January 2010, restated	(1,877)	(37,889)	(13,753)	(12,968)	(66,487)
Recognised in the income statement	1,867	353	(41)	(1,438)	741
At 31 December 2010	(10)	(37,536)	(13,794)	(14,406)	(65,746)
Less: Offset against deferred tax liabilities					48,901
					(16,845)
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 (CONT'D.)

Deferred tax liabilities of the Company:

	Property, plant and equipment RM'000
At 1 January 2010	1,264
Recognised in the income statement	2,584
At 31 December 2010	3,848
At 1 January 2009	871
Recognised in the income statement	393
At 31 December 2009	1,264

Deferred tax assets of the Company:

	Retirement benefits RM'000	Payables RM'000	Total RM'00
At 1 January 2010	(715)	(1,669)	(2,384)
Recognised in the income statement	(27)	(379)	(406)
At 31 December 2010	(742)	(2,048)	(2,790)
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)

23. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Unutilised tax losses	4,397	2,990	-	-
Unabsorbed capital allowances	37	3,254	-	3,235
Other deductible temporary differences	19	9	-	-
	4,453	6,253	-	3,235

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.

24. INVENTORIES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cost				
Spares and consumables	15,063	14,526	156	339
Merchandise goods	45,456	45,398	-	-
Food and beverages	428	516	-	-
	60,947	60,440	156	339

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25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Cash on hand and at banks	109,955	113,743	30,354	15,999
Deposits with licensed banks	20,774	31,460	-	12,292
Money on call with licensed banks	1,409,041	123,083	1,289,113	-
Cash and bank balances	1,539,770	268,286	1,319,467	28,291

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 was fixed deposits of RM6,000,000 placed under lien for revolving credit facility granted to the Group and Company in prior year.

26. SHARE CAPITAL

	Number of shares of RM1 each		Amount	
	2010	2009	2010 RM	2009 RM
Authorised:				
Special Rights				
Redeemable Preference Share of RM1 each	1	1	1	1
Ordinary shares of RM1 each	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
	2,000,000,001	2,000,000,001	2,000,000,001	2,000,000,001
Issued and fully paid:				
Special Rights				
Redeemable Preference Share of RM1 each	1	1	1	1
Ordinary shares of RM1 each	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
	1,100,000,001	1,100,000,001	1,100,000,001	1,100,000,001

26. SHARE CAPITAL (CONT'D.)

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Special Rights Redeemable Preference Share

- (a) The Special Rights Redeemable Preference Share ("Special Share") of RM1 enables the GoM, through the Minister of Finance, to ensure that certain major decisions affecting the operations of the Company are consistent with GoM policies. The Special Shareholder, which may only be the GoM or any representative or person acting on its behalf, is entitled to receive notices of meetings but not entitled to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings.

The Special Shareholder has the right to appoint any person, but not more than six at any time, to be directors.

- (b) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (c) The Special Shareholder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member.
- (d) The Special Shareholder does not have any right to participate in the capital or profits of the Company.
- (e) Certain matters which vary the rights attached to the Special Share can only be effective with the written consent of the Special Shareholder, in particular matters relating to the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover.

NOTES TO THE FINANCIAL STATEMENTS

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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 2010 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2010, the Company has sufficient credit in the Section 108 balance to pay franked dividends amounting to RM279,579,000 (2009: RM468,504,000) out of its retained earnings. If the balance of the retained earnings of RM1,086,870,000 (2009: RM952,903,000) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

28. FAIR VALUE ADJUSTMENT RESERVE

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

29. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation policy.

30. 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 2010.

The Group’s obligations under the Scheme is determined based on the latest actuarial valuation by an independent valuer carried out on 24 December 2010. The existing employees as well as new employees who have earned in return for their service subsequent to 31 December 2004 are not eligible for the Scheme but shall be compensated based on the Scheme in the defined contribution plans in Note 2.4(r)(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 amounts recognised on the statements of financial position are determined as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Present value of unfunded defined benefit obligations	55,310	55,292	2,967	2,860
Analysed as:				
Current (Note 33)	4,281	3,712	521	403
Non-current:				
Later than 1 year but not later than 2 years	3,787	3,884	239	382
Later than 2 years but not later than 5 years	10,289	12,596	906	1,018
Later than 5 years	36,953	35,100	1,301	1,057
	51,029	51,580	2,446	2,457
	55,310	55,292	2,967	2,860

NOTES TO THE FINANCIAL STATEMENTS

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30. RETIREMENT BENEFITS (CONT'D.)

The amount recognised in the income statements comprises:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Interest cost				
- continuing operations	2,868	2,698	310	216
- discontinued operations (Note 5)	-	(2)	-	-
	2,868	2,696	310	216

Movements in the net liability in the current year were as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	55,292	56,179	2,860	3,076
Recognised in income statement	2,868	2,698	310	216
Contributions paid	(2,850)	(3,406)	(203)	(432)
Disposal of subsidiary (Note 17)	-	(179)	-	-
At 31 December	55,310	55,292	2,967	2,860

30. RETIREMENT BENEFITS (CONT'D.)

Principal actuarial assumption used:

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
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 reporting date on high quality corporate bonds.

31. OTHER FINANCIAL LIABILITY

	Group	
	2010 RM'000	2009 RM'000
At 1 January	199,625	201,961
Redemption	(2,185)	-
Foreign currency translation	(19,724)	(2,336)
At 31 December	177,716	199,625

Other financial liability is in respect of unsecured debentures issued by a foreign subsidiary comprising 57,700,000 (2009: 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.

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32. LOANS AND BORROWINGS

		Group		Company	
	Maturity	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Current					
Unsecured:					
Fixed rate term loan	2010	-	250	-	250
Non-Current					
Unsecured:					
Revolving loan	2010	-	507,890	-	507,890
4.55% p.a. fixed rate RM note	2020	1,000,000	-	1,000,000	-
4.68% p.a. fixed rate RM note	2022	1,500,000	-	1,500,000	-
		2,500,000	507,890	2,500,000	507,890
Total loans and borrowings					
Unsecured:					
Revolving loan		-	507,890	-	507,890
Fixed rate term loan		-	250	-	250
4.55% p.a. fixed rate RM note		1,000,000	-	1,000,000	-
4.68% p.a. fixed rate RM note		1,500,000	-	1,500,000	-
		2,500,000	508,140	2,500,000	508,140

32. LOANS AND BORROWINGS (CONT'D.)

The remaining maturities of the loans and borrowings as at 31 December 2010 are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
On demand or within one year	-	250	-	250
More than 1 year and less than 2 years	-	507,890	-	507,890
More than 2 year and less than 5 years	-	-	-	-
5 years or more	2,500,000	-	2,500,000	-
	2,500,000	508,140	2,500,000	508,140

4.55% and 4.68% p.a fixed rate RM notes

These notes with total face value of RM2,500,000 are unsecured. Details of the notes are as follows:

Coupon rate	Issue size (RM'000)	Issue date	Maturity date
4.55%	1,000,000	30.08.2010	28.08.2020
4.68%	1,500,000	17.12.2010	16.12.2022

Malaysia Airports Capital Berhad ("MACB" or the "Issuer"), a wholly-owned subsidiary of MAHB as disclosed in Note 17, is a special purpose vehicle and its principal activity is to undertake the issuance of Ringgit-denominated Islamic Commercial Papers ("ICPs") and Islamic Medium Term Notes ("IMTNs") pursuant to an Islamic Commercial Paper Programme ("ICP Programme") and an Islamic Medium Term Notes Programme ("IMTN Programme"), respectively in accordance with Shariah principles (collectively referred to as the "Sukuk Programmes").

The Sukuk Programmes have a combined aggregate nominal value of up to RM3.1 billion (with a sub-limit of RM1.0 billion in nominal value for the ICP Programme).

Proceeds raised from the Sukuk Programmes will be utilised by MAHB to part finance the construction of a new terminal ("KLIA 2") and/or to refinance MAHB's existing borrowings/financing which were utilised for Shariah-compliant purposes and/or for MAHB's Shariah-compliant general corporate purposes.

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32. LOANS AND BORROWINGS (CONT'D.)

The Sukuk Programmes have been accorded a short-term rating of P1 and long-term rating of AAA (with stable outlook) respectively by RAM Rating Services Berhad. The Sukuk Programmes are issued under the Shariah principles of Ijarah and Murabahah utilising Commodity ("Commodity Murabahah").

On 30 August 2010, MACB completed the issuance of the first tranche comprising RM1.0 billion nominal value IMTNs pursuant to the IMTN Programme under the Shariah principle of Ijarah. The IMTNs issued under the first tranche have a tenure of ten (10) years from the date of issuance with a periodic distribution (coupon) rate of 4.55% per annum.

On 17 December 2010, MACB completed the issuance of the second tranche comprising RM1.5 billion nominal value IMTNs pursuant to the IMTN Programme based on the Shariah principle of Commodity Murabahah. The IMTNs issued under the second tranche have a tenure of twelve (12) years from the date of issuance with a periodic distribution (coupon) rate of 4.68% per annum.

The terms of the Sukuk Programmes contain various covenants including the following:

MAHB shall maintain a Debt to Equity Ratio ("D:E Ratio") not exceeding 1.25 times throughout the tenure of the Sukuk Programmes. The D:E Ratio is the ratio of indebtedness of the Group represented by:

- (i) the aggregate face value of all outstanding ICPs, and all outstanding principal amount payable under the IMTNs; and
- (ii) all other indebtedness of the Company for borrowed monies (be it actual or contingent) for principal only, hire purchase obligations, finance lease obligations, fair value of financial derivatives in connection with borrowed monies recognised by the Company in its audited consolidated financial statements and other contingent liabilities of the Company calculated in accordance with the applicable accounting standards; but excluding any inter-company loans which are subordinated to the Sukuk,

to the equity of the Group including, if any, preference equity, subordinated shareholders' advances/loans and retained earnings/losses less goodwill (if any).

The D:E Ratio shall be calculated on a yearly and half yearly basis and as and when such calculations are required to be made under the terms of the transaction documents during the tenor of the Sukuk Programmes. In the case of D:E Ratio calculated on a yearly basis, such calculations shall be based on the latest audited consolidated financial statements of the Company and in the case of D:E Ratio calculated at any other times, the calculations shall be based on the latest consolidated management accounts of the Company.

Other information on financial risks of borrowings are disclosed in Note 40.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Current				
Trade payables				
Third parties	119,655	110,197	-	-
Other payables				
Amounts due to subsidiaries	-	-	309,160	347,879
Accruals	159,800	125,008	22,585	2,407
Provisions for liabilities	17,521	15,592	1,981	1,389
Sundry payables	184,170	229,669	98,617	146,081
Due to GoM	110,418	110,944	18,279	-
Deferred income	35,731	32,118	-	-
Dividend payable	463	12,167	463	12,167
Deposits	39,909	25,999	10,519	1,141
Retirement benefits (Note 30)	4,281	3,712	521	403
	552,293	555,209	462,125	511,467
	671,948	665,406	462,125	511,467

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33. TRADE AND OTHER PAYABLES (CONT'D.)

	Group		Company	
	2010 RM'000	Restated 2009 RM'000	2010 RM'000	2009 RM'000
Non-current				
Other payables				
Deferred income	134,391	137,278	-	-
Due to GoM	98,391	170,642	-	-
Provision for liability related to an associate company (Note 18)	6,576	-	-	-
	239,358	307,920	-	-
Total trade and other payables (current and non-current)	911,306	973,326	462,125	511,467
Add: Loans and borrowings (Note 32)	2,500,000	508,140	2,500,000	508,140
Less: - Provisions for liabilities	(17,521)	(15,592)	(1,981)	(1,389)
- Deferred income	(170,122)	(169,396)	-	-
Total financial liabilities carried at amortised cost	3,223,663	1,296,478	2,960,144	1,018,218

33. TRADE AND OTHER PAYABLES (CONT'D.)

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 2010				
At 1 January 2010	7,624	-	7,968	15,592
Continuing operations:				
Additional provision during the year	3,639	3,285	2,294	9,218
Writeback of provision	(707)	-	-	(707)
Utilised during the year	(20)	(3,285)	(3,277)	(6,582)
At 31 December 2010	10,536	-	6,985	17,521
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

NOTES TO THE FINANCIAL STATEMENTS

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33. TRADE AND OTHER PAYABLES (CONT'D.)

	Short-term accumulating compensated absences RM'000
Company	
At 31 December 2010	
At 1 January 2010	1,389
Provision during the year	604
Utilised during the year	(12)
At 31 December 2010	1,981
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

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2009: 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.

33. TRADE AND OTHER PAYABLES (CONT'D.)

(c) Due to GoM

Amount due to GoM is in respect of User Fee payable to the GoM and is unsecured and non-interest bearing. The Group pays the GoM on a quarterly basis amount equal to half the total amount calculated as the User Fee based on revenue generated from activities carried out at KLIA and other airports until the amount is fully settled. The non current portion of the amount due to the GoM is expected to be fully settled by the end of 2012.

(d) Deferred income

Deferred income comprise:

- (i) Funds received from GoM for the purpose of the development of Malaysia International Aerospace Centre ("MIAC"). Income is recognised in the period which maintenance of the building is incurred and on a systematic and rational basis over the useful life of 25 years.
- (ii) Deferred revenue due to adoption of IC Interpretation 13 Customer Loyalty Programmes as disclosed in Note 2.5(iii).

	Group	
	2010 RM'000	Restated 2009 RM'000
Analysed as:		
Current	35,731	32,118
Non-current:		
Later than 1 year but not later than 2 years	2,882	2,877
Later than 2 years but not later than 5 years	8,647	8,632
Later than 5 years	122,862	125,769
	134,391	137,278
	170,122	169,396

Other information on financial risks of other payables are disclosed in Note 40.

NOTES TO THE FINANCIAL STATEMENTS

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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 reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Future minimum rental payments:				
Not later than 1 year	11,228	14,963	2,133	2,237
Later than 1 year and not later than 5 years	14,289	23,146	1,646	3,116
	25,517	38,109	3,779	5,353

35. COMMITMENTS

	Due year 2011 RM'000	Due year 2012 to 2015 RM'000	Due year 2016 to 2066 RM'000	Total RM'000
31 December 2010 Group				
(i) Approved and contracted for:				
Lease rental payable to the GoM for Subang airport	2,002	8,008	102,102	112,112
	Due year 2011 RM'000	Due year 2012 to 2015 RM'000	Due year 2016 to 2034 RM'000	Total RM'000
Lease rental payable to the GoM for all airports managed other than Subang	3,750	15,000	71,250	90,000
Capital expenditure	1,812,611	737,104	-	2,549,715
	1,816,361	752,104	71,250	2,639,715
	1,818,363	760,112	173,352	2,751,827
(ii) Approved but not contracted for:				
Capital expenditure	354,705	550,894	-	905,599
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport	-	164,914	-	164,914
Investment in GMR Male International Airport	43,710	43,400	-	87,110
	43,710	208,314	-	252,024
	2,216,778	1,519,320	173,352	3,909,450

NOTES TO THE FINANCIAL STATEMENTS

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35. COMMITMENTS (CONT'D.)

	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

	Due year 2010 RM'000	Due year 2011 to 2014 RM'000	Due year 2015 to 2034 RM'000	Total RM'000

Lease rental payable to the GoM for all airports managed other than Subang	3,750	15,000	75,000	93,750
Capital expenditure	67,599	50,000	-	117,599
	71,349	65,000	75,000	211,349
	73,649	74,200	194,600	342,449

(ii) Approved but not contracted for:

Capital expenditure	1,667,384	-	-	1,667,384
	1,741,033	74,200	194,600	2,009,833

35. COMMITMENTS (CONT'D.)

	Due year 2010 RM'000	Due year 2011 to 2014 RM'000	Due year 2015 to 2066 RM'000	Total RM'000
31 December 2010				
Company				
(i) Approved and contracted for:				
Capital expenditure	1,447,368	687,104	-	2,134,472
(ii) Approved but not contracted for:				
Capital expenditure	58,644	550,894	-	609,538
	1,506,012	1,237,998	-	2,744,010
31 December 2009				
Company				
Approved but not contracted for:				
Capital expenditure	1,264,059	-	-	1,264,059

NOTES TO THE FINANCIAL STATEMENTS

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35. COMMITMENTS (CONT'D.)

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Analysed as:				
Not later than 1 year	2,216,778	1,741,033	1,506,012	1,264,059
Later than 1 year and not later than 5 years	1,519,320	74,200	1,237,998	-
Later than 5 years	173,352	194,600	-	-
	3,909,450	2,009,833	2,744,010	1,264,059

- (a) Lease payable to the Federal Lands Commissioner under the Operating Agreements and Lease Agreements in conjunction with the Group restructuring arrangement as disclosed in Note 1.2.
- (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 2010, MA (Mauritius) has paid up RM199,360,000 (2009: RM199,360,000) as share capital in DIAL and advances which are convertible into shares in DIAL.

35. COMMITMENTS (CONT'D.)

- (c) A Shareholder Support Agreement dated 6 June 2008 and amended and restated on 3 October 2010 ("Agreement") was entered between the Company, together with GMR Infrastructure Limited, GMR Infrastructure Overseas S.L.U, Limak Insaat Sanayi Ve Ticaret A.S. and Limak Yatirim Isletme Hizmetleri Ve Insaat A.S. (collectively referred to as "Shareholders"), and, amongst others, Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim Ve Isletme A.S. ("ISGIA") to facilitate the loan financing arrangements by ISGIA to fund the development of the Sabiha Gokcen International Airport in Istanbul, Turkey. Pursuant to the Agreement, each Shareholder had agreed to provide further equity funding to ISGIA under certain prescribed circumstances, which include additional investment as may be requested by the Authority pursuant to its Implementation Agreement and to ensure ISGIA has sufficient funds to meet certain loan covenants and obligations as stipulated therein. The commitment by the Company to provide further equity funding is based on its proportionate shareholding in ISGIA and the Company is not obliged to cover any shortfall of any other Shareholder.
- (d) On 28 June 2010, the Company entered into an agreement with GMR Airport (Global) Limited, GMR Infrastructure (Mauritius) Ltd. and GMR Infrastructure Limited (collectively known as "GMR") to form a joint venture company ("JVC") for the operation, maintenance, expansion, rehabilitation and modernization of the Male International Airport ("MIA") in Maldives. MAHB will jointly undertake the airport terminal operations and management of MIA with GMR and will progressively make cash investments for 23% equity participation in the JVC.

36. CONTINGENT LIABILITIES

- (a) As at 31 December 2010, the Company provided corporate guarantees as follows:
 - (i) RM33,000,000 (2009: RM242,100,000) 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 (2009: RM17,023,810) 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 (2009: RM30,000,000) for advance payment guarantee to a Duty Free Operator at ISG.
- (b) Claims have been submitted by XYBase Sdn. Bhd. in respect of certain alleged breach of contract amounting to RM6,467,000. Based on the circumstances of the case, the Group has been advised by its solicitors that the Group stands a fair chance to defeat the claims. Accordingly, no provision has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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37. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Services rendered to associates	3,615	1,200	-	-
Recoupment income received from associates	1,377	909	-	-
Rental income received from associates	5,704	5,627	-	-
Other project fee rendered to an associate	9,342	-	6,573	-
Utilities payable to subsidiaries	-	-	(1,038)	-
Repair and maintenance payable to subsidiaries	-	-	(2,258)	(1,467)
Supply of food and beverages from subsidiaries	-	-	(796)	(878)
Management fees received from subsidiaries	-	-	64,003	58,557

Related companies:

These are subsidiaries and associates of the Company and its subsidiaries, excluding entities within the Group.

(b) Compensation of key management personnel

The remuneration of other members of key management during the year was as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Short-term employee benefits	10,779	8,159	8,312	6,065
Post-employment benefit:				
Defined contribution plans	1,674	1,436	1,283	1,070
Defined benefit plan	-	150	-	150
	12,453	9,745	9,595	7,285

Remuneration of directors is as disclosed in Note 8.

38. COMPARATIVES

Certain comparative amounts as at 31 December 2009 have been restated.

	Note	As previously reported RM'000	Adjustment/ Reclassi- -fication RM'000	As restated RM'000
Group				
Statement of financial position				
Property, plant and equipment	(i)	1,951,143	(338,159)	1,612,984
Concession rights	(ii)	1,758,444	(46,252)	1,712,192
Trade and other receivables (Non-current)		19,993	338,159	358,152
Trade and other payables (Current)	(iii)	637,932	27,474	665,406
Trade and other payable (Non-current)	(ii)	354,172	(46,252)	307,920
Retained earnings	(iii)	1,448,881	(27,474)	1,421,407
Income statement				
Revenue	(iii)	1,637,093	(27,474)	1,609,619
Profit before tax and zakat from continuing operations	(iii)	480,098	(27,474)	452,624

(i) Arising from the adjustment as disclosed in Note 2.5(i).

(ii) Arising from restatement as disclosed in Note 2.5(iv).

(iii) Arising from the adjustment as disclosed in Note 2.5(iii).

NOTES TO THE FINANCIAL STATEMENTS

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39. SIGNIFICANT EVENTS

- (1) On 7 June 2010, the Company announced the incorporation of a wholly-owned subsidiary, Malaysia Airports Capital (Labuan) Limited ("MACLL") in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990.

The intended principal activities of MACLL are for general corporate and investment purposes. MACLL has an issued and paid-up share capital of USD2.00 comprising 2 ordinary shares of USD1 each.

- (2) On 25 June 2010, the Company announced that MAHB has been awarded the expansion, modernization, operation and maintenance of the Male International Airport, Maldives.

On 28 June 2010, the Company also announced that the consortium comprising MAHB and GMR Infrastructure Limited of India ("GMR") ("Consortium" or "Investor") had entered into a concession agreement ("Concession Agreement") with Maldives Airport Company Limited ("MACL" or "Grantor") and the Republic of Maldives (acting by and through its Ministry of Finance and Treasury) ("GoM" or "Guarantor") for the rehabilitation, expansion, modernization, operation and maintenance of Male International Airport, Maldives ("MIA Project").

On 28 October 2010, the Company announced that MAHB had entered into a Joint Venture Agreement with GMR Infrastructure Limited and GMR Male International Airport Limited for the rehabilitation, expansion, modernization, operation and maintenance of Male International Airport, Republic of Maldives.

The initial investment of USD6.9 million will be funded from internally generated funds. MAHB expects to fund its future investments in GMIAL from internally generated funds and/or bank borrowings, based upon the quantum and timing of future capital contributions required by GMIAL to meet its funding requirements for the Airport Project, as determined by the Board of Directors of GMIAL.

- (3) On 12 July 2010, the Company has acquired 2 ordinary shares of RM1.00 each in Malaysia Airports Capital Berhad ("MACB") for a total consideration of RM2.00, representing 100% of the issued and paid-up share capital of MACB ("Acquisition"). Subsequent to the Acquisition, MACB will be a wholly-owned subsidiary of MAHB.

MACB was incorporated in Malaysia on 2 July 2010 under the Companies Act, 1965. The intended principal activities of MACB are for general corporate and investment purposes.

- (4) On 14 July 2010, the Company via the letter of award dated 14 July 2010, has appointed UEMC-Bina Puri JV as the main contractor for the construction of KLIA New Permanent LCCT complex at a total contract value of RM997,227,000 for a construction period of 20 months.

39. SIGNIFICANT EVENTS (CONT'D.)

- (5) On 23 July 2010, Malaysia Airports Consultancy Services Sdn. Bhd. ("MACS"), a wholly-owned subsidiary of MAHB has entered into a Memorandum of Understanding ("the MOU") with NEL, a wholly-owned subsidiary of Nagamas International Berhad ("Nagamas") (MACS and NEL shall collectively be referred to as the "Parties") to establish the principles that reflect their intention to set up a joint venture arrangement or any other arrangement to participate and explore the possibility of the provision of airport operation, management and technical consultancy services to the Yongzhou Lingling Airport as well as other airports in China to be mutually agreed by the Parties ("the Project").

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Head of Treasury. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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40. FINANCIAL INSTRUMENTS (CONT'D.)

(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 reporting date. The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	Over 5 Years RM'000	Total RM'000
At 31 December 2010						
Group						
Fixed rate bonds	32	4.62	-	-	2,500,000	-
Floating rate						
Cash and cash equivalents	25	2.72	1,429,815	-	-	1,429,815
Company						
Fixed rate bonds	32	4.62	-	-	2,500,000	-
Floating rate						
Cash and cash equivalents	25	3.03	1,289,113	-	-	1,289,113

40. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Interest rate risk (cont'd.)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	Over 5 Years RM'000	RM'000
At 31 December 2009						
Group						
Fixed rate term loan	32	5.30	250	-	-	250
Revolving loan	32	3.14	-	507,890	-	507,890
Floating rate						
Cash and cash equivalents	25	2.42	154,543	-	-	154,543
Company						
Fixed rate term loan	32	5.30	250	-	-	250
Revolving loan	32	3.14	-	507,890	-	507,890
Floating rate						
Cash and cash equivalents	25	0.96	12,292	-	-	12,292

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 77 (2009: 95) 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.

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40. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign currency risk

Other than the Group's investments in foreign associates and foreign subsidiaries, the Group does not operate internationally but is mainly exposed to the United States Dollar, Great Britain Pound, Euro 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 and the Company that are not denominated in their functional currencies are as follows:

Functional Currency of Group Companies	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies				
	United States Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Singapore Dollar RM'000	Total RM'000
At 31 December 2010					
Ringgit Malaysia	8,401	(250)	942	(31)	9,062
At 31 December 2009					
Ringgit Malaysia	1,382	(3)	(299)	(48)	1,032

40. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign currency risk (cont'd.)

Functional Currency of Company	United States Dollar RM'000
At 31 December 2010	
Ringgit Malaysia	9,342
At 31 December 2009	
Ringgit Malaysia	-

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, GBP, Euro and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2010 RM'000 Profit net tax	Company 2010 RM'000 Profit net tax
USD/RM	- strengthened 5%	-420	-467
	- weakened 5%	+420	+467
GBP/RM	- strengthened 5%	+13	-
	- weakened 5%	-13	-
Euro/RM	- strengthened 5%	-47	-
	- weakened 5%	+47	-
SGD/RM	- strengthened 5%	+2	-
	- weakened 5%	-2	-

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40. FINANCIAL INSTRUMENTS (CONT'D.)

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

At the reporting date, the entire trade and other payable will mature on demand or within a year.

(e) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

Exposure to credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. Majority of trade receivables are due from tenants, airline companies and representative firms. The customer portfolio of the Group is diversified, with Malaysia Airlines and Air Asia Group, being the main customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. The Group obtains bank guarantee from its major customer other than airlines.

Investments are acquired after assessing the quality of the relevant investments. Cash and cash equivalent is placed with reliable financial institution.

The credit risk of the trade and other receivables are disclosed in note 21. The Group's other financial assets, which comprise investments and cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets as disclosed in note 20 and 25.

40. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Credit risk (cont'd.)

Credit risk concentration profile

At the reporting date, approximately 56% (2009: 48%) of the Group's trade receivables were due from six (2009: six) major customers who are reputable and located in Malaysia.

In addition, the Group's concentration of risk also includes the amount receivable from the GoM as disclosed in Note 21 and the Group minimise its credit risk by regular communication with the GoM.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 21. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(f) Fair values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	21
Trade and other payables	33

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

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40. FINANCIAL INSTRUMENTS (CONT'D.)

(f) Fair values (cont'd.)

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

- (i) Other receivables (non-current), loans and borrowings and other payables (non-current)

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending and borrowings.

- (ii) Unit trusts, bonds and medium term notes

The fair value of unit trusts, bonds and medium notes is based on market price.

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group actively manages its capital structure and makes adjustments to it in light of changes in, amongst others, its operating environment and economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

Gearing ratio is not a standardised term under the Financial Reporting Standards and its determination may vary from other companies. The gearing ratio is included in management's analysis because it is used as a financial measure of potential capacity of the Group to incur and service its debt coverage and determined as aggregate indebtedness over the equity of the Group. The Group's policy is to keep its gearing ratio manageable so as to maintain its strong credit ratings and in any event not exceeding 125% as provided in the Covenants under its Sukuk Programmes. The Group includes loans, borrowings and certain contingent liabilities within the aggregate indebtedness, but excludes inter-company loans which are subordinated to the Sukuk Programmes. Equity of the Group includes, if any, preference equity, subordinated shareholders' advances or loans and retained earnings or accumulated losses less goodwill.

41. CAPITAL MANAGEMENT (CONT'D.)

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009
Loans and borrowings	32	2,500,000	508,140	2,500,000	508,140
Contingent liabilities	36	86,491	295,591	86,491	295,591
Aggregate indebtedness		2,586,491	803,731	2,586,491	803,731
Equity attributable to the owners of the parent		3,283,869	3,342,140	2,184,825	2,302,521
Total equity		3,283,869	3,342,140	2,184,825	2,302,521
Gearing ratio		79%	24%	118%	35%

NOTES TO THE FINANCIAL STATEMENTS

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42. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

The Group comprises 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.

42. SEGMENT INFORMATION (CONT'D.)

(b) Business segments (cont'd.)

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.

(e) Additions to non-current assets consist of:

	2010 RM'000	2009 RM'000
Property, plant and equipment	836,502	325,204
Plantation development expenditure	2,947	-
	839,449	325,204

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

42. 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									Total operation
	Duty free and non-dutiable goods	Airport services	Agriculture and horticulture	Hotel	Project and repair maintenance	Others	Eliminations	Total	Auction	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
31 December 2010												
Revenue												
External sales												
Aeronautical	-	868,703	-	-	-	-	-	868,703	-	-	-	868,703
Non-aeronautical:												
Retail	411,809	-	-	-	-	-	-	411,809	-	-	-	411,809
Others	-	394,722	46,698	62,885	28,040	-	-	532,345	-	-	-	532,345
Inter-segment sales	1,406	136,392	2,899	781	84,555	-	(226,033)	-	-	-	-	-
Inter-segment dividends	-	-	-	-	-	143,618	(143,618)	-	-	-	-	-
Total revenue	413,215	1,399,817	49,597	63,666	112,595	143,618	(369,651)	1,812,857	-	-	-	1,812,857
Results												
Segment results	22,289	663,574	18,037	15,880	20,350	111,419	(147,611)	703,938	-	-	-	703,938
Depreciation and amortisation	(3,668)	(132,422)	(3,361)	(14,702)	(636)	(7,945)	-	(162,735)	-	-	-	(162,735)
Finance costs	-	(15,686)	-	-	-	(38)	-	(15,724)	-	-	-	(15,724)
Share of results of associates	-	3,507	-	-	-	(83,995)	-	(80,488)	-	-	-	(80,488)
Profit/(loss) before tax	18,621	518,973	14,676	1,178	19,714	19,441	(147,611)	444,991	-	-	-	444,991
Income tax expense	(5,484)	(134,909)	(4,080)	(550)	(5,639)	(29,164)	29,432	(150,394)	-	-	-	(150,394)
Profit/(loss) for the year	13,137	384,064	10,596	628	14,075	(9,723)	(118,179)	294,597	-	-	-	294,597
Assets												
Segment assets	116,944	6,983,053	73,066	117,420	175,815	6,459,947	(7,791,934)	6,134,311	496	-	496	6,134,807
Additions to non-current assets	1,711	138,629	6,984	4,016	37	688,072	-	839,449	-	-	-	839,449
Investment in associates	-	600	-	-	-	44,474	-	45,074	-	-	-	45,074
Total assets	118,655	7,122,282	80,050	121,436	175,852	7,192,493	(7,791,934)	7,018,834	496	-	496	7,019,330

42. 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	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
31 December 2010 (cont'd.)												
Liabilities												
Segment liabilities representing total liabilities	46,886	4,339,407	24,563	19,721	101,328	5,100,566	(5,902,737)	3,729,734	229	-	229	3,729,963
Other segment information												
Capital expenditure	1,711	138,629	1,090	4,016	37	688,072	-	833,555	-	-	-	833,555
Depreciation	3,668	95,960	817	14,702	636	7,946	-	123,729	-	-	-	123,729
Amortisation of:												
- land use right	-	121	-	-	-	-	-	121	-	-	-	121
- plantation development	-	-	2,544	-	-	-	-	2,544	-	-	-	2,544
- concession rights	-	36,341	-	-	-	-	-	36,341	-	-	-	36,341
Other significant non-cash items:												
Provision for/(writeback of):												
- employee benefits	70	4,422	44	(69)	418	915	-	5,800	-	-	-	5,800
- doubtful debts	(20)	8,234	-	5	477	-	-	8,696	-	-	-	8,696
- lease	-	3,285	-	-	-	-	-	3,285	-	-	-	3,285

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2010

42. 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	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	-	763,009	-	-	-	-	-	763,009	-	-	-	-	763,009
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	1,245,768	51,000	59,172	114,675	67,000	(280,731)	1,609,619	146	61,913	(600)	61,459	1,671,078
Results													
Segment results	9,164	480,663	9,231	(296)	14,607	40,728	(89,927)	464,170	(1,062)	(966)	673	(1,355)	462,815
Finance costs	-	(14,124)	-	-	-	(53)	-	(14,177)	-	-	-	-	(14,177)
Share of results of associates	-	1,457	-	-	-	1,174	-	2,631	-	-	-	-	2,631
Profit/(loss) before tax	9,164	467,996	9,231	(296)	14,607	41,849	(89,927)	452,624	(1,062)	(966)	673	(1,355)	451,269
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	373,721	8,976	(461)	10,499	27,678	(73,777)	352,459	(1,062)	(966)	673	(1,355)	351,104
Assets													
Segment assets	114,286	6,226,926	74,818	115,749	122,639	3,483,654	(5,423,686)	4,714,386	496	-	-	496	4,714,882
Additions to non-current assets	12,322	180,032	3,916	3,628	291	125,015	-	325,204	-	-	-	-	325,204
Investment in associates	-	133,734	-	-	-	-	-	133,734	-	-	-	-	133,734
Total assets	126,608	6,540,692	78,734	119,377	122,930	3,608,669	(5,423,686)	5,173,324	496	-	-	496	5,173,820

42. 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	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 (cont'd.)													
Liabilities													
Segment liabilities representing total liabilities	28,922	3,185,832	26,843	18,009	57,681	1,420,548	(3,541,098)	1,826,737	229	-	-	229	1,826,966
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:													
- land use right 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 2010

43. SUPPLEMENTARY EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2010 RM'000	Company 2010 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	2,839,182	263,139
- Unrealised	(31,058)	(1,058)
	2,808,124	262,081
Total share of retained earnings/(accumulated losses) from associated companies:		
- Realised	(33,254)	-
- Unrealised	(64,403)	-
Less: Consolidation adjustments	(1,344,018)	-
Total retained earnings as per financial statements	1,366,449	262,081

The determination of realised and unrealised profits above is solely for complying with the disclosure requirements as stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

MAHB (MALAYSIA AIRPORTS HOLDINGS BHD) TRAFFIC 2010

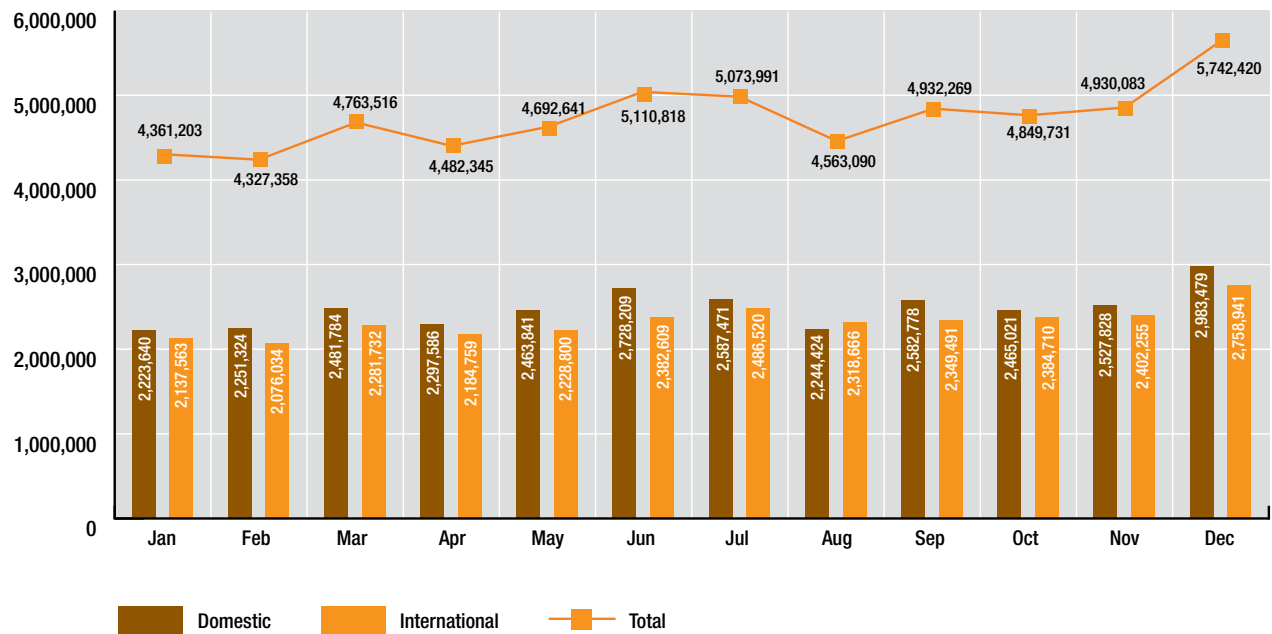
PASSENGER MOVEMENTS		2010	2009	+/-
Terminal passengers	[international]	27,558,727	22,740,774	21.2%
Terminal passengers	[domestic]	29,570,367	28,060,843	5.4%
Transit passengers		700,371	533,690	31.2%
Total passenger movements		57,829,465	51,335,307	12.7%
AIRCRAFT MOVEMENTS		2010	2009	+/-
Commercial aircraft	[international]	206,372	184,867	11.6%
Commercial aircraft	[domestic]	371,718	350,926	5.9%
Total commercial aircraft		578,090	535,793	7.9%
All other aircraft		275,539	301,371	-8.6%
Total aircraft movements		853,629	837,164	2.0%
CARGO MOVEMENTS [kg]		2010	2009	+/-
Cargo movements	[international]	741,045,406	654,523,260	13.2%
Cargo movements	[domestic]	162,281,836	138,176,452	17.4%
Transit cargo		14,764,840	11,264,310	31.1%
Total cargo movements		918,092,081	803,964,021	14.2%
MAIL MOVEMENTS [kg]		2010	2009	+/-
Mail movements	[international]	17,773,991	15,317,458	16.0%
Mail movements	[domestic]	7,881,449	9,122,829	-13.6%
Transit mail		672,121	170,577	294.0%
Total mail movements		26,327,561	24,610,864	7.0%

PASSENGER MOVEMENTS 2010

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2010*	2009*	% + / -	Domestic	Int'l	Total
KLIA	5,197,766	5,118,369	10,316,135	11,714,999	11,687,428	23,402,427	34,087,636	29,682,093	14.8%	126	368,948	369,074
Penang	1,074,184	1,068,669	2,142,853	989,889	1,010,679	2,000,568	4,166,969	3,325,423	25.3%	10,410	13,138	23,548
Kota Kinabalu	1,933,981	1,957,322	3,891,303	614,292	610,179	1,224,471	5,223,454	4,868,526	7.3%	62,752	44,928	107,680
Kuching	1,638,726	1,646,142	3,284,868	180,317	183,363	363,680	3,684,517	3,574,632	3.1%	29,728	6,241	35,969
Langkawi	605,382	618,150	1,223,532	71,650	77,436	149,086	1,374,729	1,359,271	1.1%	2,013	98	2,111
Kota Bharu	515,556	532,199	1,047,755	0	0	0	1,047,755	1,003,162	4.4%	0	0	0
Ipoh	0	0	0	24,395	24,113	48,508	48,508	21,937	121.1%	0	0	0
Kuala Terengganu	252,625	253,970	506,595	6,618	7,398	14,016	520,611	523,619	-0.6%	0	0	0
Alor Setar	201,031	199,966	400,997	0	0	0	400,997	421,314	-4.8%	0	0	0
Melaka	33	40	73	11,423	10,191	21,614	21,687	18,576	16.7%	0	0	0
Subang	426,608	430,163	856,771	132,745	128,793	261,538	1,118,309	819,840	36.4%	0	0	0
Kuantan	98,722	97,970	196,692	12,120	12,066	24,186	220,878	226,912	-2.7%	0	0	0
Tioman	17,883	18,084	35,967	8,709	9,380	18,089	54,056	49,057	10.2%	0	0	0
Pangkor	1,196	1,392	2,588	0	0	0	2,588	7,617	-66.0%	0	0	0
Redang	17,101	17,191	34,292	7,040	7,278	14,318	48,610	28,246	72.1%	0	0	0
Labuan	242,165	236,924	479,089	383	9	392	505,903	476,876	6.1%	26,422	0	26,422
Lahad Datu	56,548	56,894	113,442	0	0	0	113,442	98,558	15.1%	0	0	0
Sandakan	350,968	352,527	703,495	1,465	1,495	2,960	741,674	672,469	10.3%	35,219	0	35,219
Tawau	441,259	451,959	893,218	2,249	2,381	4,630	897,848	866,601	3.6%	0	0	0
Bintulu	262,179	243,821	506,000	0	0	0	557,459	487,060	14.5%	51,459	0	51,459
Miri	828,746	839,291	1,668,037	4,019	4,225	8,244	1,694,915	1,620,345	4.6%	18,634	0	18,634
Sibu	497,983	496,411	994,394	0	0	0	1,009,002	939,732	7.4%	14,608	0	14,608
Mulu	31,642	31,480	63,122	0	0	0	66,575	49,255	35.2%	3,453	0	3,453
Limbang	23,927	24,385	48,312	0	0	0	50,044	45,512	10.0%	1,732	0	1,732
STOL Sabah	298	309	607	0	0	0	793	0	-	186	0	186
STOL Sarawak	77,827	82,403	160,230	0	0	0	170,506	148,674	14.7%	10,276	0	10,276
Peninsular Malaysia	8,408,087	8,356,163	16,764,250	12,979,588	12,974,762	25,954,350	43,113,333	37,487,067	15.0%	12,549	382,184	394,733
Sabah	3,025,219	3,055,935	6,081,154	618,389	614,064	1,232,453	7,483,114	6,983,030	7.2%	124,579	44,928	169,507
Sarawak	3,361,030	3,363,933	6,724,963	184,336	187,588	371,924	7,233,018	6,865,210	5.4%	129,890	6,241	136,131
Total 2010	14,794,336	14,776,031	29,570,367	13,782,313	13,776,414	27,558,727	57,829,465	51,335,307	12.7%	267,018	433,353	700,371
Total 2009	14,015,757	14,045,087	28,060,843	11,270,296	11,470,478	22,740,774	51,335,307			205,944	327,746	533,690
% change	5.6%	5.2%	5.4%	22.3%	20.1%	21.2%	12.7%			29.7%	32.2%	31.2%

Note : * Including transit passengers

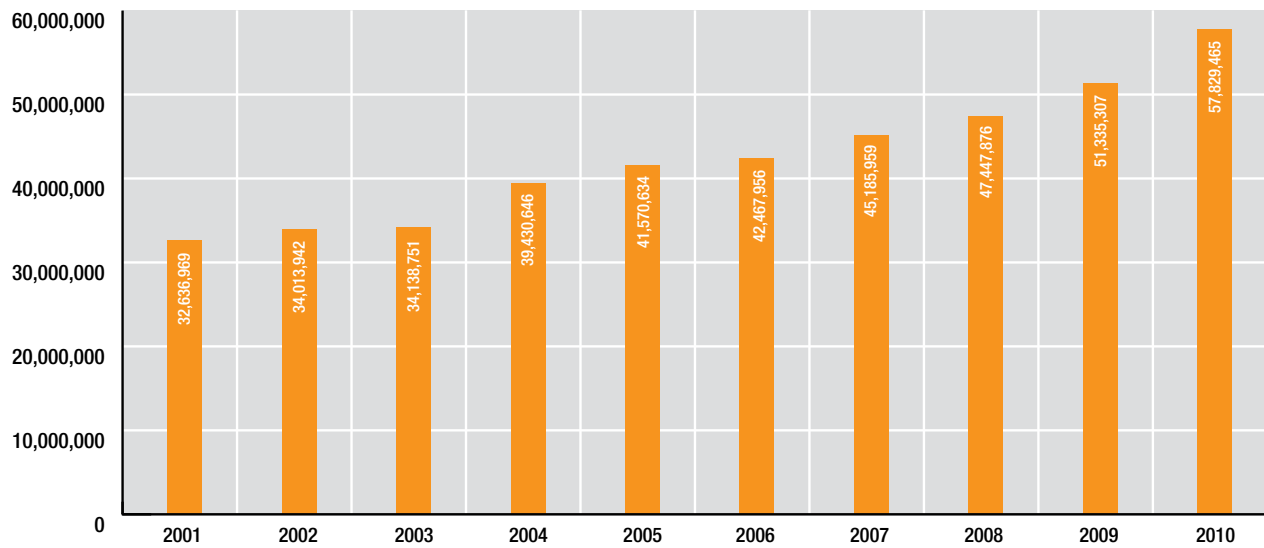
PASSENGER MOVEMENTS AT MAHB AIRPORTS 2010



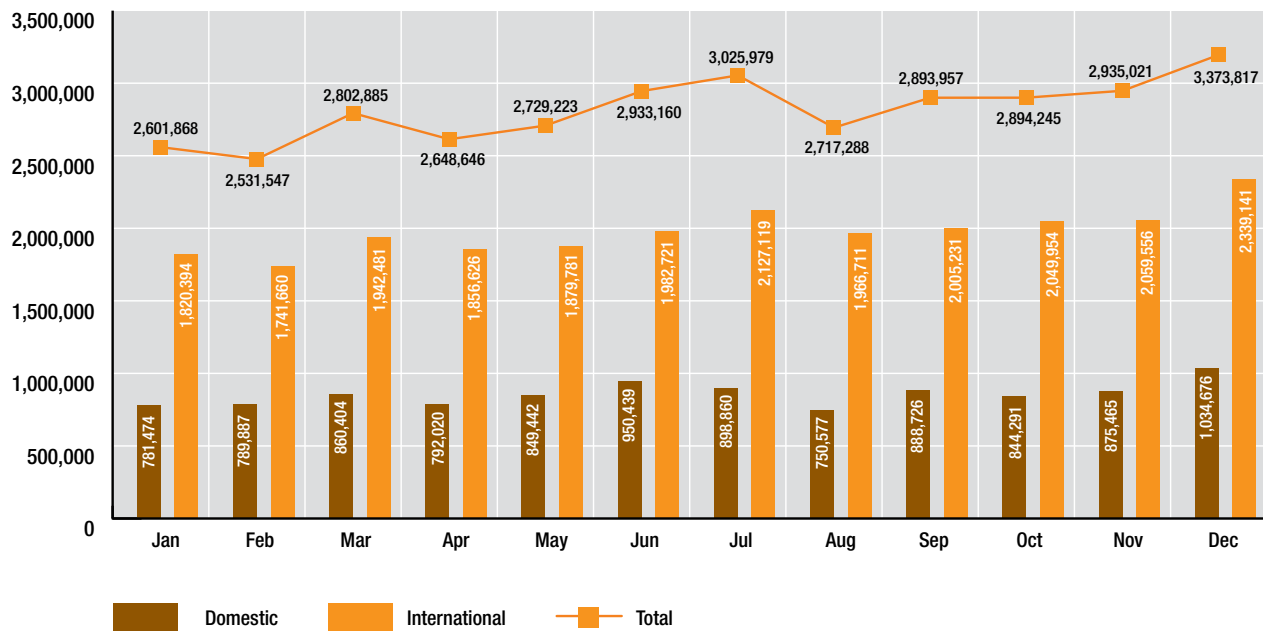
PASSENGER MOVEMENTS (2001 – 2010)

AIRPORTS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	%+/-
KLIA	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	34,087,636	14.8%
Penang	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	4,166,969	25.3%
Kota Kinabalu	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	5,223,454	7.3%
Kuching	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	3,684,517	3.1%
Langkawi	829,498	712,988	726,817	845,276	830,334	934,024	1,122,911	1,196,956	1,359,271	1,374,729	1.1%
Johor Bahru	998,693	874,278	651,352	-	-	-	-	-	-	-	-
Kota Bharu	506,632	534,959	589,950	639,871	635,397	678,306	759,316	836,060	1,003,162	1,047,755	4.4%
Ipoh	131,730	132,314	115,286	103,123	74,451	64,711	814	5,376	21,937	48,508	121.1%
Kuala Terengganu	355,063	309,202	394,240	435,620	419,475	398,252	430,800	487,495	523,619	520,611	-0.6%
Alor Setar	306,514	287,465	353,778	346,502	323,669	292,549	291,006	307,564	421,314	400,997	-4.8%
Melaka	9,171	7,438	31,108	46,692	27,683	18,509	27,209	23,751	18,576	21,687	16.7%
Subang	1,955,688	1,130,169	72,491	90,593	83,602	83,502	95,583	307,747	819,840	1,118,309	36.4%
Kuantan	433,270	388,746	351,179	349,375	298,184	273,005	262,486	259,529	226,912	220,878	-2.7%
Tioman	83,358	64,067	56,900	57,957	54,054	57,559	46,260	48,767	49,057	54,056	10.2%
Pangkor	8,999	8,811	6,095	10,247	11,193	9,866	8,906	8,132	7,617	2,588	-66.0%
Redang	0	0	0	20,750	30,650	28,928	33,738	34,957	28,246	48,610	72.1%
Labuan	619,260	635,458	696,961	686,103	642,582	575,684	535,294	550,859	476,876	505,903	6.1%
Lahad Datu	104,270	108,151	107,914	117,584	116,973	108,697	77,024	99,983	98,558	113,442	15.1%
Sandakan	449,679	449,613	497,999	574,213	621,513	633,194	626,192	618,927	672,469	741,674	10.3%
Tawau	472,301	495,462	551,168	620,847	680,901	660,331	736,646	768,967	866,601	897,848	3.6%
Bintulu	384,201	422,715	427,894	464,576	487,077	449,673	381,158	417,918	487,060	557,459	14.5%
Miri	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	1,694,915	4.6%
Sibu	725,449	759,704	817,687	903,108	920,930	898,923	809,955	831,772	939,732	1,009,002	7.4%
Mulu	36,601	44,371	41,280	54,767	52,914	48,825	37,463	43,652	49,255	66,575	35.2%
Limbang	76,642	77,821	83,459	96,209	105,652	89,814	50,107	49,181	45,512	50,044	10.0%
STOL Sabah	6,850	6,896	6,945	7,099	6,009	5,933	1,942	3,741	0	793	-
STOL Sarawak	155,339	173,123	165,704	167,805	173,956	153,199	134,079	145,807	148,674	170,506	14.7%
Peninsular Malaysia	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	43,113,333	15.0%
Sabah	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	7,483,114	7.2%
Sarawak	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	7,233,018	5.4%
Grand Total	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	57,829,465	12.7%
% change	-0.8%	4.2%	0.4%	15.5%	5.4%	2.2%	6.4%	5.0%	8.2%	12.7%	

PASSENGER MOVEMENTS AT MAHB AIRPORTS (2001 – 2010)



PASSENGER MOVEMENTS AT KL INTERNATIONAL AIRPORT 2010



INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2010

	ARRIVAL		DEPARTURE		TOTAL		
	2010	2009	2010	2009	2010	2009	%+/-
SOUTH EAST ASIA							
Banda Acheh	27,393	27,981	27,979	28,961	55,372	56,942	-2.8%
Bandar Seri Begawan	113,686	101,748	111,843	100,145	225,529	201,893	11.7%
Bandung	121,404	96,590	130,035	105,907	251,439	202,497	24.2%
Bangkok	692,015	631,522	668,611	627,438	1,360,626	1,258,960	8.1%
Cebu	2,523	3,812	2,208	3,495	4,731	7,307	-35.3%
Chiang Mai	50,688	45,212	50,658	45,435	101,346	90,647	11.8%
Clark Field	42,407	45,195	43,986	47,291	86,393	92,486	-6.6%
Denpasar	360,958	333,852	351,547	337,124	712,505	670,976	6.2%
Dili	112	0	46	358	158	358	-55.9%
Hanoi	113,490	93,790	122,182	124,277	235,672	218,067	8.1%
Hatyai	14,905	0	15,325	0	30,230	0	-
Ho Chi Minh City	293,161	197,728	273,708	199,977	566,869	397,705	42.5%
Jakarta	647,385	602,492	689,081	611,548	1,336,466	1,214,040	10.1%
Krabi	42,746	41,597	41,111	40,011	83,857	81,608	2.8%
Manado	2,360	14,981	2,276	14,777	4,636	29,758	-84.4%
Manila	133,429	98,429	129,087	99,421	262,516	197,850	32.7%
Mataram	17,635	1,054	17,550	15,317	35,185	16,371	114.9%
Medan	220,808	190,687	234,918	205,867	455,726	396,554	14.9%
Padang	62,134	65,389	65,133	69,698	127,267	135,087	-5.8%
Palembang	5,312	33,726	5,737	35,574	11,049	69,300	-84.1%
PekanBaru	35,528	23,487	36,134	24,386	71,662	47,873	49.7%
Phnom Penh	115,981	92,482	102,071	84,527	218,052	177,009	23.2%
Phuket	215,504	174,688	212,801	173,597	428,305	348,285	23.0%
Siem Reap	66,728	53,946	56,365	48,378	123,093	102,324	20.3%
Singapore	1,377,099	1,255,947	1,356,987	1,229,143	2,734,086	2,485,090	10.0%
Solo City	40,028	38,642	46,636	47,211	86,664	85,853	0.9%
Surabaya	247,406	229,363	262,554	227,363	509,960	456,726	11.7%
Ujung Pandang	27,485	21,408	27,911	22,314	55,396	43,722	26.7%
Vientiane	20,458	19,721	20,721	19,205	41,179	38,926	5.8%
Yangon	103,646	58,900	70,685	49,753	174,331	108,653	60.4%
Yogyakarta	53,326	51,433	62,365	63,733	115,691	115,166	0.5%
Total	5,267,740	4,645,802	5,238,251	4,702,231	10,505,991	9,348,033	12.4%

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2010

	ARRIVAL		DEPARTURE		TOTAL		
	2010	2009	2010	2009	2010	2009	%+/-
NORTH EAST ASIA							
Beijing	116,423	100,347	120,266	102,798	236,689	203,145	16.5%
Chengdu	69,978	11,699	72,752	12,635	142,730	24,334	486.5%
Chongqing	164	330	326	428	490	758	-35.4%
Fuzhou	14,984	13,437	18,361	15,605	33,345	29,042	14.8%
Guangzhou	230,557	207,815	230,790	204,482	461,347	412,297	11.9%
Guilin	34,646	35,351	34,820	36,236	69,466	71,587	-3.0%
Haikou	21,617	29,624	21,168	29,800	42,785	59,424	-28.0%
Haneda	3,466	0	3,177	0	6,643	0	-
Hangzhou	102,508	76,458	103,405	77,551	205,913	154,009	33.7%
Hong Kong	600,416	463,508	637,034	491,945	1,237,450	955,453	29.5%
Kaohsiung	14,075	9,133	14,137	8,614	28,212	17,747	59.0%
Kunming	15,519	13,356	16,089	14,077	31,608	27,433	15.2%
Macau	133,327	141,767	135,778	146,454	269,105	288,221	-6.6%
Muan	0	0	14	0	14	0	-
Nanjing	434	0	361	0	795	0	-
Nanning	8,323	7,105	9,048	7,840	17,371	14,945	16.2%
Osaka	61,239	56,596	68,460	68,281	129,699	124,877	3.9%
Pyongyang	223	0	301	0	524	0	-
Sanya	0	0	111	0	111	0	-
Sapporo	1,029	0	1,098	283	2,127	283	651.6%
Seoul	171,624	113,233	168,297	116,136	339,921	229,369	48.2%
Shanghai Pu Dong	187,330	129,262	195,172	138,405	382,502	267,667	42.9%
Shenzhen	122,497	130,339	119,134	128,565	241,631	258,904	-6.7%
Taipei	332,215	214,198	329,648	216,707	661,863	430,905	53.6%
Tianjin	58,344	33,124	61,305	37,836	119,649	70,960	68.6%
Tokyo	180,054	153,797	179,643	158,532	359,697	312,329	15.2%
Urumqi	0	0	294	0	294	0	-
Wuhan	164	0	0	465	164	465	-64.7%
Xi An	2	176	697	612	699	788	-11.3%
Xiamen	49,255	39,567	49,722	38,474	98,977	78,041	26.8%
Zhengzhou	187	0	3,056	0	3,243	0	-
Total	2,530,600	1,980,222	2,594,464	2,052,761	5,125,064	4,032,983	27.1%

	ARRIVAL		DEPARTURE		TOTAL		
	2010	2009	2010	2009	2010	2009	%+/-
SOUTHWEST PACIFIC							
Adelaide	49,654	43,022	51,415	43,795	101,069	86,817	16.4%
Auckland	54,734	46,830	58,630	50,254	113,364	97,084	16.8%
Brisbane	50,624	36,414	41,798	27,302	92,422	63,716	45.1%
Christmas Island	2,197	2,010	2,413	1,869	4,610	3,879	18.8%
Gold Coast	95,982	62,942	94,250	64,520	190,232	127,462	49.2%
Melbourne	356,439	255,240	352,770	249,312	709,209	504,552	40.6%
Perth	214,098	187,688	210,698	184,267	424,796	371,955	14.2%
Port Moresby	3,231	3,250	3,779	3,467	7,010	6,717	4.4%
Sydney	147,771	128,000	153,646	131,626	301,417	259,626	16.1%
Total	974,730	765,396	969,399	756,412	1,944,129	1,521,808	27.8%
SOUTH ASIA							
Bangalore	55,524	25,956	59,592	28,562	115,116	54,518	111.2%
Chennai	195,946	179,580	181,170	179,377	377,116	358,957	5.1%
Colombo	144,016	91,034	131,097	82,730	275,113	173,764	58.3%
Delhi	133,843	83,596	131,610	85,690	265,453	169,286	56.8%
Dhaka	255,026	151,720	197,416	186,983	452,442	338,703	33.6%
Gan Island	0	0	57	0	57	0	-
Hyderabad	40,847	23,234	40,504	23,671	81,351	46,905	73.4%
Islamabad	0	0	0	4,113	0	4,113	-100.0%
Karachi	39,051	36,833	28,997	24,045	68,048	60,878	11.8%
Kathmandu	34,273	27,659	36,984	32,829	71,257	60,488	17.8%
Kochi	41,816	6,255	46,250	7,237	88,066	13,492	552.7%
Kolkata	34,360	5,359	35,737	5,576	70,097	10,935	541.0%
Lahore	7,219	0	5,943	0	13,162	0	-
Male	43,612	35,488	50,641	36,199	94,253	71,687	31.5%
Mumbai	104,316	73,806	100,585	72,732	204,901	146,538	39.8%
Peshawar	0	0	5,325	4,474	5,325	4,474	19.0%
Thiruchilapally	80,427	63,800	94,272	75,949	174,699	139,749	25.0%
Thiruvananthapuram	27,200	5,000	27,435	5,886	54,635	10,886	401.9%
Total	1,237,476	809,320	1,173,615	856,053	2,411,091	1,665,373	44.8%

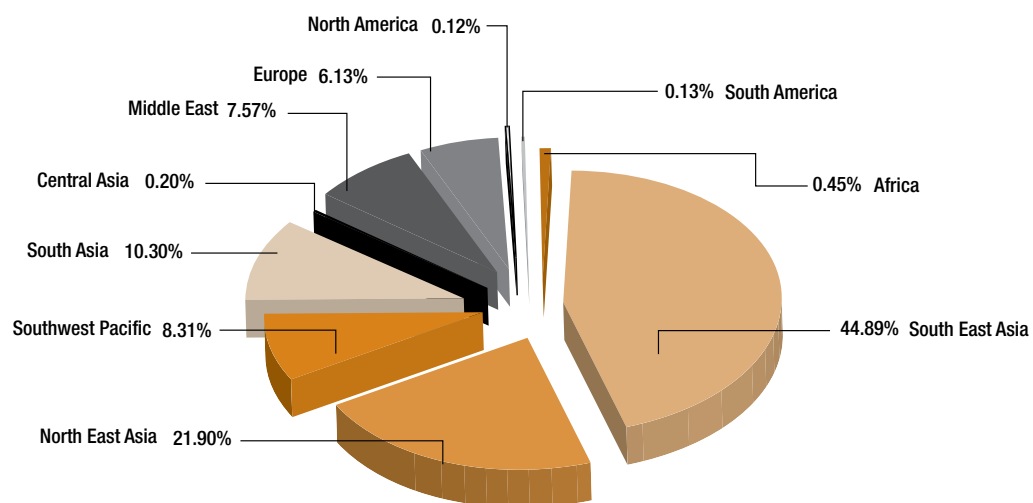
INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2010

	ARRIVAL		DEPARTURE		TOTAL		
	2010	2009	2010	2009	2010	2009	%+/-
CENTRAL ASIA							
Almaty	8,885	1,365	8,344	1,162	17,229	2,527	581.8%
Tashkent	14,579	14,974	14,291	14,043	28,870	29,017	-0.5%
Total	23,464	16,339	22,635	15,205	46,099	31,544	46.1%
MIDDLE EAST							
Abu Dhabi	88,321	75,922	84,613	18,402	172,934	94,324	83.3%
Amman	7,983	0	9,176	0	17,159	0	-
Bahrain	60,528	67,634	57,234	26,701	117,762	94,335	24.8%
Beirut	8,141	9,778	8,403	78,333	16,544	88,111	-81.2%
Cairo	39,772	26,098	38,941	9,681	78,713	35,779	120.0%
Dammam	6,082	7,149	6,951	12,619	13,033	19,768	-34.1%
Doha	125,493	74,503	119,827	66,206	245,320	140,709	74.3%
Dubai	288,482	247,902	279,756	233,881	568,238	481,783	17.9%
Jeddah	101,031	87,201	101,018	98,116	202,049	185,317	9.0%
Kuwait	14,572	10,686	18,389	5,842	32,961	16,528	99.4%
Madinah	10,662	20,327	20,125	17,531	30,787	37,858	-18.7%
Mashad	3,250	0	3,592	0	6,842	0	-
Muscat	18,934	0	16,960	58	35,894	58	61786.2%
Riyadh	32,084	33,649	17,074	49,705	49,158	83,354	-41.0%
Sanaa	6,996	6,150	7,574	70,157	14,570	76,307	-80.9%
Shiraz	10,294	0	8,819	1,138	19,113	1,138	1579.5%
Tehran Imam Khomeini	75,365	50,843	74,804	0	150,169	50,843	195.4%
Total	897,990	717,842	873,256	688,370	1,771,246	1,406,212	26.0%

	ARRIVAL		DEPARTURE		TOTAL		
	2010	2009	2010	2009	2010	2009	%+/-
EUROPE							
Amsterdam	189,654	172,936	201,520	183,928	391,174	356,864	9.6%
Frankfurt	74,121	60,052	77,452	62,738	151,573	122,790	23.4%
Istanbul	33,299	13,884	33,891	14,267	67,190	28,151	138.7%
London	214,223	198,771	214,278	203,391	428,501	402,162	6.5%
London Stansted	79,639	60,569	90,012	62,346	169,651	122,915	38.0%
Moscow	0	105	0	154	0	259	-100.0%
Paris	75,190	60,793	80,242	63,896	155,432	124,689	24.7%
Rome	34,093	28,981	35,913	29,522	70,006	58,503	19.7%
Stockholm	0	17,896	457	17,987	457	35,883	-98.7%
Total	700,219	613,987	733,765	638,229	1,433,984	1,252,216	14.5%
NORTH AMERICA							
Los Angeles	12,674	19,712	16,344	20,065	29,018	39,777	-27.0%
New York	0	7,388	0	9,507	0	16,895	-100.0%
Total	12,674	27,100	16,344	29,572	29,018	56,672	-48.8%
SOUTH AMERICA							
Buenos Aires	15,937	11,797	15,078	13,786	31,015	25,583	21.2%
Total	15,937	11,797	15,078	13,786	31,015	25,583	21.2%
AFRICA							
Cape Town	7,960	4,218	8,878	7,638	16,838	11,856	42.0%
Harare	1,715	305	1,567	305	3,282	610	438.0%
Johannesburg	27,576	12,943	25,133	11,321	52,709	24,264	117.2%
Mauritius	16,918	12,358	15,043	12,160	31,961	24,518	30.4%
Total	54,169	29,824	50,621	31,424	104,790	61,248	71.1%
Grand Total	11,714,999	9,617,629	11,687,428	9,784,043	23,402,427	19,401,672	20.6%

KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2010

International Movements: 23,402,427



AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

AIRLINES	PASSENGER MOVEMENTS	MARKET SHARE %
Malaysia Airlines	7,804,797	32.8
AirAsia	5,924,743	24.9
AirAsia X	1,821,207	7.7
Indonesia AirAsia	961,665	4.0
Cathay Pacific Airways	671,127	2.8
Emirates	648,244	2.7
SilkAir	422,082	1.8
KLM-Royal Dutch Airlines	399,692	1.7
Thai Airways International	387,960	1.6
Singapore Airlines	379,094	1.6

10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA

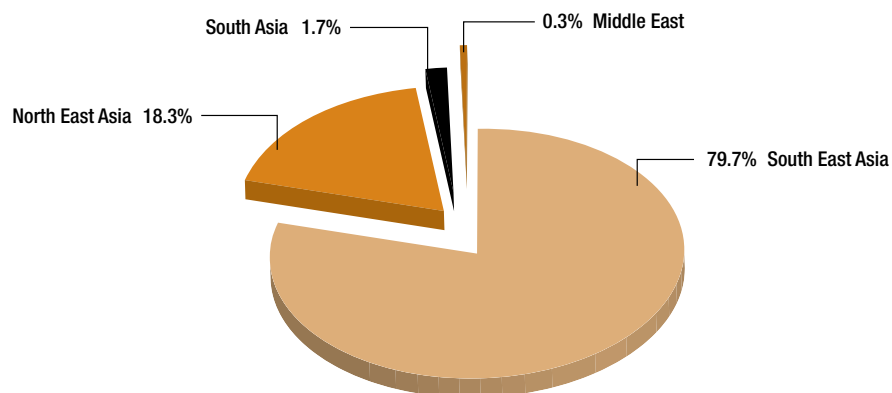
AIRLINES	PASSENGER MOVEMENTS	% Y-O-Y
United Airways Bangladesh	27,978	19063.0
Air Astana	17,229	581.8
Air Zimbabwe	14,014	535.6
Air Bagan	6,385	92.7
AirAsia X	1,821,207	85.6
Lufthansa German Airlines	83,547	85.5
Garuda Indonesia	106,312	61.1
Emirates	648,224	57.5
Biman Bangladesh Airlines	107,342	51.3
Cebu Pacific Air	107,384	48.3

DOMESTIC TRAFFIC AT KLIA

AIRLINES	PASSENGER MOVEMENTS	% Y-O-Y
Malaysia Airlines	4,341,905	-1.5%
AirAsia	5,973,346	6.9%

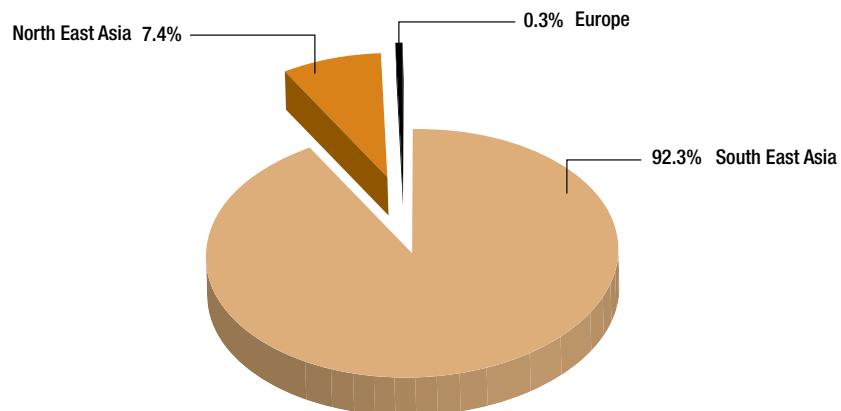
PENANG INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2010

International Movements: 2,013,706



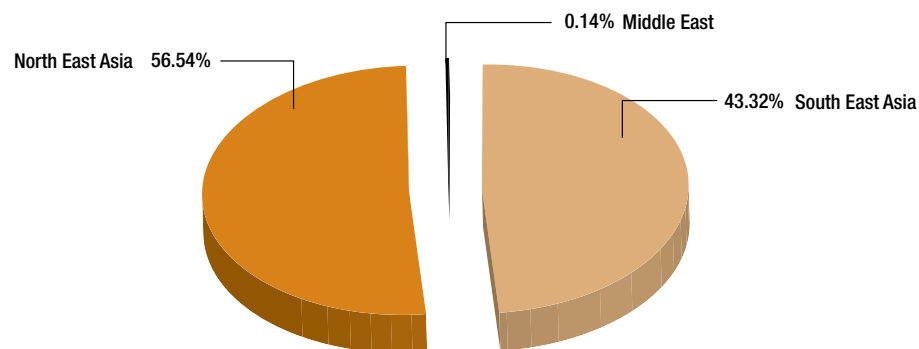
LANGKAWI INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2010

International Movements: 149,184



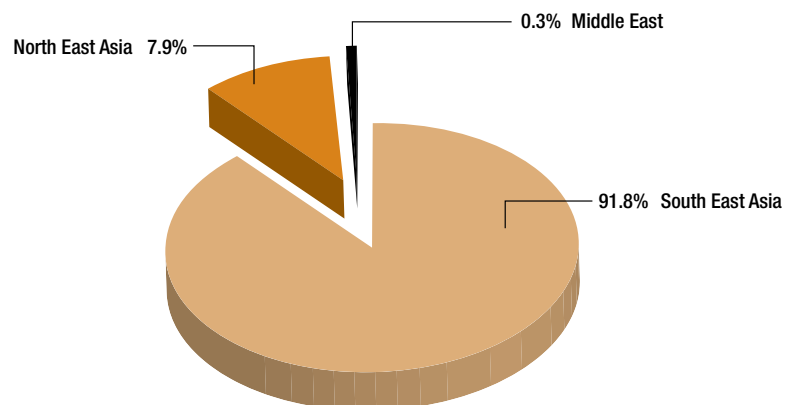
KOTA KINABALU INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2010

International Movements: 1,269,399



KUCHING INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS 2010

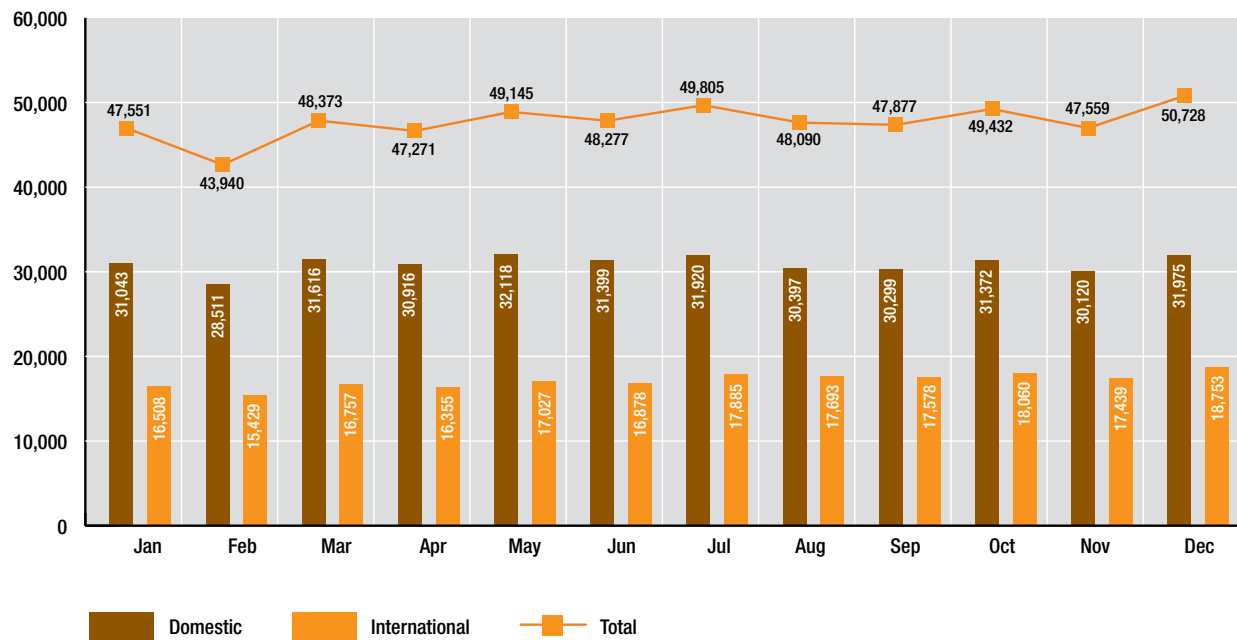
International Movements: 369,921



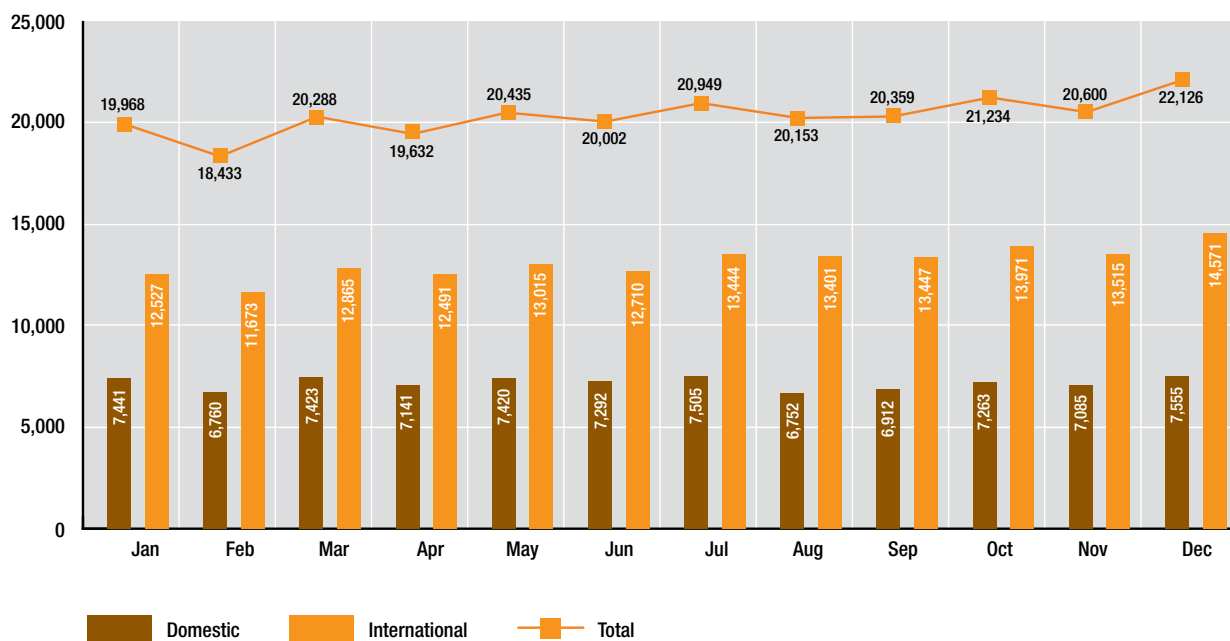
COMMERCIAL AIRCRAFT MOVEMENTS 2010

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
Commercial	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2010	2009	%+/-
KLIA	86,150	399	86,549	156,293	1,337	157,630	244,179	225,251	8.4%
Penang	23,299	0	23,299	21,452	2	21,454	44,753	38,343	16.7%
Kota Kinabalu	43,229	775	44,004	11,085	0	11,085	55,089	52,677	4.6%
Kuching	35,533	3,104	38,637	4,009	294	4,303	42,940	41,437	3.6%
Langkawi	11,571	0	11,571	1,703	0	1,703	13,274	12,638	5.0%
Kota Bharu	10,606	2,574	13,180	0	0	0	13,180	13,709	-3.9%
Ipoh	0	0	0	844	0	844	844	384	119.8%
Kuala Terengganu	5,729	0	5,729	214	16	230	5,959	6,006	-0.8%
Alor Setar	4,513	0	4,513	0	0	0	4,513	4,578	-1.4%
Melaka	0	0	0	582	2	584	584	616	-5.2%
Subang	18,514	0	18,514	5,995	0	5,995	24,509	19,897	23.2%
Kuantan	2,177	0	2,177	419	32	451	2,628	2,947	-10.8%
Tioman	1,020	0	1,020	642	0	642	1,662	1,591	4.5%
Pangkor	174	0	174	0	0	0	174	502	-65.3%
Redang	898	0	898	458	0	458	1,356	862	57.3%
Labuan	8,385	3,437	11,822	0	166	166	11,988	10,868	10.3%
Lahad Datu	2,794	66	2,860	0	0	0	2,860	2,922	-2.1%
Sandakan	10,001	1,427	11,428	0	667	667	12,095	10,214	18.4%
Tawau	9,226	432	9,658	50	15	65	9,723	8,885	9.4%
Bintulu	9,579	1,388	10,967	1	26	27	10,994	10,948	0.4%
Miri	29,986	9,455	39,441	68	0	68	39,509	38,836	1.7%
Sibu	17,085	814	17,899	0	0	0	17,899	16,275	10.0%
Mulu	1,710	16	1,726	0	0	0	1,726	1,570	9.9%
Limbang	1,770	177	1,947	0	0	0	1,947	1,697	14.7%
STOL Sabah	167	0	167	0	0	0	167	0	-
STOL Sarawak	13,538	0	13,538	0	0	0	13,538	12,140	11.5%
Peninsular Malaysia	164,651	2,973	167,624	188,602	1,389	189,991	357,615	327,324	9.3%
Sabah	73,802	6,137	79,939	11,135	848	11,983	91,922	85,566	7.4%
Sarawak	109,201	14,954	124,155	4,078	320	4,398	128,553	122,903	4.6%
Total 2010	347,654	24,064	371,718	203,815	2,557	206,372	578,090	535,793	7.9%
Total 2009	324,595	26,331	350,926	182,982	1,885	184,867	535,793		
% change	7.1%	-8.6%	5.9%	11.4%	35.6%	11.6%	7.9%		

COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS 2010



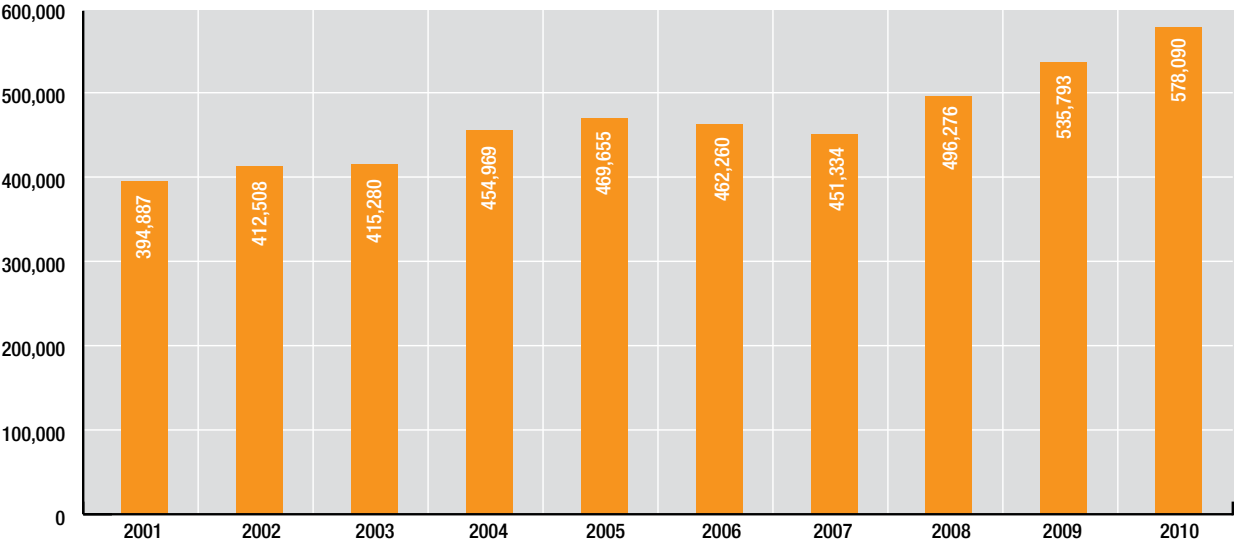
COMMERCIAL AIRCRAFT MOVEMENTS AT KL INTERNATIONAL AIRPORT 2010



COMMERCIAL AIRCRAFT MOVEMENTS (2001 - 2010)

AIRPORTS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	%+/-
KLIA	113,147	127,462	139,101	164,483	181,341	182,548	192,304	209,681	225,251	244,179	8.4%
Penang	28,866	28,861	26,516	29,182	31,173	31,448	34,508	38,335	38,343	44,753	16.7%
Kota Kinabalu	38,680	42,177	42,491	50,313	49,680	50,594	49,881	52,463	52,677	55,089	4.6%
Kuching	36,625	39,477	38,676	41,353	39,430	37,167	34,192	36,087	41,437	42,940	3.6%
Pulau Langkawi	9,448	7,910	7,168	7,352	8,021	8,287	10,828	12,242	12,638	13,274	5.0%
Johor Bahru	11,513	9,291	8,848	-	-	-	-	-	-	-	-
Kota Bharu	4,808	6,255	7,520	8,888	8,765	10,368	13,074	14,083	13,709	13,180	-3.9%
Ipoh	1,946	1,662	1,572	1,402	1,145	954	12	183	384	844	118.8%
Kuala Terengganu	3,366	3,196	4,221	4,776	4,623	3,792	4,533	6,043	6,006	5,959	-0.8%
Alor Setar	2,978	2,940	3,646	3,568	3,267	2,820	2,668	2,934	4,578	4,513	-1.4%
Melaka	278	182	1,102	2,135	1,328	596	714	700	616	584	-5.2%
Subang	22,441	14,685	5,140	6,981	8,988	9,158	7,234	11,448	19,897	24,509	23.2%
Kuantan	4,046	3,764	3,743	3,748	3,500	2,748	3,253	3,334	2,947	2,628	-10.8%
Tioman	2,708	2,357	2,173	1,885	1,668	1,836	1,597	1,603	1,591	1,662	4.5%
Pangkor	652	519	511	534	530	514	517	503	502	174	-65.3%
Redang	0	0	0	741	1,110	934	1,053	1,083	862	1,356	57.3%
Labuan	7,572	8,358	9,661	10,450	9,292	9,332	10,127	11,212	10,868	11,988	10.3%
Lahad Datu	2,694	2,886	2,882	2,948	3,010	3,203	2,195	2,922	2,922	2,860	-2.1%
Sandakan	9,325	9,474	9,985	10,184	10,876	10,034	7,719	8,991	10,214	12,095	18.4%
Tawau	6,547	6,928	7,450	8,019	8,531	8,005	6,863	7,334	8,885	9,723	9.4%
Bintulu	12,646	14,111	13,288	13,240	13,146	11,388	6,542	8,933	10,948	10,994	0.4%
Miri	36,010	39,545	40,468	42,306	40,302	39,462	33,022	35,178	38,836	39,509	1.7%
Sibu	16,589	16,791	16,593	17,162	16,683	15,092	11,765	14,307	16,275	17,899	10.0%
Mulu	3,484	4,536	3,422	3,066	2,620	2,220	1,638	1,642	1,570	1,726	9.9%
Limbang	5,130	4,688	4,994	5,625	5,490	4,242	2,300	1,860	1,697	1,947	14.7%
STOL Sabah	902	922	936	812	814	800	338	459	0	167	-
STOL Sarawak	12,486	13,531	13,173	13,816	14,322	14,718	12,457	12,716	12,140	13,538	11.5%
Peninsular	206,197	209,084	211,261	235,675	255,459	256,003	272,295	302,172	327,324	357,615	9.3%
Sabah	65,720	70,745	73,405	82,726	82,203	81,968	77,123	83,381	85,566	91,922	7.4%
Sarawak	122,970	132,679	130,614	136,568	131,993	124,289	101,916	110,723	122,903	128,553	4.6%
Grand Total	394,887	412,508	415,280	454,969	469,655	462,260	451,334	496,276	535,793	578,090	7.9%
% change	3.5%	4.5%	0.7%	9.6%	3.2%	-1.6%	-2.4%	10.0%	8.0%	7.9%	

COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS (2001 – 2010)



ALL AIRCRAFT MOVEMENTS (2001 - 2010)

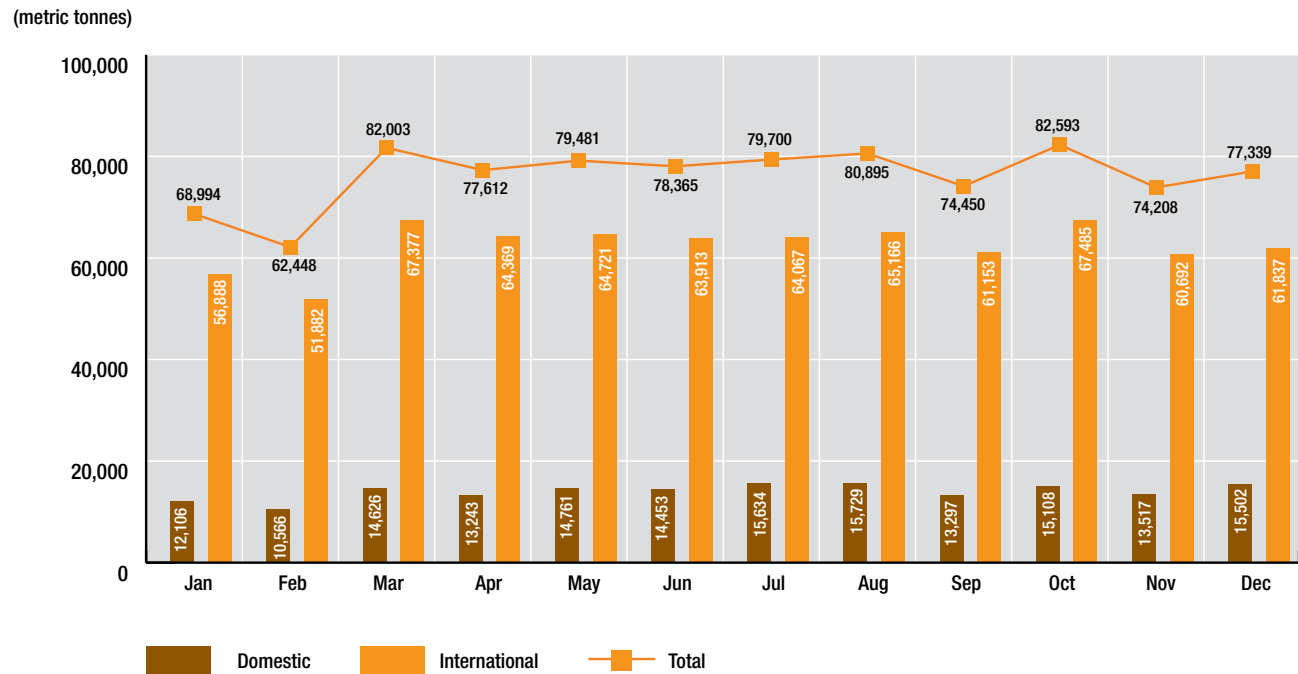
AIRPORTS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	%+/-
KLIA	113,590	127,952	139,947	165,115	182,537	183,869	193,710	211,228	226,751	245,650	8.3%
Penang	32,676	32,503	30,558	33,069	34,616	36,259	39,265	43,796	43,621	50,205	15.1%
Kota Kinabalu	40,157	44,528	44,748	52,352	51,824	52,055	52,047	54,317	53,554	55,241	3.2%
Kuching	39,815	42,975	42,138	45,340	43,253	40,292	37,348	39,188	44,761	46,382	3.6%
Pulau Langkawi	12,724	9,686	8,913	8,711	8,964	27,622	43,234	41,837	39,815	33,064	-17.0%
Johor Bahru	18,591	28,759	22,253	-	-	-	-	-	-	-	-
Kota Bharu	5,668	8,527	10,010	11,869	11,194	38,352	58,996	57,102	74,863	75,906	1.4%
Ipoh	6,330	8,562	8,505	7,075	26,657	30,626	32,462	2,183	40,883	41,069	0.5%
Kuala Terengganu	3,880	4,159	5,508	5,834	5,622	3,792	8,781	10,045	9,875	10,959	11.0%
Alor Star	36,592	24,539	18,318	14,784	17,632	18,495	20,277	17,705	24,031	22,187	-7.7%
Melaka	33,274	40,030	57,636	70,369	77,504	74,888	64,936	60,512	54,160	60,811	12.3%
Subang	35,691	28,170	19,616	22,757	29,668	36,626	44,302	46,989	55,148	63,616	15.4%
Kuantan	4,294	4,043	4,054	4,088	3,757	2,973	3,487	3,551	3,110	2,802	-9.9%
Tioman	2,994	2,641	2,633	2,447	2,146	2,256	1,989	2,141	2,180	2,167	-0.6%
Pangkor	898	764	657	698	752	541	589	545	502	174	-65.3%
Redang	0	0	0	741	1,121	934	1,053	1,083	862	1,356	57.3%
Labuan	7,750	8,871	9,896	10,668	9,510	9,554	10,349	11,328	11,045	12,093	9.5%
Lahad Datu	2,774	2,990	3,035	3,055	3,160	3,376	2,336	3,012	3,077	2,960	-3.8%
Sandakan	10,257	10,569	10,588	10,823	11,662	10,776	8,410	9,622	12,915	13,517	4.7%
Tawau	7,787	8,148	8,368	8,900	9,814	9,215	7,992	8,546	9,876	10,845	9.8%
Bintulu	12,972	14,485	13,627	13,546	13,619	11,804	7,093	16,787	51,009	24,246	-52.5%
Miri	39,580	42,714	43,460	45,269	42,865	42,680	35,502	38,172	41,996	41,682	-0.7%
Sibu	16,995	17,113	16,885	17,650	17,330	15,638	12,536	14,672	17,449	18,985	8.8%
Mulu	3,484	4,654	3,524	3,122	2,642	2,220	1,660	1,664	1,592	1,444	-9.3%
Limbang	5,130	4,688	5,046	5,691	5,568	4,366	2,552	2,112	1,949	2,171	11.4%
STOL Sabah	902	922	938	812	814	800	338	459	0	559	-
STOL Sarawak	12,486	13,531	13,305	13,838	14,394	14,854	12,719	12,978	12,140	13,538	11.5%
Peninsular Malaysia	307,202	320,335	328,608	347,557	402,170	457,233	513,081	498,717	575,801	609,966	5.9%
Sabah	69,627	76,028	77,573	86,610	86,784	85,776	81,472	87,284	90,467	95,215	5.2%
Sarawak	130,462	140,160	137,985	144,456	139,671	131,854	109,410	125,573	170,896	148,448	-13.1%
Grand Total	507,291	536,523	544,166	578,623	628,625	674,863	703,963	711,574	837,164	853,629	2.0%
% change	6.9%	5.8%	1.4%	6.3%	8.6%	7.4%	4.3%	1.1%	17.6%	2.0%	

CARGO MOVEMENTS 2010

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
(kg)	Arrival	Departure	Total	Arrival	Departure	Total	2010 *	2009 *	% + / -	Domestic	Int.	Total
KLIA	19,939,676	40,562,414	60,502,090	297,641,953	316,757,747	614,399,700	674,901,790	584,558,967	15.5%	0	0	0
Penang	19,252,316	6,405,756	25,658,072	44,869,456	68,048,055	112,917,511	147,056,819	137,775,171	6.7%	1,992,923	6,488,313	8,481,236
Kota Kinabalu	11,923,601	7,097,112	19,020,713	720,615	1,403,695	2,124,310	26,732,864	25,079,184	6.6%	3,611,970	1,975,871	5,587,841
Kuching	16,081,631	8,898,356	24,979,987	1,229,901	625,085	1,854,986	26,976,585	20,830,387	29.5%	100,589	41,023	141,612
Langkawi	274,275	17,200	291,475	137,646	5,318	142,964	434,439	571,771	-24.0%	0	0	0
Kota Bharu	113,650	63,820	177,470	0	0	0	177,470	184,875	-4.0%	0	0	0
Ipoh	0	0	0	0	0	0	0	0	-	0	0	0
Kuala Terengganu	30,584	18,841	49,425	0	363	363	49,920	23,649	111.1%	132	0	132
Alor Setar	2,703	31,349	34,052	0	0	0	34,052	33,592	1.4%	0	0	0
Melaka	0	0	0	59,174	84,673	143,847	143,847	127,436	12.9%	0	0	0
Subang	3,132,100	7,959,786	11,091,886	4,220,788	4,675,454	8,896,242	19,988,128	18,535,712	7.8%	0	0	0
Kuantan	44,642	4,692	49,334	0	41	41	49,375	69,861	-29.3%	0	0	0
Tioman	0	0	0	0	0	0	0	0	-	0	0	0
Pangkor	0	0	0	0	0	0	0	0	-	0	0	0
Labuan	2,627,988	934,137	3,562,125	502,002	63,440	565,442	4,591,662	4,165,312	10.2%	464,095	0	464,095
Lahad Datu	0	0	0	0	0	0	0	0	-	0	0	0
Sandakan	976,324	1,829,594	2,805,918	0	0	0	2,805,918	2,098,779	33.7%	0	0	0
Tawau	640,979	2,403,956	3,044,935	0	0	0	3,044,935	1,951,169	56.1%	0	0	0
Bintulu	1,087,074	615,649	1,702,723	0	0	0	1,702,807	1,902,982	-10.5%	84	0	84
Miri	5,270,058	1,500,363	6,770,421	0	0	0	6,770,421	3,921,373	72.7%	0	0	0
Sibu	911,921	220,593	1,132,514	0	0	0	1,132,514	855,611	32.4%	0	0	0
Mulu	388,368	7,270	395,638	0	0	0	395,638	345,709	14.4%	0	0	0
Limbang	279,790	279,746	559,536	0	0	0	559,536	530,022	5.6%	0	0	0
STOL Sabah	0	0	0	0	0	0	0	0	-	0	0	0
STOL Sarawak	295,363	158,158	453,521	0	0	0	543,361	402,459	35.0%	89,840	0	89,840
Peninsular Malaysia	42,789,947	55,063,858	97,853,804	346,929,017	389,571,651	736,500,668	842,835,840	741,881,035	13.6%	1,993,055	6,488,313	8,481,368
Sabah	16,168,892	12,264,799	28,433,691	1,222,617	1,467,135	2,689,752	37,175,379	33,294,444	11.7%	4,076,065	1,975,871	6,051,936
Sarawak	24,314,205	11,680,135	35,994,340	1,229,901	625,085	1,854,986	38,080,862	28,788,542	32.3%	190,513	41,023	231,536
Total 2010	83,273,044	79,008,792	162,281,836	349,381,535	391,663,871	741,045,406	918,092,081	803,964,021	14.2%	6,259,633	8,505,207	14,764,840
Total 2009	69,260,184	68,916,268	138,176,452	300,843,497	353,679,763	654,523,260	803,964,021			3,399,726	7,864,584	11,264,310
% change	20.2%	14.6%	17.4%	16.1%	10.7%	13.2%	14.2%			84.1%	8.1%	31.1%

Note: * Including transit cargo

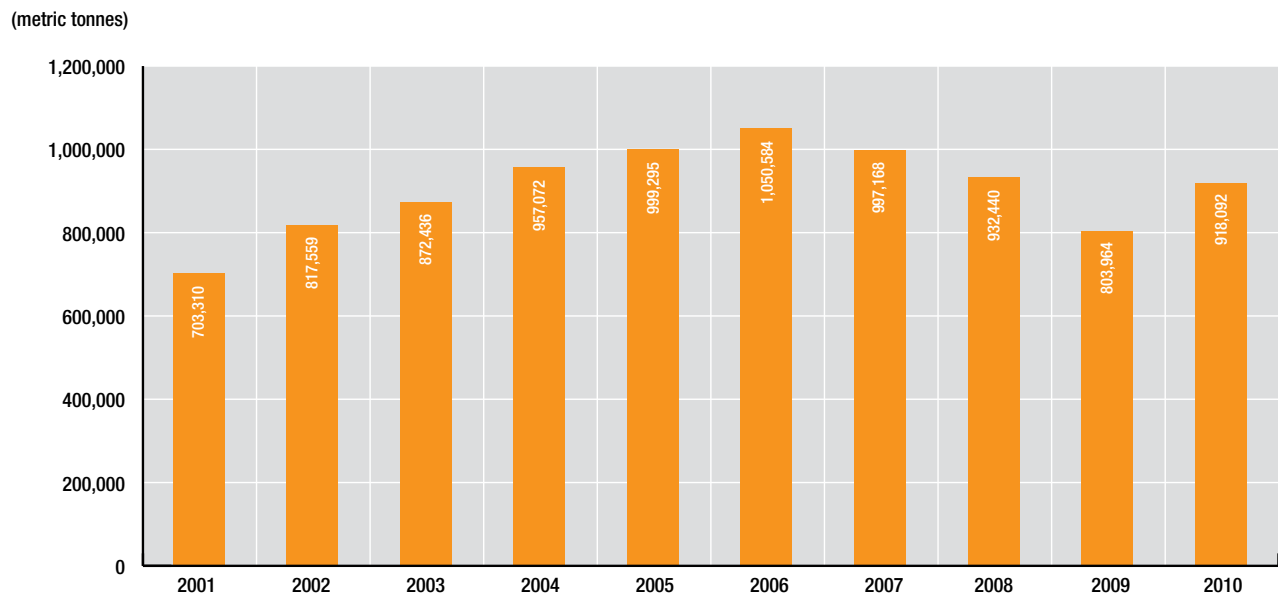
CARGO MOVEMENTS AT MAHB AIRPORTS 2010



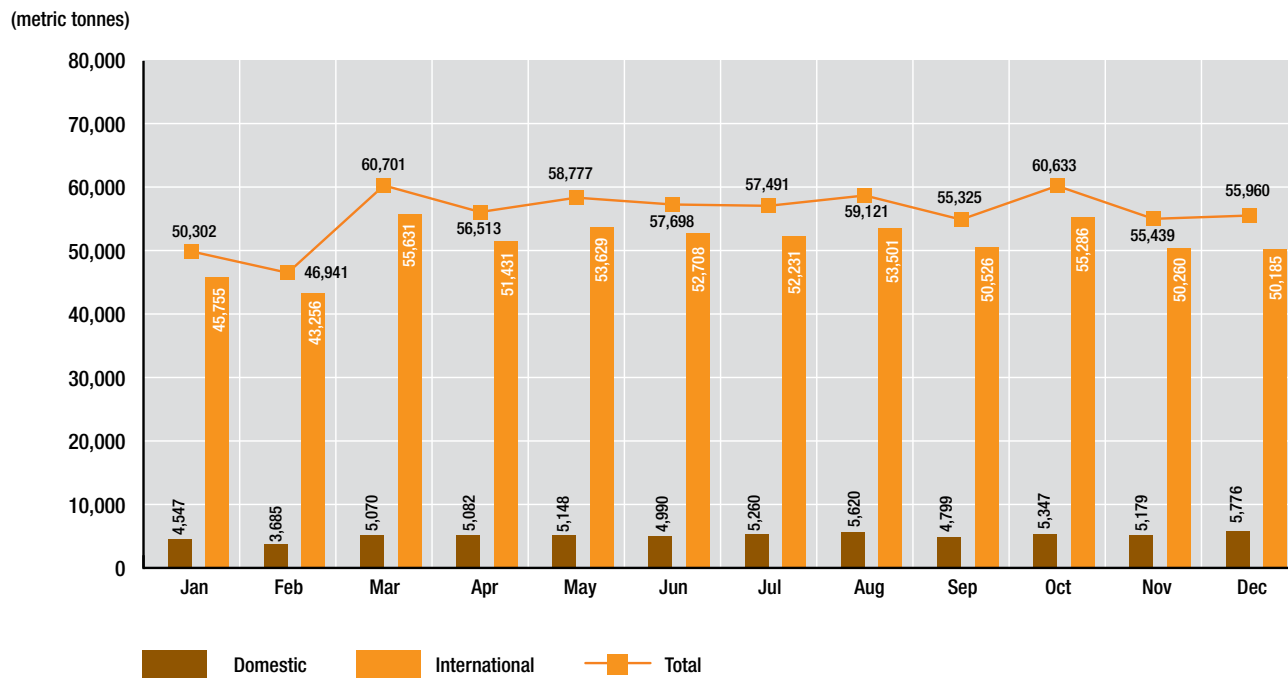
CARGO MOVEMENTS (2001 - 2010)

AIRPORTS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	%+/-
(Metric tonnes)											
KLIA	440,864	527,124	586,195	651,747	653,654	672,888	644,100	649,077	584,559	674,902	15.5%
Penang	176,317	202,044	197,567	212,369	221,971	225,952	208,582	192,936	137,775	147,057	6.7%
Kota Kinabalu	24,887	28,112	25,638	27,191	25,473	28,356	35,638	34,532	25,079	26,733	6.6%
Kuching	22,897	24,835	26,278	26,073	28,407	29,716	23,818	19,166	20,830	26,977	29.5%
Langkawi	213	210	287	325	449	487	524	589	572	434	-24.0%
Johor Bahru	4,157	3,849	3,697	-	-	-	-	-	-	-	-
Kota Bharu	407	404	315	235	168	210	163	181	185	177	-4.0%
Kuala Terengganu	186	151	160	124	94	70	47	24	24	50	111.1%
Alor Setar	54	30	17	67	118	111	55	41	34	34	1.4%
Melaka	48	49	214	602	370	146	219	179	127	144	12.9%
Subang	14,445	12,261	14,358	18,670	46,082	71,953	63,382	18,473	18,536	19,988	7.8%
Kuantan	121	96	64	64	75	109	103	70	70	49	-29.3%
Ipoh	361	388	498	735	437	357	10	0	0	0	-
Tioman	0	0	0	0	0	0	0	0	0	0	-
Pangkor	0	0	0	0	0	0	0	0	0	0	-
Labuan	2,946	3,176	2,733	2,653	3,077	3,207	3,985	4,566	4,165	4,592	10.2%
Lahad Datu	389	469	400	390	334	170	0	0	0	0	-
Sandakan	2,562	2,665	3,713	4,053	4,531	5,475	6,224	3,055	2,099	2,806	33.7%
Tawau	3,935	3,612	2,701	2,968	3,885	3,030	2,134	1,262	1,951	3,045	56.1%
Bintulu	1,196	1,176	940	1,375	2,110	2,205	2,252	1,978	1,903	1,703	-10.5%
Miri	4,096	3,903	3,881	4,721	5,392	4,080	3,564	4,146	3,921	6,770	72.7%
Sibu	2,006	1,916	1,701	1,567	1,377	1,040	892	735	856	1,133	32.4%
Mulu	0	18	4	102	459	240	191	262	346	396	14.4%
Limbang	173	249	226	179	289	379	440	475	530	560	5.6%
STOL Sabah	4	4	2	2	1	1	0	0	0	0	-
STOL Sarawak	1,046	818	847	862	540	403	845	692	402	543	35.0%
Peninsular Malaysia	637,173	746,607	803,372	884,937	923,419	972,283	917,186	861,570	741,881	842,836	13.6%
Sabah	34,723	38,037	35,187	37,257	37,301	40,238	47,982	43,415	33,294	37,175	11.7%
Sarawak	31,414	32,915	33,876	34,878	38,575	38,062	32,001	27,454	28,789	38,081	32.3%
Grand Total	703,310	817,559	872,436	957,072	999,295	1,050,584	997,168	932,440	803,964	918,092	14.2%
% change	-9.3%	16.2%	6.7%	9.7%	4.4%	5.1%	-5.1%	-6.5%	-13.8%	14.2%	

CARGO MOVEMENTS AT MAHB AIRPORTS (2001 – 2010)



CARGO MOVEMENTS AT KL INTERNATIONAL AIRPORT 2010



INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		
kg	2010	2009	2010	2009	2010	2009	%+/-
SOUTH EAST ASIA							
Banda Aceh	732	896	569	1,382	1,301	2,278	-42.9%
Bandar Seri Begawan	119,196	105,985	1,244,441	1,161,785	1,363,637	1,267,770	7.6%
Bandung	0	0	1,320	157	1,320	157	740.8%
Bangkok	12,380,562	8,533,635	11,814,360	7,983,475	24,194,922	16,517,110	46.5%
Batam	0	0	0	501	0	501	-100.0%
Cebu	26,468	66,116	57,637	89,742	84,105	155,858	-46.0%
Chiang Mai	0	0	20,387	1,359	20,387	1,359	1400.1%
Clark Field	84,595	468,938	106,533	966,141	191,128	1,435,079	-86.7%
Denpasar Bali	1,358,857	1,379,061	1,276,761	547,469	2,635,618	1,926,530	36.8%
Hanoi	1,035,013	593,825	977,029	756,244	2,012,042	1,350,069	49.0%
Hat Yai	0	0	5	0	5	0	-
Ho Chi Minh City	3,136,799	1,632,657	2,269,418	1,741,876	5,406,217	3,374,533	60.2%
Jakarta	17,081,133	12,002,966	8,634,306	8,381,827	25,715,439	20,384,793	26.2%
Krabi	0	0	27	0	27	0	-
Manado	1,258	5,976	0	0	1,258	5,976	-78.9%
Manila	2,708,065	2,712,543	3,834,392	3,702,137	6,542,457	6,414,680	2.0%
Mataram	33,044	98	14,129	5,460	47,173	5,558	748.7%
Medan	1,196,435	1,522,208	666,113	679,734	1,862,548	2,201,942	-15.4%
Padang	17,007	33,173	13,567	20,470	30,574	53,643	-43.0%
Palembang	4,661	12,533	0	480	4,661	13,013	-64.2%
PekanBaru	22,306	6,248	1,836	3,729	24,142	9,977	142.0%
Phnom Penh	1,143,834	608,568	809,960	824,707	1,953,794	1,433,275	36.3%
Phuket	31,629	10,373	60,032	28,028	91,661	38,401	138.7%
Siem Reap	12,676	7,632	5,227	7,122	17,903	14,754	21.3%
Singapore	13,879,509	14,802,759	12,271,566	15,697,025	26,151,075	30,499,784	-14.3%
Solo City	83,653	126,597	2,962	70	86,615	126,667	-31.6%
Subic Bay	0	527,454	0	190,573	0	718,027	-100.0%
Surabaya	1,321,191	1,013,491	663,907	640,467	1,985,098	1,653,958	20.0%
Ujung Pandang	496,222	129,032	44	0	496,266	129,032	284.6%
Vientiane	4,859	3,319	49,861	14,325	54,720	17,644	210.1%
Yangon	549,155	334,139	699,024	664,410	1,248,179	998,549	25.0%
Yogyakarta	276,008	175,716	23,712	6,971	299,720	182,687	64.1%
Total	57,004,867	46,815,938	45,519,125	44,117,666	102,523,992	90,933,604	12.7%

INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		
kg	2010	2009	2010	2009	2010	2009	%+/-
NORTH EAST ASIA							
Beijing	3,848,739	4,427,370	3,382,013	2,575,124	7,230,752	7,002,494	3.3%
Chengdu	869,377	82,991	213,869	25,353	1,083,246	108,344	899.8%
Fuzhou	196,739	116,864	27,887	16,862	224,626	133,726	68.0%
Guangzhou	17,093,236	14,011,370	5,358,030	4,824,586	22,451,266	18,835,956	19.2%
Guilin	54,023	291	6,574	4,554	60,597	4,845	1150.7%
Haikou	9,440	39,233	2,649	9,350	12,089	48,583	-75.1%
Haneda	23,021	0	60,221	0	83,242	0	-
Hangzhou	3,002,777	2,255,232	1,267,262	74,452	4,270,039	2,329,684	83.3%
Hong Kong	33,168,366	26,842,659	25,350,130	22,892,889	58,518,496	49,735,548	17.7%
Kaoshiung	342,515	353,693	150,037	133,436	492,552	487,129	1.1%
Kunming	303,534	403,302	37,346	56,400	340,880	459,702	-25.8%
Macau	929,280	950,701	36,606	32,496	965,886	983,197	-1.8%
Nanning	177,076	191,445	20	0	177,096	191,445	-7.5%
Osaka	3,499,514	3,854,446	4,102,686	4,774,076	7,602,200	8,628,522	-11.9%
Seoul	24,168,516	18,299,249	17,163,076	15,020,189	41,331,592	33,319,438	24.0%
Shanghai Pu Dong	16,315,728	20,217,274	17,570,661	14,310,445	33,886,389	34,527,719	-1.9%
Shenzhen	3,195,900	1,958,376	852,115	88,947	4,048,015	2,047,323	97.7%
Tainan	0	0	451	0	451	0	-
Taipei	15,455,695	13,760,572	19,755,770	12,926,120	35,211,465	26,686,692	31.9%
Tianjin	1,139,270	672,801	452,401	64,563	1,591,671	737,364	115.9%
Tokyo	13,023,161	7,678,253	12,171,656	10,861,448	25,194,817	18,539,701	35.9%
Xiamen	2,479,927	1,897,286	1,850,799	1,179,129	4,330,726	3,076,415	40.8%
Total	139,295,834	118,013,408	109,812,259	89,870,419	249,108,093	207,883,827	19.8%
SOUTHWEST PACIFIC							
Adelaide	961,521	1,494,450	1,981,122	1,366,798	2,942,643	2,861,248	2.8%
Auckland	1,713,139	2,043,489	2,751,032	2,179,739	4,464,171	4,223,228	5.7%
Avalon	272,350	185,413	199,792	0	472,142	185,413	154.6%
Brisbane	885,508	1,100,263	1,703,044	962,312	2,588,552	2,062,575	25.5%
Gold Coast	149,972	96,226	3,207,298	1,497,144	3,357,270	1,593,370	110.7%
Melbourne	6,643,725	7,884,226	14,937,591	12,231,882	21,581,316	20,116,108	7.3%
Perth	1,401,587	1,996,259	5,921,227	3,977,113	7,322,814	5,973,372	22.6%
Port Moresby	13,736	18,921	89,326	83,140	103,062	102,061	1.0%
Sydney	3,779,013	3,897,377	13,239,795	13,103,521	17,018,808	17,000,898	0.1%
Total	15,820,551	18,716,624	44,030,227	35,401,649	59,850,778	54,118,273	10.6%

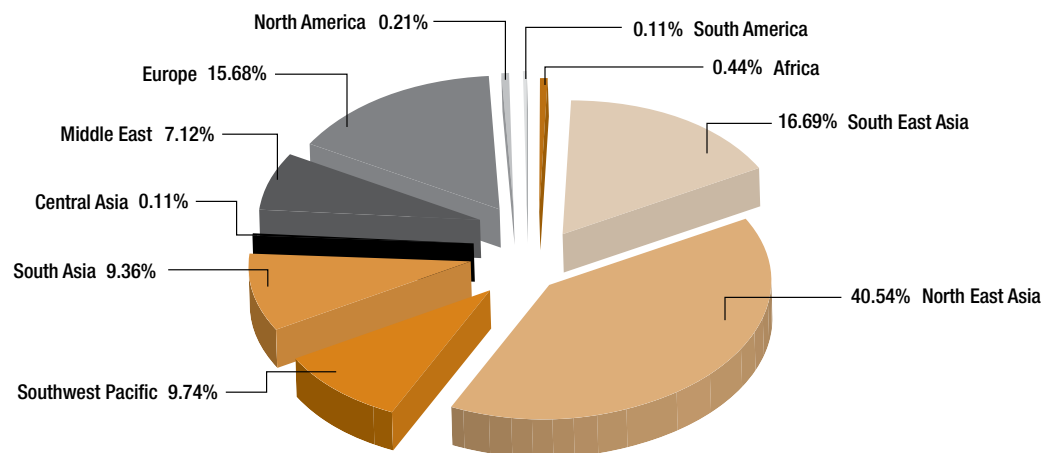
	ARRIVAL		DEPARTURE		TOTAL		
kg	2010	2009	2010	2009	2010	2009	%+/-
SOUTH ASIA							
Bangalore	769,520	657,738	707,131	1,456,015	1,476,651	2,113,753	-30.1%
Chennai	5,968,326	3,951,263	4,875,139	4,668,254	10,843,465	8,619,517	25.8%
Colombo	2,550,159	1,231,496	2,668,364	1,981,714	5,218,523	3,213,210	62.4%
Delhi	5,140,102	4,037,642	5,260,990	4,474,921	10,401,092	8,512,563	22.2%
Dhaka	7,618,111	5,964,136	4,834,737	4,461,557	12,452,848	10,425,693	19.4%
Hyderabad	636,134	663,951	371,199	666,725	1,007,333	1,330,676	-24.3%
Islamabad	0	0	0	101,113	0	101,113	-100.0%
Karachi	1,448,602	1,368,457	1,478,185	1,366,501	2,926,787	2,734,958	7.0%
Kathmandu	226,063	221,964	0	4,802	226,063	226,766	-0.3%
Kochi	196,414	0	31,858	0	228,272	0	-
Kolkata	495,001	0	29,859	0	524,860	0	-
Lahore	76,798	0	116,897	0	193,695	0	-
Male	198,827	376,962	1,622,516	1,681,377	1,821,343	2,058,339	-11.5%
Mumbai	5,117,890	3,236,110	4,424,790	3,459,849	9,542,680	6,695,959	42.5%
Peshawar	0	0	15,433	1,138	15,433	1,138	1256.2%
Thiruvananthapuram	23,584	0	5,140	0	28,724	0	-
Tiruchirapally	586,956	116,733	163	122	587,119	116,855	402.4%
Total	31,052,487	21,826,452	26,442,401	24,324,088	57,494,888	46,150,540	24.6%
CENTRAL ASIA							
Almaty	741	0	0	0	741	0	-
Tashkent	29,283	83,795	675,880	414,019	705,163	497,814	41.7%
Total	30,024	83,795	675,880	414,019	705,904	497,814	41.8%
WEST ASIA							
Abu Dhabi	1,703,538	838,097	3,619,048	2,901,690	5,322,586	3,739,787	42.3%
Amman	32,506	0	70,243	0	102,749	0	-
Bahrain	500,153	201,695	2,284,886	1,961,080	2,785,039	2,162,775	28.8%
Beirut	131,336	83,750	665,400	737,544	796,736	821,294	-3.0%
Cairo	142,519	118,578	708,619	181,529	851,138	300,107	183.6%
Dammam	12,128	12,322	84,470	5,119	96,598	17,441	453.9%
Doha	3,359,702	2,145,652	6,901,830	3,856,065	10,261,532	6,001,717	71.0%
Dubai	4,383,256	2,870,377	10,662,840	11,022,903	15,046,096	13,893,280	8.3%
Jeddah	788,631	972,749	2,938,694	2,472,302	3,727,325	3,445,051	8.2%
Kuwait	75,650	106,197	896,128	579,120	971,778	685,317	41.8%
Madinah	540	0	9,706	86,334	10,246	86,334	-88.1%
Mashad	499	0	731	0	1,230	0	-
Muscat	371,417	0	1,361,511	0	1,732,928	0	-
Riyadh	46,350	70,282	542,148	139,983	588,498	210,265	179.9%
Sanaa	27,012	32,174	89,497	115,660	116,509	147,834	-21.2%
Sharjah	0	95,325	0	103,598	0	198,923	-100.0%
Shiraz	2,500	0	524	0	3,024	0	-
Tehran Imam Khomeini	155,583	110,564	1,188,899	1,077,709	1,344,482	1,188,273	13.1%
Total	11,733,320	7,657,762	32,025,174	25,240,636	43,758,494	32,898,398	33.0%

INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		
kg	2010	2009	2010	2009	2010	2009	%+/-
EUROPE							
Amsterdam	9,688,471	8,943,149	18,250,086	19,915,982	27,938,557	28,859,131	-3.2%
Basel	4,788,818	1,519,805	421,643	81,788	5,210,461	1,601,593	225.3%
Frankfurt	12,163,318	11,951,943	13,023,399	13,660,446	25,186,717	25,612,389	-1.7%
Istanbul	1,121,990	1,178,956	2,047,982	1,167,445	3,169,972	2,346,401	35.1%
London Heathrow	3,886,604	4,017,307	8,004,871	7,920,290	11,891,475	11,937,597	-0.4%
London Stansted	2,093,652	869,599	3,191,014	1,153,734	5,284,666	2,023,333	161.2%
Luxembourg	2,037,990	2,061,883	4,833,948	5,142,599	6,871,938	7,204,482	-4.6%
Maastricht	89,247	0	0	0	89,247	0	-
Milan	0	3,276,197	0	1,307,364	0	4,583,561	-100.0%
Paris	3,210,395	2,555,760	3,737,109	3,687,324	6,947,504	6,243,084	11.3%
Rome	2,150,437	2,124,196	1,567,403	1,708,785	3,717,840	3,832,981	-3.0%
Stockholm	0	417,720	224	818,357	224	1,236,077	-100.0%
Total	41,230,922	38,916,515	55,077,679	56,564,114	96,308,601	95,480,629	0.9%
NORTH AMERICA							
Los Angeles	447,640	421,241	814,716	754,925	1,262,356	1,176,166	7.3%
New York	0	82,231	0	83,599	0	165,830	-100.0%
Total	447,640	503,472	814,716	838,524	1,262,356	1,341,996	-5.9%
SOUTH AMERICA							
Buenos Aires	159,581	114,629	525,832	398,149	685,413	512,778	33.7%
Total	159,581	114,629	525,832	398,149	685,413	512,778	33.7%
AFRICA							
Brazzaville	0	0	96,788	0	96,788	0	-
Cape Town	483,932	89,379	189,250	139,695	673,182	229,074	193.9%
Harare	18,177	0	62,660	16,617	80,837	16,617	386.5%
Johannesburg	298,326	198,991	1,093,850	431,747	1,392,176	630,738	120.7%
Mauritius	66,292	55,524	391,906	260,505	458,198	316,029	45.0%
Total	866,727	343,894	1,834,454	848,564	2,701,181	1,192,458	126.5%
Grand Total	297,641,953	252,992,489	316,757,747	278,017,828	614,399,700	531,010,317	15.7%

KL INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS 2010

International Movements: 614,400 metric tonnes



AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

AIRLINES	CARGO MOVEMENTS (MT)	MARKET SHARE %
Malaysia Airlines	345,737,878	56.3%
Korean Air	34,743,197	5.7%
AirAsia X	31,012,509	5.0%
Cathay Pacific Airways	25,052,525	4.1%
China Airlines	19,947,265	3.2%
Singapore Airlines	18,672,243	3.0%
Thai Airways International	18,628,480	3.0%
AirAsia	17,866,526	2.9%
Federal Express	12,688,728	2.1%
KLM-Royal Dutch Airlines	10,767,677	1.8%
EVA Airways	10,666,256	1.7%

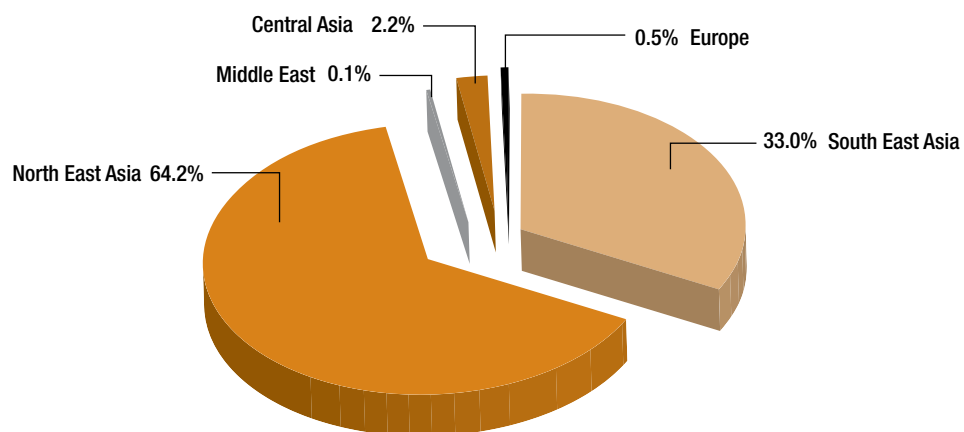
10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE* AT KLIA

AIRLINES	CARGO MOVEMENTS (MT)	% Y-O-Y
AirAsia X	31,012,509	188.2%
Biman Bangladesh Airlines	1,394,101	183.6%
AirAsia	17,866,526	126.0%
SriLankan Airlines	3,249,344	71.4%
EVA Airways	10,666,256	70.9%
Qatar Airways	10,234,533	64.9%
Thai Airways International	18,628,480	52.2%
Saudi Arabian Airlines	2,234,365	51.6%
Etihad Airways	5,310,551	44.8%
United Parcel Services	2,059,244	43.7%

Note: *1,000 metric tonnes and above

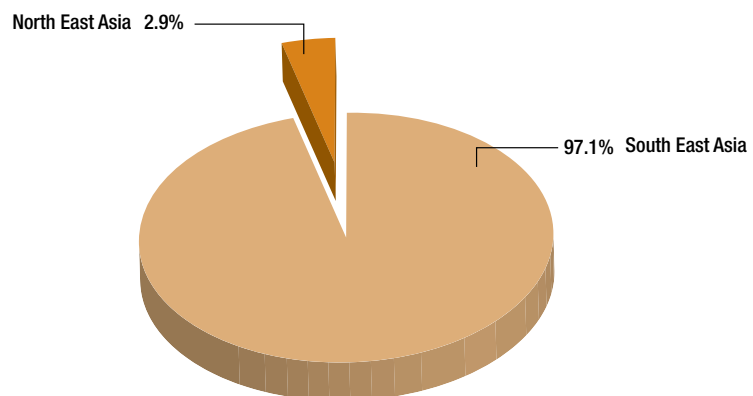
PENANG INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2010

International Movements: 119,406 metric tonnes



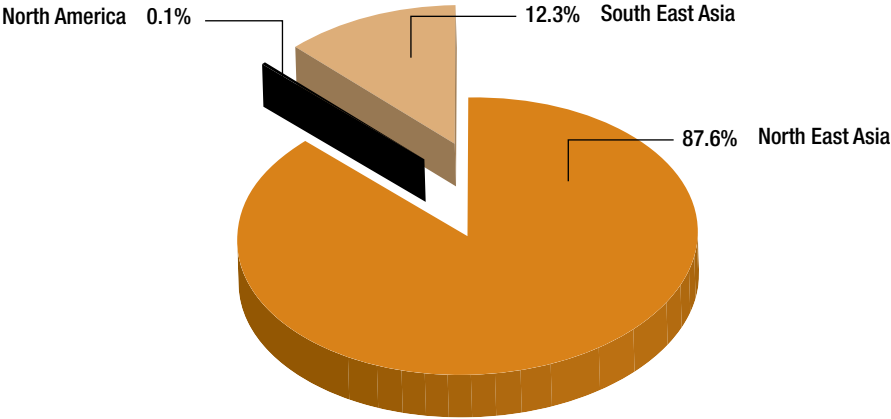
KUCHING INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2010

International Movements: 1,896 metric tonnes



KOTA KINABALU INTERNATIONAL CARGO MOVEMENTS BY SECTORS 2010

International Movements: 4,100 metric tonnes

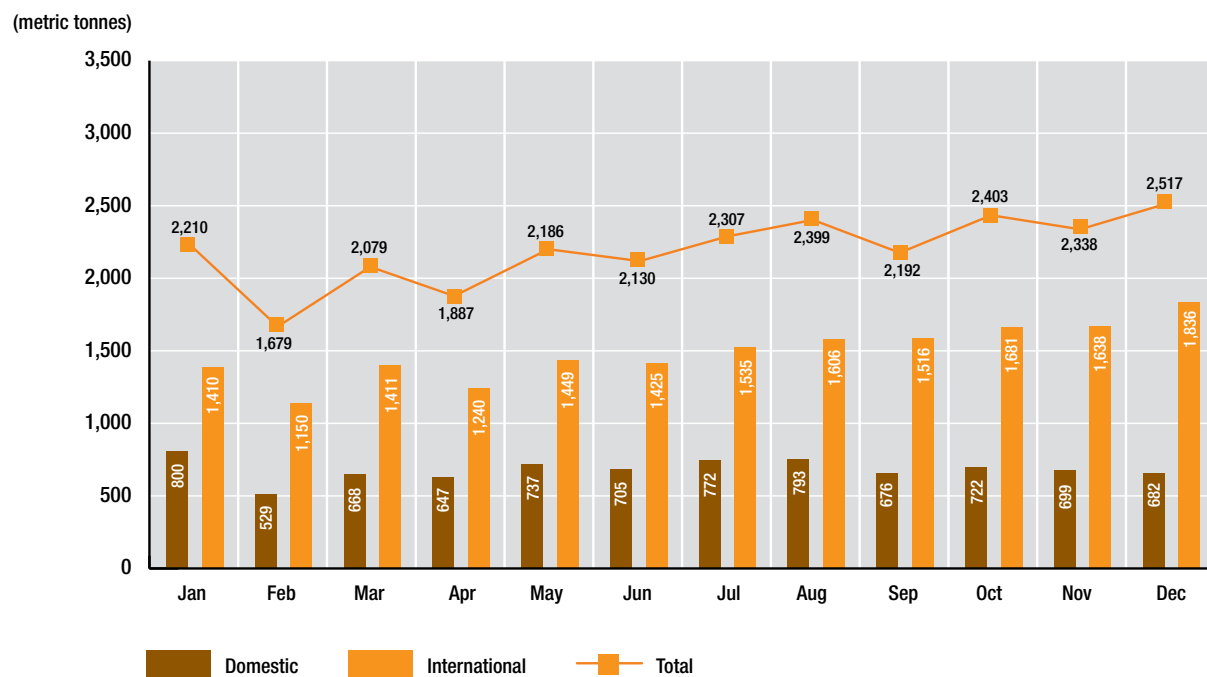


MAIL MOVEMENTS 2010

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
(kg)	Arrival	Departure	Total	Arrival	Departure	Total	2010 *	2009 *	% + / -	Domestic	Int.	Total
KLIA	204,622	1,432,428	1,637,050	8,920,725	8,835,765	17,756,490	19,393,540	17,060,823	13.7%	0	0	0
Penang	1,041	2,138	3,179	404	621	1,025	4,204	6,891	-39.0%	0	0	0
Kota Kinabalu	723,588	751,594	1,475,182	3,901	7,411	11,312	2,158,476	1,744,192	23.8%	548,778	123,204	671,982
Kuching	136,891	503,616	640,507	971	60	1,031	641,547	820,962	-21.9%	9	0	9
Langkawi	57,076	28,328	85,404	4,133	0	4,133	89,537	73,311	22.1%	0	0	0
Kota Bharu	193,807	128,475	322,282	0	0	0	322,282	321,799	0.2%	0	0	0
Ipoh	0	0	0	0	0	0	0	0	-	0	0	0
Kuala Terengganu	6,560	5,024	11,584	0	0	0	11,584	5,028	130.4%	0	0	0
Alor Setar	5,939	41,301	47,240	0	0	0	47,240	55,175	-14.4%	0	0	0
Melaka	0	0	0	0	0	0	0	0	-	0	0	0
Subang	0	0	0	0	0	0	0	0	-	0	0	0
Kuantan	2,081	0	2,081	0	0	0	2,081	0	-	0	0	0
Tioman	0	0	0	0	0	0	0	0	-	0	0	0
Pangkor	0	0	0	0	0	0	0	0	-	0	0	0
Labuan	329,544	48,434	377,978	0	0	0	377,978	359,955	5.0%	0	0	0
Lahad Datu	181,663	25,553	207,216	0	0	0	207,216	212,407	-2.4%	0	0	0
Sandakan	437,614	38,558	476,172	0	0	0	476,172	253,626	87.7%	0	0	0
Tawau	383,942	55,534	439,476	0	0	0	439,476	241,849	81.7%	0	0	0
Bintulu	178,883	85,259	264,142	0	0	0	264,142	381,819	-30.8%	0	0	0
Miri	1,137,710	425,816	1,563,526	0	0	0	1,563,526	2,170,704	-28.0%	0	0	0
Sibu	51,477	235,997	287,474	0	0	0	287,474	849,351	-66.2%	0	0	0
Mulu	0	0	0	0	0	0	0	0	-	0	0	0
Limbang	142	27,489	27,631	0	0	0	27,631	45,904	-39.8%	0	0	0
STOL Sabah	0	0	0	0	0	0	0	0	-	0	0	0
STOL Sarawak	11,856	1,469	13,325	0	0	0	13,455	7,068	90.4%	130	0	130
Peninsular Malaysia	471,126	1,637,694	2,108,820	8,925,262	8,836,386	17,761,648	19,870,468	17,523,027	13.4%	0	0	0
Sabah	2,056,351	919,673	2,976,024	3,901	7,411	11,312	3,659,318	2,812,029	30.1%	548,778	123,204	671,982
Sarawak	1,516,959	1,279,646	2,796,605	971	60	1,031	2,797,775	4,275,808	-34.6%	139	0	139
Total 2010	4,044,436	3,837,013	7,881,449	8,930,134	8,843,857	17,773,991	26,327,561	24,610,864	7.0%	548,917	123,204	672,121
Total 2009	5,007,448	4,115,381	9,122,829	7,812,806	7,504,652	15,317,458	24,610,864			138,535	32,042	170,577
% change	-19.2%	-6.8%	-13.6%	14.3%	17.8%	16.0%	7.0%			296.2%	0	294.0%

* Including transit mail

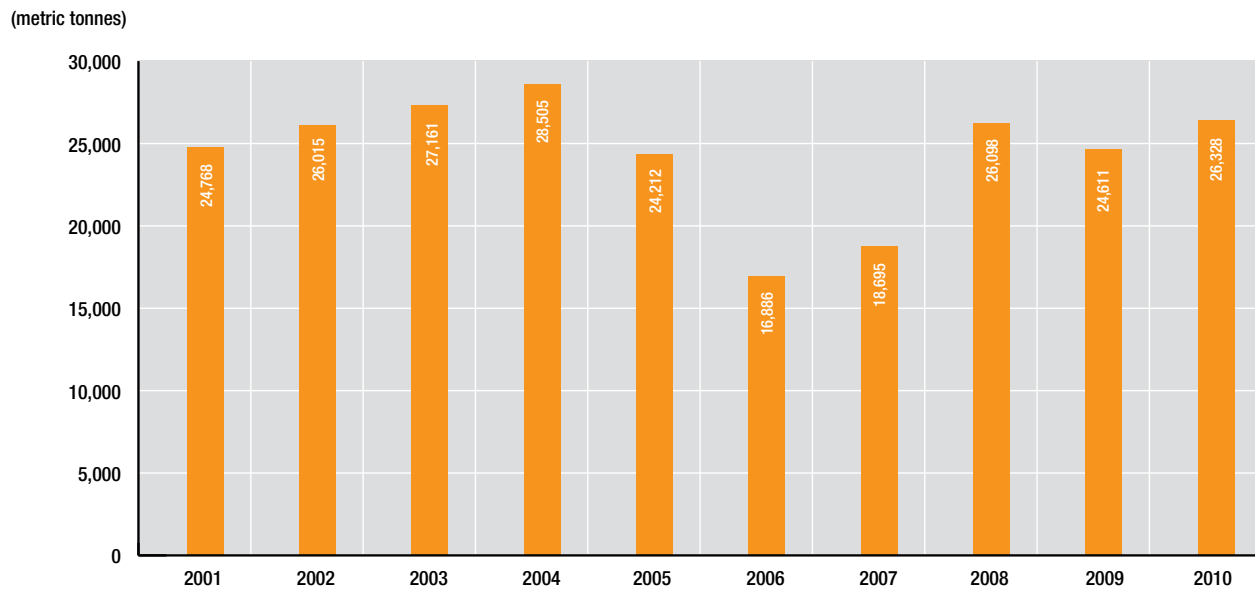
MAIL MOVEMENTS AT MAHB AIRPORTS 2010



MAIL MOVEMENTS (2001 - 2010)

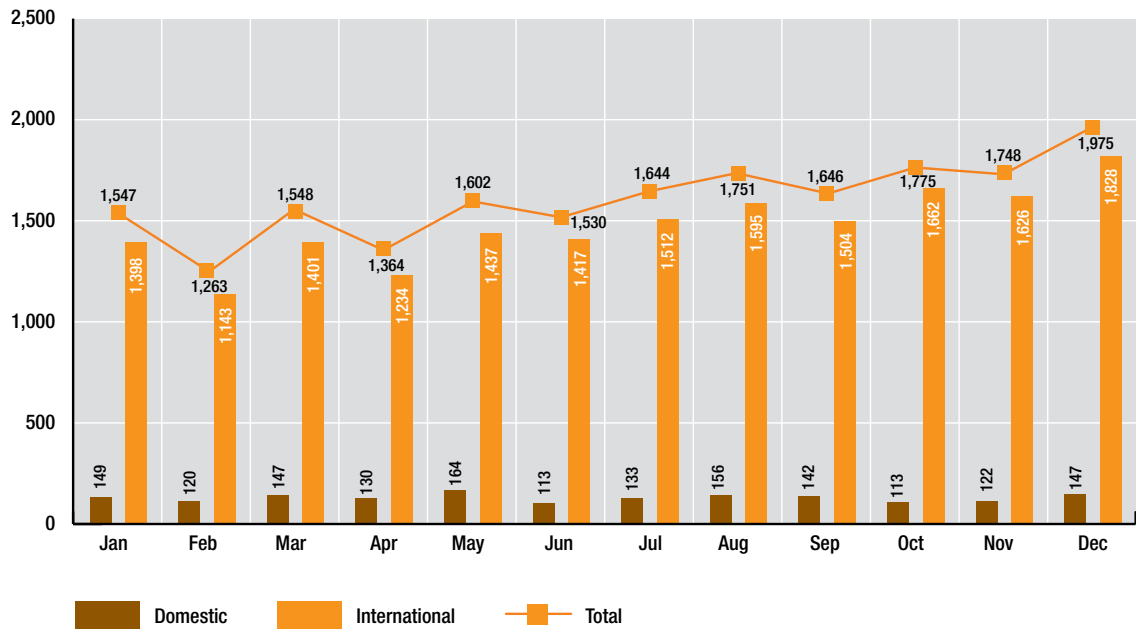
AIRPORTS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	%+/-
(Metric tonnes)											
KLIA	4,947	4,858	3,787	3,621	2,999	4,558	8,794	18,418	17,061	19,394	13.7%
Penang	32	1	992	1,563	9	2	1.4	0.4	7	4	-39.0%
Kota Kinabalu	3,019	5,214	5,737	5,940	5,032	3,787	4,044	3,149	1,744	2,158	23.8%
Kuching	5,503	5,181	5,131	5,344	5,086	3,467	3,137	999	821	642	-21.9%
Langkawi	22	25	42	44	46	58	58	83	73	90	22.1%
Johor Bahru	0	0	0	-	-	-	-	-	-	-	-
Kota Bharu	285	287	305	384	226	171	175	236	322	322	0.2%
Ipoh	0	0	0	0	0	0	0	0	0	0	-
Kuala Terengganu	112	136	164	174	132	10	4	8	5	12	130.4%
Alor Setar	0	0	0	0	0	0	0	2	55	47	-14.4%
Melaka	0	0	0	0	0	0	0	0	0	0	-
Subang	7,120	7,142	7,860	8,003	7,006	1,656	0	0	0	0	-
Kuantan	6	0	9	12	2	0	0	0	0	2	-
Tioman	0	0	0	0	0	0	0	0	0	0	-
Pangkor	0	0	0	0	0	0	0	0	0	0	-
Labuan	269	288	307	276	257	291	334	399	360	378	5.0%
Lahad Datu	199	201	155	165	154	212	157	193	212	207	-2.4%
Sandakan	514	360	216	202	52	90	9	233	254	476	87.7%
Tawau	606	510	453	431	264	102	27	281	242	439	81.7%
Bintulu	168	151	122	151	134	240	83	339	382	264	-30.8%
Miri	1,441	1,118	1,283	1,255	1,633	1,439	1,806	1,665	2,171	1,564	-28.0%
Sibu	527	543	598	909	1,089	698	59	0	849	287	-66.2%
Limbang	0	0	0	0.011	0.047	0.06	0	0	0	28	-
STOL Sarawak	0	0	0	32	90	106	6	94	53	13	-74.6%
Peninsular Malaysia	12,524	12,449	13,160	13,801	10,421	6,455	9,033	18,747	17,523	20,248	15.6%
Sabah	4,607	6,573	6,868	7,013	5,759	4,481	4,572	4,254	2,812	3,559	26.6%
Sarawak	7,638	6,993	7,133	7,691	8,032	5,950	5,090	3,097	4,276	2,520	-41.1%
Grand Total	24,768	26,015	27,161	28,505	24,212	16,886	18,695	26,098	24,611	26,328	7.0%
% change	-4.1%	5.0%	4.4%	4.9%	-15.1%	-30.3%	10.7%	39.6%	-5.7%	7.0%	

MAIL MOVEMENTS AT MAHB AIRPORTS (2001 – 2010)



MAIL MOVEMENTS AT KL INTERNATIONAL AIRPORT 2010

(metric tonnes)



INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	2010	2009	2010	2009	2010	2009	%+/-
SOUTH EAST ASIA							
Bandar Seri Begawan	4,916	4,462	90,602	72,995	95,518	77,457	23.3%
Bangkok	334,764	352,069	134,561	150,205	469,325	502,274	-6.6%
Clark Field	178,986	1,765,576	176,043	1,285,471	355,029	3,051,047	-88.4%
Denpasar Bali	4,669	156	0	0	4,669	156	2892.9%
Hanoi	19	24	106,913	9,186	106,932	9,210	1061.0%
Ho Chi Minh City	2,855	2,936	34,622	27,586	37,477	30,522	22.8%
Jakarta	397,454	472,665	0	265,775	397,454	738,440	-46.2%
Manila	1,396	29	64,857	51,444	66,253	51,473	28.7%
Medan	0	5	24,708	26,420	24,708	26,425	-6.5%
Phnom Penh	51,073	34	207,268	106,083	258,341	106,117	143.4%
Phuket	391	500	0	688	391	1,188	-67.1%
Singapore	628,351	659,004	122,017	86,667	750,368	745,671	0.6%
Surabaya	0	50	0	0	0	50	-
Utapao	0	463	0	10,287	0	10,750	-
Yangon	72	160	37,154	31,279	37,226	31,439	18.4%
Yogyakarta	0	0	414,445	0	414,445	0	-
Total	1,604,946	3,258,133	1,413,190	2,124,086	3,018,136	5,382,219	-43.9%
NORTH EAST ASIA							
Beijing	29,300	6,594	58,202	61,154	87,502	67,748	29.2%
Fuzhou	1,084	224	0	23	1,084	247	338.9%
Guangzhou	689,086	561,188	62,560	55,739	751,646	616,927	21.8%
Hong Kong	342,677	333,843	336,883	200,404	679,560	534,247	27.2%
Kaohsiung	35	0	0	2,784	35	2,784	-98.7%
Kunming	0	0	0	30	0	30	-
Macau	0	0	0	329	0	329	-
Osaka	82,556	9,295	15,640	8,683	98,196	17,978	446.2%
Seoul	900,770	402,603	95,324	45,310	996,094	447,913	122.4%
Shanghai Pu Dong	12,216	37,238	18,263	8,033	30,479	45,271	-32.7%
Shenzhen	1,495,465	0	1,266,621	0	2,762,086	0	-
Taipei	529,774	490,623	127,969	51,568	657,743	542,191	21.3%
Tokyo	4,293	299,476	258,595	191,004	262,888	490,480	-46.4%
Xiamen	1,662	0	185	18	1,847	18	10161.1%
Total	4,088,918	2,141,084	2,240,242	625,079	6,329,160	2,766,163	128.8%

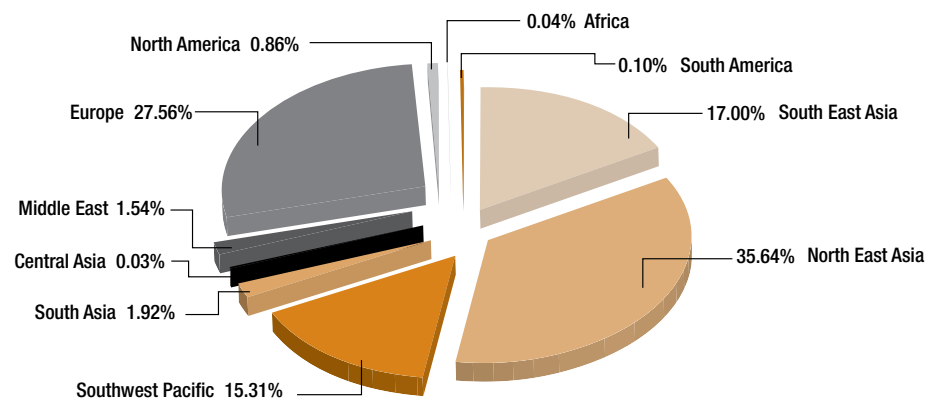
	ARRIVAL		DEPARTURE		TOTAL		
kg	2010	2009	2010	2009	2010	2009	%+/-
SOUTHWEST PACIFIC							
Adelaide	187	0	1	0	188	0	-
Auckland	4,905	2,940	317,700	287,628	322,605	290,568	11.0%
Brisbane	0	0	11,971	10,567	11,971	10,567	13.3%
Christmas Island	0	0	0	865	0	865	-
Melbourne	381	2,062	1,267,756	1,101,928	1,268,137	1,103,990	14.9%
Perth	9,541	13,979	121,773	54,865	131,314	68,844	90.7%
Sydney	708	538	984,138	816,545	984,846	817,083	20.5%
Total	15,722	19,519	2,703,339	2,272,398	2,719,061	2,291,917	18.6%
SOUTH ASIA							
Bangalore	0	0	6	0	6	0	-
Chennai	780	18,696	10,754	9,122	11,534	27,818	-58.5%
Colombo	138,801	38,215	32,094	37,479	170,895	75,694	125.8%
Delhi	194	0	26,282	25,250	26,476	25,250	4.9%
Dhaka	14,819	10,101	63,193	20,081	78,012	30,182	158.5%
Islamabad	0	0	0	18	0	18	-
Karachi	1,001	170	0	29,075	1,001	29,245	-96.6%
Kathmandu	0	0	16,412	0	16,412	0	-
Lahore	346	0	0	0	346	0	-
Male	276	115	3,584	5,368	3,860	5,483	-29.6%
Mumbai	43	4,073	33,221	47,213	33,264	51,286	-35.1%
Total	156,260	71,370	185,546	173,606	341,806	244,976	39.5%
MIDDLE EAST							
Abu Dhabi	44,431	2,786	0	1,556	44,431	4,342	923.3%
Amman	376	0	41	0	417	0	-
Bahrain	14,011	3,738	45	0	14,056	3,738	276.0%
Beirut	0	0	868	176	868	176	393.2%
Cairo	1,399	1,090	0	0	1,399	1,090	28.3%
Dammam	377	103	0	0	377	103	266.0%
Doha	74,772	147,456	528	82	75,300	147,538	-49.0%
Dubai	19,823	22,161	31,950	35,742	51,773	57,903	-10.6%
Jeddah	3,218	2,959	35,310	26,449	38,528	29,408	31.0%
Kuwait	30,596	9,685	89	518	30,685	10,203	200.7%
Muscat	86	0	5	0	91	0	-
Riyadh	2,544	1,703	80	19	2,624	1,722	52.4%
Sanaa	952	315	0	23	952	338	181.7%
Tehran	10,963	1,273	366	572	11,329	1,845	514.0%
Total	203,548	193,269	69,282	65,137	272,830	258,406	5.6%

INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		
kg	2010	2009	2010	2009	2010	2009	%+/-
CENTRAL ASIA							
Tashkent	6,207	440	0	0	6,207	440	1310.7%
Total	6207	440	0	0	6207	440	1310.7%
EUROPE							
Amsterdam	442,616	546,520	141,946	80,495	584,562	627,015	-6.8%
Basel	0	0	1,847	0	1,847	0	-
Frankfurt	27,274	17,109	28,810	20,440	56,084	37,549	49.4%
Istanbul	118	0	23,428	206	23,546	206	11330.1%
London	2,268,037	1,478,832	1,797,018	2,021,308	4,065,055	3,500,140	16.1%
Luxembourg	0	0	0	4,167	0	4,167	-
Paris	5,697	2,034	155,366	77,911	161,063	79,945	101.5%
Rome	0	0	1,912	804	1,912	804	137.8%
Stockholm	0	1,660	0	2,332	0	3,992	-
Zurich	0	0	0	0	0	0	-
Total	2,743,742	2,046,155	2,150,327	2,207,663	4,894,069	4,253,818	15.1%
NORTH AMERICA							
Los Angeles	97,467	34,606	55,591	23,551	153,058	58,157	163.2%
New York	0	32,088	0	135	0	32,223	-
Total	97,467	66,694	55,591	23,686	153,058	90,380	69.3%
SOUTH AMERICA							
Buenos Aires	930	334	16,027	394	16,957	728	2229.3%
Total	930	334	16,027	394	16,957	728	2229.3%
AFRICA							
Cape Town	2,869	0	1,290	0	4,159	0	-
Harare	16	0	0	0	16	0	-
Johannesburg	29	6	929	1,289	958	1,295	-26.0%
Mauritius	71	231	2	4	73	235	-68.9%
Total	2,985	237	2,221	1,293	5,206	1,530	240.3%
Grand Total	8,920,725	7,797,235	8,835,765	7,493,342	17,756,490	15,290,577	16.1%

KL INTERNATIONAL AIRPORT MAIL MOVEMENTS BY SECTORS 2010

Total International Movements: 17,756 metric tonnes



MOVEMENTS AT MAHB STOLports IN SABAH & SARAWAK 2010/2009

STOLports	AIRCRAFT MOVEMENTS	% CHG	PASSENGERS	% CHG	CARGO & MAIL (KG)	% CHG
SARAWAK REGION						
Bakalalan	456	17.5%	6,084	13.7%	0	-
Bario	1,512	-5.9%	17,512	11.6%	240,387	-7.0%
Lawas	3,772	18.1%	54,210	11.2%	0	-
Long Banga	314	37.7%	3,367	26.0%	0	-
Long Lellang	230	2.7%	2,025	-4.1%	0	-
Long Akah	288	12.5%	1,724	37.9%	0	-
Long Seridan	260	25.0%	1,567	-16.2%	6,767	-63.5%
Marudi	3,522	13.5%	45,207	25.6%	309,662	133.5%
Mukah	3,152	7.5%	38,810	11.0%	0	-
Belaga	0	-	0	-	0	-
Long Semado	0	-	0	-	0	-
Kapit	0	-	0	-	0	-
Total	13,506	11.3%	170,506	14.7%	556,816	36.0%
SABAH REGION						
Kudat	167	-	793	-	0	-
Long Pasia	0	-	0	-	0	-
Semporna	0	-	0	-	0	-
Total	167	-	793	-	0	-
Grand Total	13,673	12.6%	171,299	15.2%	556,816	36.0%

AIRLINES OPERATING AT KL INTERNATIONAL AIRPORT 2010 (DECEMBER)

		WEEKLY FLIGHT FREQUENCY			WEEKLY FLIGHT FREQUENCY
1	Air Astana	2	30	Jetstar Asia	20
2	Air Bagan	1	31	KLM-Royal Dutch Airlines	7
3	Air China	5	32	Korean Air	7 +5 C
4	Air India Express	7	33	Kuwait Airways	6
5	Air Mauritius	3	34	Lufthansa German Airlines	4
6	Air Niugini	1	35	Mahan Air	2
7	Air Zimbabwe	2	36	Malaysia Airlines	500 int+17 C/403 dom
8	AirAsia	473 int/438 dom	37	Merpati Nusantara Airlines	7
9	AirAsia X	82	38	Myanmar Airways International	6
10	Biman Bangladesh Airlines	7	39	Nepal Airlines	3
11	Cargolux Airlines International (cargo)	3	40	Oman Air	5
12	Cathay Pacific Airways	21	41	Pakistan International Airlines	3
13	Cebu Pacific Air	10	42	Qatar Airways	11
14	China Airlines	7+2C	43	Royal Brunei Airlines	7
15	China Eastern Airlines	7	44	Royal Jordanian	3
16	China Southern Airlines	14	45	Saudi Arabian Airlines	4
17	Egyptair	4	46	SilkAir	42
18	Emirates	21	47	Singapore Airlines	17
19	Etihad Airways	7	48	SriLankan Airlines	11
20	Eva Airways	4 +1C	49	Thai AirAsia	21
21	Federal Express (cargo)	10	50	Thai Airways International	18
22	Gading Sari (cargo)-domestic	6	51	Tiger Airways	17
23	Garuda Indonesia	10	52	Transmile Air (cargo)-domestic	5
24	GMG Airlines	7	53	United Airways Bangladesh	2
25	Gulf Air	7	54	United Parcel Services (cargo)	9
26	Indonesia AirAsia	90	55	Uzbekistan Airways	3
27	Iran Air	5	56	Vietnam Airlines	14
28	Japan Airlines International	7	57	Xiamen Airlines	7
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 timetable, or so regular or frequent as to constitute a recognizably systematic series which are open for use by public including empty flights related thereto and preliminary revenue flights on planned new air services.

5. NON SCHEDULED FLIGHT

Commercial flights not listed in the time table of an airline including General Aviation aircraft carrying passenger or cargo for remuneration or hire.

6. PASSENGER

Any person, except members of the crew, carried or to be carried in an aircraft with the consent of the carrier.

7. TRANSFER PASSENGER (CARGO, MAIL)

A passenger making a direct connection between two flights i.e using different aircraft and flight numbers, operated by the same or another airline. Synonymous with connecting passenger.

8. TRANSIT PASSENGER (CARGO, MAIL)

A passenger arriving and departing on one and the same aircraft.

9. CARGO

Anything carried or to be carried in an aircraft, except mail, or baggage carried under a passenger ticket and baggage check, but includes baggage moving under an airway bill or shipment record.

10. MAIL, SERVICE

- Dispatches of correspondence and other objects tendered by and intended for delivery to postal administration.
- Goods carried under the terms of an international Postal Convention.

11. DEPARTURE

The boarding of an aircraft for the purpose of commencing a flight, except by such crew or passengers as have embarked on a previous stage of the same through-flight.

12. ARRIVAL

The leaving of an aircraft after a landing except by crew or passenger continuing to the next stage of the same through-flight.

13. STOLports

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 28 FEBRUARY 2011

A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

Size of holdings	No. of holders		No. of holdings		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 - 99	42	1	866	66	0.00	0.00
100 - 1,000	6,072	27	5,996,903	23,000	0.55	0.00
1,001 - 10,000	3,681	38	12,973,913	183,100	1.18	0.02
10,001 - 100,000	336	39	10,034,900	1,834,400	0.91	0.17
100,001 - 54,999,999 (*)	115	49	309,485,800	75,802,852	28.14	6.89
55,000,000 & above (**)	2	0	683,664,200	0	62.15	0.00
Total	10,248	154	1,022,156,582	77,843,418	92.92	7.08
Grand Total	10,402		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.

STATISTICS OF SHAREHOLDINGS

B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 28 FEBRUARY 2011 (Without aggregating securities from different securities accounts belonging to the same person)

Name of Shareholders	No. of holdings	Percentage
1. KHAZANAH NASIONAL BERHAD	594,000,000	54.00
2. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	89,664,200	8.15
3. AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	50,811,700	4.62
4. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (BERMUDA)	32,073,600	2.92
5. MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	25,207,000	2.29
6. AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	23,924,300	2.17
7. MAYBAN NOMINEES (TEMPATAN) SDN BHD MAYBAN TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	21,148,300	1.92
8. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	16,413,400	1.49
9. AMANAHRAYA TRUSTEES BERHAD AS 1MALAYSIA	16,056,800	1.46
10. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (RESIDENT USA-2)	11,276,800	1.03
11. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD	8,436,600	0.77
12. AMANAHRAYA TRUSTEES BERHAD PUBLIC GROWTH FUND	7,660,300	0.70
13. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	7,047,000	0.64
14. AMANAHRAYA TRUSTEES BERHAD PUBLIC INDEX FUND	5,626,600	0.51

Name of Shareholders	No. of holdings	Percentage
15. BHR ENTERPRISE SDN BHD	5,151,600	0.47
16. SETIAUSAHA KERAJAAN PULAU PINANG	5,000,000	0.45
17. TABUNG AMANAH WARISAN NEGERI JOHOR	4,900,000	0.45
18. AMANAHRAYA TRUSTEES BERHAD PUBLIC SAVINGS FUND	4,702,700	0.43
19. CHIEF MINISTER, STATE OF SABAH	4,500,000	0.41
20. STATE FINANCIAL SECRETARY SARAWAK	4,500,000	0.41
21. AMANAHRAYA TRUSTEES BERHAD PUBLIC SECTOR SELECT FUND	4,442,100	0.40
22. MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG AMANAH PENCEN FOR KERAJAAN NEGERI NEGERI SEMBILAN	4,400,000	0.40
23. AMANAHRAYA TRUSTEES BERHAD PNB STRUCTURED INVESTMENT FUND	4,325,500	0.39
24. AMANAHRAYA TRUSTEES BERHAD PUBLIC EQUITY FUND	4,196,100	0.38
25. KERAJAAN NEGERI PAHANG	4,100,000	0.37
26. STATE SECRETARY KEDAH INCORPORATED	4,100,000	0.37
27. CITIGROUP NOMINEES (TEMPATAN) SDN BHD ING INSURANCE BERHAD (INV-IL PAR)	3,839,800	0.35
28. SBB NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	3,323,700	0.30
29. CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	3,272,300	0.30
30. AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	3,241,600	0.29

STATISTICS OF SHAREHOLDINGS

C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 28 FEBRUARY 2011

1. The Minister of Finance (Incorporated)

D. SUBSTANTIAL SHAREHOLDERS AS AT 28 FEBRUARY 2011 (as shown in the register of substantial shareholders)

Name of Substantial Shareholders	No. of Shares held		Percentage
	Direct	Indirect	
Khazanah Nasional Berhad	594,000,000	-	54.00
Employees Provident Fund Board	119,181,400	-	10.83

E. DIRECTOR'S SHAREHOLDINGS AS AT 28 FEBRUARY 2011 (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 Sadiah binti Abg Bohan	-	-	-
Datuk Alias bin Haji Ahmad	-	-	-
Datuk Siti Maslamah binti Osman	-	-	-
Jeremy bin Nasrulhaq	-	-	-
Izlan bin Izhab	-	-	-
Hajah Jamilah binti Dato' Haji Hashim	-	-	-
Mohd Nadziruddin bin Mohd Basri	-	-	-
Nik Roslini binti Raja Ismail	-	-	-
(Alternate Director to Dyg Sadiah binti Abg Bohan)			

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 DIVIDEND

The change in the tax structure from imputation to single tier system is the most significant change in Malaysia's tax laws.

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. Under this system, tax on dividends is imposed at the companies' and shareholders' level. However, tax imposed at the shareholders' level will take into account tax imputed at the companies' level through tax credits.

In accordance with Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed in hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Malaysian companies also have an irrecoverable option to disregard the Section 108 balance of Malaysian Income Tax Act, 1967 and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

MAHB did not elect for the irrecoverable option to disregard the Section 108 balance. Accordingly, during the transitional period, MAHB may utilise the credit in Section 108 balances as at 31 December 2009 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007.

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

Registered Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value as at 31 Dec 2010 (RM'000)
LEASED PROPERTIES					
Malaysia Airports (Sepang) Sdn. Bhd. Federal Land Commissioner * Location: District of Sepang, Selangor Malaysia	KLIA	A total right of occupation of 50 years (Expiry date of 4 May 2048)	22,620 acres	-	-
Malaysia Airports Holdings Bhd. Federal Land Commissioner ** Location: District of Petaling, Selangor Malaysia	Sultan Abdul Aziz Shah Airport	A total right of occupation of 60 years (Expiry date of 31 December 2067)	1,122 acres	-	-
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	2,458
Malaysia Airports Sdn. Bhd. Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia	4 units of apartments	Freehold	-	342	804
Malaysia Airports Sdn. Bhd. Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia	10 units of apartments	Freehold	-	744	933

Registered Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value as at 31 Dec 2010 (RM'000)
LANDED PROPERTIES OWNED BY THE GROUP (CONT'D.)					
Malaysia Airports Sdn. Bhd. Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan Malaysia	32 units of apartments	Leasehold of 99 years (Expiry date of 31 December 2089)	-	3,175	-
Malaysia Airports Sdn. Bhd. Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Residential)	Leasehold 99 years (Expiry date of 31 December 2090)	1.10 acres	-	272
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	-	267

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 AND GROUP

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

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

MALAYSIA AIRPORTS SDN BHD (230646-U)

MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN BHD (375245-X)

Business Address:

Malaysia Airports Corporate Office

Persiaran Korporat KLIA

64000 KLIA, Sepang, Selangor Darul Ehsan

Tel: 603-8777 7000

Fax: 603-8777 7778/603-8777 7512

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

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)

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 (PROPERTIES) SDN BHD (484656-H)

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)

Business Address:

Pan Pacific Kuala Lumpur International Airport Hotel

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)

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)**

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

**MALAYSIA AIRPORTS TECHNOLOGIES SDN BHD
(512262-H)**

MALAYSIA AIRPORTS MSC SDN BHD (516854-V)

Business Address:

3rd Floor, Airport Management Centre
Kuala Lumpur International Airport
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel: 603-8776 8341
Fax: 603-8786 8680

URUSAN TEKNOLOGI WAWASAN SDN BHD (459878-D)

AIRPORT AUTOMOTIVE WORKSHOP SDN BHD (808167-P)

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

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

06550 Alor Setar
Kedah Darul Aman, Malaysia
Tel : 604-714 6876
Fax : 604-714 5345

SULTAN ISMAIL PETRA AIRPORT

16100 Kota Bharu
Kelantan Darul Naim, Malaysia
Tel : 609-773 7400
Fax : 609-773 3852

SULTAN MAHMUD AIRPORT

21300 Kuala Terengganu
Terengganu Darul Iman, Malaysia
Tel : 609-667 3666
Fax : 609-662 6670

SULTAN AHMAD SHAH AIRPORT

25150 Kuantan
Pahang Darul Makmur, Malaysia
Tel : 609-531 2123/2100
Fax : 609-538 4017

MELAKA 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

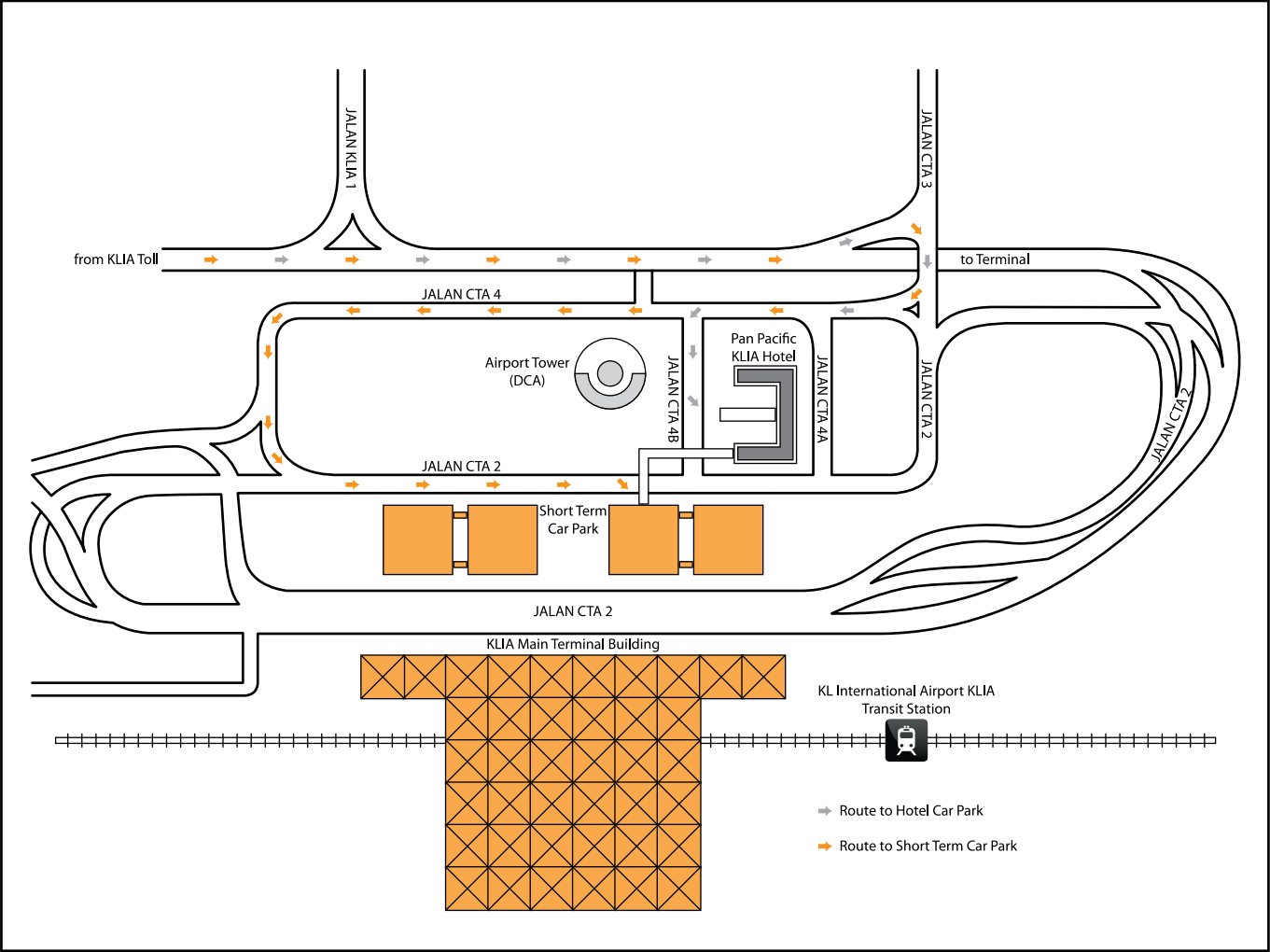
MIRI AIRPORT

Peti Surat 851
98008 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



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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 _____
[FULL NAME IN CAPITAL LETTERS]

_____ NRIC No./Passport No. _____

of _____
[FULL ADDRESS]

or failing him/her _____ NRIC No./Passport No. _____
[FULL NAME IN CAPITAL LETTERS]

of _____
[FULL ADDRESS]

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twelfth Annual General Meeting of the Company to be held at Gateway Ballroom, Level 1, Pan Pacific Kuala Lumpur International Airport Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 28 April 2011 at 11.00 a.m. for the following purposes:-

Please indicate with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

		For	Against
Resolution 1	To receive the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2010.		
Resolution 2	To declare and approve the payment of a final dividend of 11.75 sen per share less income tax of 25% for the financial year ended 31 December 2010.		
Resolution 3	To approve the payment of Directors' fees for the financial year ended 31 December 2010.		
Resolution 4	To re-elect Ahmad Jauhari bin Yahya as Director.		
Resolution 5	To re-elect Mohd Izani bin Ghani as Director.		
Resolution 6	To re-elect Datuk Alias bin Haji Ahmad as Director.		
Resolution 7	To re-elect Jeremy bin Nasrulhaq as Director.		
Resolution 8	To re-appoint 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.		
Resolution 10	Proposed Amendments to the Articles of Association of the Company.		

As witness my/our hands this _____ day of _____ 2011.

Signature of Member/Common Seal

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
2. The instrument appointing a proxy shall be in 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.

STAMP

The Company Secretary
Malaysia Airports Holdings Berhad (487092-W)
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan



MALAYSIA AIRPORTS HOLDINGS BERHAD

(Company No. 487092-W)

(Incorporated in Malaysia)

ERRATATO THE 2010 ANNUAL REPORT

To: The Shareholders of Malaysia Airports Holdings Berhad

Reference is made to the Company's 2010 Annual Report and wish to inform that:-

1. With reference to **page 56** of the Annual Report of MALAYSIA AIRPORTS HOLDINGS BERHAD for the Financial Year Ended 31st December 2010, the description attributed to "line 15" thereof, i.e. "**As the** airport handled 11.6 million passengers as compared to 6.6 million passengers in 2009; these are truly staggering figures and it reflects well on MAHB's ventures overseas." is erroneously stated and should be read "**The** airport handled 11.6 million passengers as compared to 6.6 million passengers in 2009; these are truly staggering figures and it reflects well on MAHB's ventures overseas."
2. With reference to **page 58** of the Annual Report of MALAYSIA AIRPORTS HOLDINGS BERHAD for the Financial Year Ended 31st December 2010, the description attributed to "The billion dollar issuance", "third paragraph" thereof, i.e. "The proceeds raised from the Sukuk Programmes will be used to part finance the development of the new low cost carrier terminal, Klia2, which is expected to be completed by **April 2012.**" is erroneously stated and should be read "The proceeds raised from the Sukuk Programmes will be used to part finance the development of the new terminal for low cost carriers, Klia2, which is expected to be completed by **end of 2012.**"
3. With reference to **page 63** of the Annual Report of MALAYSIA AIRPORTS HOLDINGS BERHAD for the Financial Year Ended 31st December 2010, the description attributed to "line 6" thereof, i.e. "There **has** also been great improvements in the cross functional approach, where the CFT projects have proven to be successful in improving coordination and innovation across divisions and resolve challenges within the company." is erroneously stated and should be read "There **have** also been great improvements in the cross functional approach, where the CFT projects have proven to be successful in improving coordination and innovation across divisions and resolve challenges within the company."
4. With reference to **page 165** of the Annual Report of MALAYSIA AIRPORTS HOLDINGS BERHAD for the Financial Year Ended 31st December 2010, the description attributed to "line 3" of the "fourth paragraph" thereof, i.e. "Klia2, the world's only dedicated **low cost mega terminal** is expected to be completed **in the third quarter of 2012.**" is erroneously stated and should be read "Klia2, the world's only dedicated **mega terminal for low cost carriers** is expected to be completed **by the end of 2012.**"

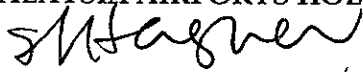
5. With reference to **page 412** of the Annual Report of MALAYSIA AIRPORTS HOLDINGS BERHAD for the Financial Year Ended 31st December 2010, the description attributed to column "CARGO MOVEMENTS (MT)" is erroneously stated and should be read as "CARGO MOVEMENTS (KG)". The end note to the table is to be disregarded.

We would like to clarify that 1,000 kilogrammes is equivalent to 1 metric tonne.

We regret any inconvenience caused.

Yours faithfully

MALAYSIA AIRPORTS HOLDINGS BERHAD



Sabarina Laila Binti Dato' Mohd Hashim
(LS 0004323)
Company Secretary

26 April 2011