MALAYSIA AIRPORTS

ANNUAL REPORT 2013

ACCELERATING GROWTH MOMENTUM

cover rationale

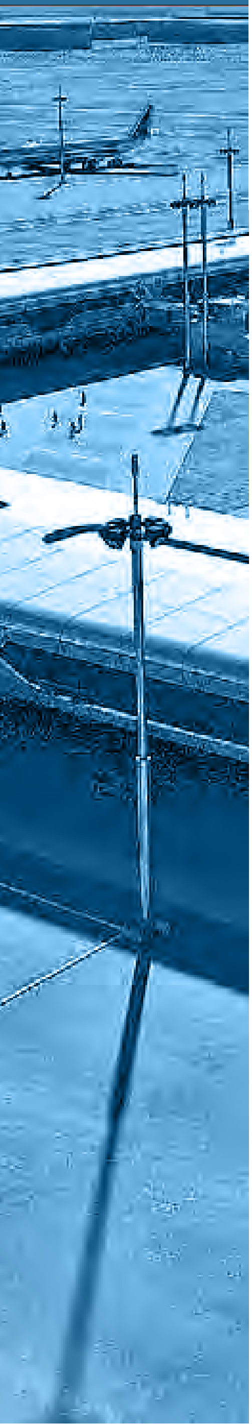
Malaysia Airports is *Accelerating* its *Growth Momentum* in tandem with the rise in the global economy. With Asia as the concentration point of global aviation growth, we are in a strong position to leverage on this as we have built up our capacity and capability to compete effectively over the years. Being a global airport company with a dynamic portfolio, we are optimistic of success as we have the fundamentals in place to operate as a world-class airport business. Critical components that support this include an efficient airport network and system, a good working relationship with all the stakeholders, an excellent service capability as well as an ample infrastructure capacity to compete with international industry players. These elements put us in good stead in a highly competitive global aviation market and ensure that millions of users and travellers continue to enjoy access to airport facilities and services that are efficient, convenient, comfortable, and safe.

15th

Annual General Meeting

Date : 20th March 2014, Thursday
Time : 11.00 a.m.
Venue : Gateway Ballroom, Level 1
Sama-Sama Hotel
Kuala Lumpur International Airport
Jalan CTA 4B
64000 KLIA, Sepang
Selangor Darul Ehsan

inside this report...



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’

Malaysia Airports Today

Leading Global Airport Company

- Operating **5 international** airports, **16 domestic** airports and **18 STOLports** in **Malaysia**
- **3 overseas airports** investment – **2** airports **in India** and **1 in Turkey**
- A dynamic team of nearly **10,000** employees and serving **87 airlines** and **79.6 million passengers** in 2013
- Listed on Main Market of Bursa Malaysia since 1999 with market capitalisation of **RM11.09 billion** as at 31 December 2013
- Total assets of **RM10.52 billion** as at 31 December 2013

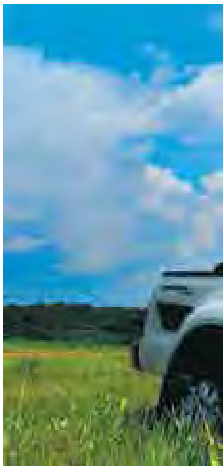
KeyMilestones

We have transformed ourselves from a government entity into a world-class diversified airport company

- **2014** — Completion of klia2
- **2013** — MAHB embarked on the airport hotel business and launched new airport hotel brand, Sama-Sama at KLIA. The new Runway 3 at KLIA underwent a smooth and successful Trial Landing testing
- **2010** — The ground breaking ceremony for the construction of klia2
- **2009** — New Operating Agreements signed
- **2006** — Malaysia Airports is Khazanah's Top 20 GLC for high performance and the first in the region to recognise the booming low-cost carrier (LCC) sector by opening the first dedicated terminal for LCCs (LCCT-KLIA)
- **2004** — 50% Ministry of Finance (Inc.) stake transferred to Khazanah, increasing Khazanah's stake to 73%. Transformation initiatives to run Malaysia Airports as a commercial entity kicked off
- **2003** — New management team appointed and given the goal of driving a new business philosophy
- **1999** — MAHB's IPO
- **1998** — Opening of KLIA
- **1991** — MAHB Incorporation

Media Highlights


100 juta kapasiti penumpang di KLIA, KLIA2
MAHB jangka jumlah meningkat dalam 5 tahun
Steering Malaysian airports to further aviation success
MAHB buat pembaharuan kemudahan di Lapangan Terbang Sandakan
Naik taraf RM10j
Malaysia Airports signs MoU on fire and rescue services
MAHB eyes RM1.46bil sales from non-aviation ops
M'sia creates a first in hosting world airport conference
MAHB-Mitsui factory outlet to open early 2015
'Sama-Sama' brand name for MAHB hotels



Letter from the Chairman

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to enclose herewith a copy of the Annual Report and Audited Financial Statements of Malaysia Airports Holdings Berhad ("the Company" or "MAHB") for the year ended 31 December 2013. The Annual Report also contains the Notice of the Fifteenth Annual General Meeting ("the AGM" or "the Meeting") and a map showing the location of the Meeting. The AGM will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 20 March 2014 at 11.00 a.m.

Global economy is picking up and we are moving in tandem with the growth this year. As a world-class airport company, one of our priorities is to uphold or preserve our reputation as an aggressive, dynamic and reliable organisation, that continues to chart success in a highly competitive global aviation market, where competition is tougher and requires bolder decisions and investments for the benefit of all our stakeholders. Therefore, it is only apt to choose "Accelerating Growth Momentum" as the theme of our Annual Report.

LETTER FROM THE CHAIRMAN

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

For the year 2014, eleven (11) resolutions are proposed for consideration at the AGM. The purpose and reasons for each of the resolutions are explained under the Explanatory Notes of the Notice of AGM. I hope that you will find the brief explanations helpful in order to make a better decision.

In line with the Company's dividend policy to distribute a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board is recommending the payment of a final single-tier dividend of up to 6.35 sen per ordinary share but not less than 5.78 sen per ordinary share in respect of the financial year ended 31 December 2013, subject to the shareholders' approval at the AGM. The Board had on 13 February 2014, determined that the Dividend Reinvestment Plan ("DRP") will apply to the entire final dividend. Therefore, the Notice of Book Closure Date, the Entitlement date and the Payment date will only be announced on the day the Issue Price of the shares to be issued under the DRP is announced.

At the AGM, the Board is recommending the re-election of five (5) Directors who are due for retirement, namely, Datuk Seri Yam Kong Choy, Datuk Zalekha binti Hassan, Rosli bin Abdullah, Datuk Seri Long See Wool and Mohd Izani bin Ghani and being eligible, offer themselves for re-election.

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

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

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

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

Yours sincerely,

Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Chairman
Malaysia Airports Holdings Berhad

NOTICE OF THE 15TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 15TH ANNUAL GENERAL MEETING OF MALAYSIA AIRPORTS HOLDINGS BERHAD ("MAHB" OR "THE COMPANY") WILL BE HELD AT GATEWAY BALLROOM, LEVEL 1, SAMA-SAMA HOTEL, KUALA LUMPUR INTERNATIONAL AIRPORT, JALAN CTA 4B, 64000 KLIA, SEPANG, SELANGOR DARUL EHSAN ON THURSDAY, 20 MARCH 2014 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 2013 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 2013 together with the Reports of the Directors and Auditors.

Resolution 2

To declare and approve the payment of a final single-tier dividend of up to 6.35 sen per ordinary share but not less than 5.78 sen per ordinary share in respect of the financial year ended 31 December 2013 as recommended by the Directors.

Explanatory Note:-

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

*At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2013, of up to 6.35 sen on up to 1,364,600,987 ordinary shares on single tier basis, with a total quantum of RM78.84 million is proposed for shareholders' approval ("**Proposed Final Dividend**").*

*On 23 December 2013, the Company had announced a proposed private placement of up to 10% of the total issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later ("**Proposed Private Placement**"). Bursa Malaysia Securities Berhad vide its letter dated 5 February 2014 had approved the application for the listing of and quotation for up to 124,054,635 new MAHB shares to be issued pursuant to the Proposed Private Placement ("**Placement Shares**"). In the event none of the Placement Shares are issued by the BCD for the Proposed Final Dividend, the final dividend would be 6.35 sen per ordinary share. In the event all the Placement Shares have been issued by the BCD for the Proposed Final Dividend, the final dividend would be 5.78 sen per ordinary share. The actual amount of final dividend per ordinary share would be dependent on the actual number of Placement Shares issued by the Company by the BCD for the Proposed Final Dividend.*

Resolution 3

To approve the payment of Directors' fees for the financial year ended 31 December 2013.

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 RM900,000.00 to the Non-Executive Directors for the financial year ended 31 December 2013.

Resolution 4

To re-elect Datuk Seri Yam Kong Choy 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 Datuk Zalekha binti Hassan who shall retire in accordance with Article 129 of the Company's Articles of Association and being eligible, offers herself for re-election.

Resolution 6

To re-elect Rosli bin Abdullah 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 to 6:-

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

The Board has conducted assessment on the independence of the Independent Directors who are seeking re-election and is satisfied that the incumbents have complied with the independence criteria applied by the Company and continue to bring independent and objective judgement to the Board deliberations.

Resolution 7

To re-elect Datuk Seri Long See Wool who shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, offers himself for re-election.

Resolution 8

To re-elect Mohd Izani bin Ghani 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 7 and 8:-

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

Resolution 9

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

Explanatory Note:-

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

AS SPECIAL BUSINESS

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

Resolution 10

Ordinary Resolution

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

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

Explanatory Note:-

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

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 14th Annual General Meeting held on 28 March 2013 which will lapse at the conclusion of the 15th Annual General Meeting.

However, on 23 December 2013, the Company has announced the Proposed Private Placement. Bursa Malaysia Securities Berhad vide its letter dated 5 February 2014, had approved the application for the listing of the Placement Shares pursuant to the Proposed Private Placement. Barring any unforeseen circumstances, the Company expects to complete the Proposed Private Placement in the first (1st) quarter of 2014.

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

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

Resolution 11

Ordinary Resolution

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

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

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

Explanatory Note:-

As at the date of the Notice, the Company has issued a total of 30,546,352 MAHB Shares pursuant to the implementation of the DRP approved by the shareholders on 30 November 2012 and the mandate was granted to the Directors at the Extraordinary General Meeting held on 30 November 2012. On 28 March 2013, the shareholders of MAHB had authorised MAHB to allot and issue new ordinary shares of RM1.00 each in MAHB pursuant to the DRP.

The Ordinary Resolution proposed above, if passed, would allow the Company to allot and issue new MAHB Shares pursuant to the DRP from the 15th Annual General Meeting until the convening of the next Annual General Meeting. It would also allow the Directors to fix the issue price of such new MAHB Shares at a discount of up to 10% of the adjusted five (5)-day VWAP of MAHB Shares immediately prior to the price-fixing date.

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

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

By Order of the Board

SABARINA LAILA BINTI DATO' MOHD HASHIM
LS 0004324
Company Secretary

Sepang
Selangor Darul Ehsan
26 February 2014

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 13 March 2014 in accordance with Article 48(2) of the Company's Articles of Association. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

6. Please be reminded that the AGM is a private meeting between the directors, shareholders, proxies, duly authorised representatives and the auditors. As such, non-shareholders are barred from entering the Meeting. However, any disabled shareholder may be allowed to enter the Meeting accompanied by a person who is not a shareholder.

7. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") to appoint multiple proxies in respect of each omnibus account it holds.

STATEMENT ACCOMPANYING NOTICE OF THE 15TH ANNUAL GENERAL MEETING

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

1. The Directors who are retiring pursuant to Article 129 of the Company's Articles of Association and seeking re-election are as follows:

   (i) Datuk Seri Yam Kong Choy;
   (ii) Datuk Zalekha binti Hassan; and
   (iii) Rosli bin Abdullah.

2. The Directors who are retiring pursuant to Article 131 of the Company's Articles of Association and seeking re-election are as follows:

   (i) Datuk Seri Long See Wool; and
   (ii) Mohd Izani bin Ghani.

The profiles of the above Directors are set out in the section entitled "Board of Directors' Profile" from pages 92 to 104 of this Annual Report. Their shareholdings in the Company are set out in the section entitled "Statistics of Shareholdings" on page 361 of this Annual Report.

LOCATION OF THE ANNUAL GENERAL MEETING

Location of the AGM

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

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

How to get there?

By Car

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

By Express Rail Link

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

Additional Information:-

Mobile Phones

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

Registration

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

Growth Momentum in providing Consultancy & Services

Our capability to successfully manage and operate airports both locally and internationally has made us a force to be reckoned with on a global platform. Our reputation as an efficient, dynamic and innovative service provider has put us in good standing in the airport management and consultancy services sector. We will continue to build on our proven track record domestically, whilst spreading our wings globally.

KEY FINANCIAL HIGHLIGHTS

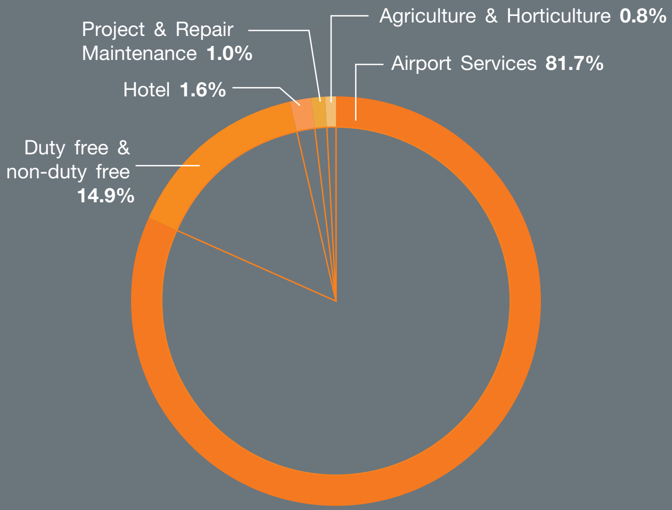
INCOME STATEMENTS for financial year ended 31 December 2013

	2013 RM Million	2012 RM Million	% Change
Revenue	**4,098.8**	**3,548.1**	**15.5**
Operating profit	618.0	639.6	(3.4)
Finance costs	(28.4)	(19.0)	(49.1)
Share of results of associates	(39.4)	(17.5)	(125.0)
Share of results of jointly controlled entities	3.0	(0.3)	1,298.4
Profit before tax and zakat from continuing operations	**553.2**	**602.8**	**(8.2)**
Taxation and zakat	(175.5)	(208.5)	15.8
Profit from continuing operations, net of tax	**377.7**	**394.3**	**(4.2)**
Profit attributable to:			
Owners of the parent	377.4	394.5	(4.3)
Minority interests	0.1	–	–
	377.5	**394.5**	**(4.3)**
Earnings per share attributable to owners of the parent (sen per share)			
– basic, for profit from continuing operations	30.80	33.24	
Return on equity	8.36%	10.23%	
Average Equity	4,518.8	3,853.1	

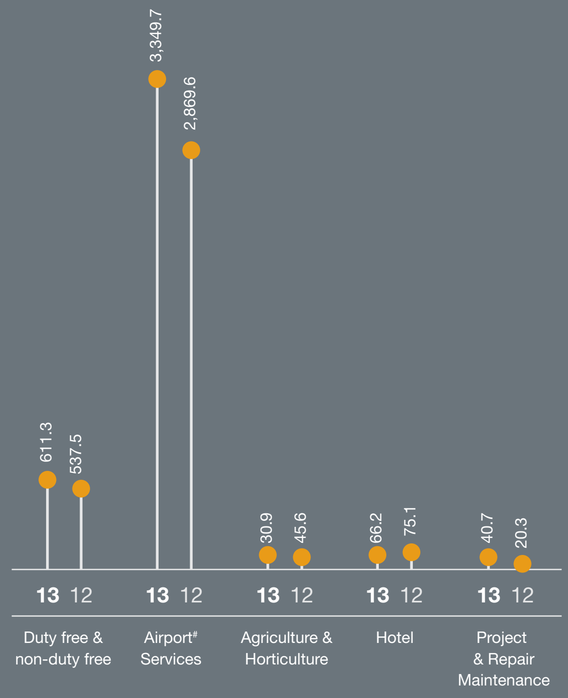
CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2013

	2013 RM Million	2012 RM Million	% Change
Assets			
Property, plant and equipment	386.6	348.8	10.8
Investments	431.4	366.9	17.6
Other non-current assets	8,667.0	6,610.5	31.1
Current assets	1,038.2	1,513.5	(31.4)
Assets of disposal group classified as held for disposal	0.1	0.1	65.1
Total assets	10,523.3	8,839.8	19.0
Equity and liabilities			
Share capital	1,232.4	1,210.0	1.9
Share premium	1,409.4	1,320.4	6.7
Retained earnings	2,037.4	1,826.8	11.5
Fair value adjustment reserve	(0.5)	5.1	(108.8)
Other reserve	2.5	2.6	(3.8)
Foreign exchange reserve	(2.9)	(5.6)	47.2
	4,678.3	4,359.3	7.3
Minority interests	0.0	–	–
Total equity	**4,678.3**	**4,359.3**	**7.3**
Non-current liabilities	4,674.5	3,646.9	28.2
Current liabilities	1,170.5	833.5	40.4
Liabilities of disposal group classified as held for disposal	0.0	0.1	(28.3)
Total liabilities	**5,845.0**	**4,480.5**	**30.5**
Total equity and liabilities	10,523.3	8,839.8	19.0
Net asset per share (RM)	**3.80**	**3.60**	5.37
Return on assets	3.6%	4.5%	

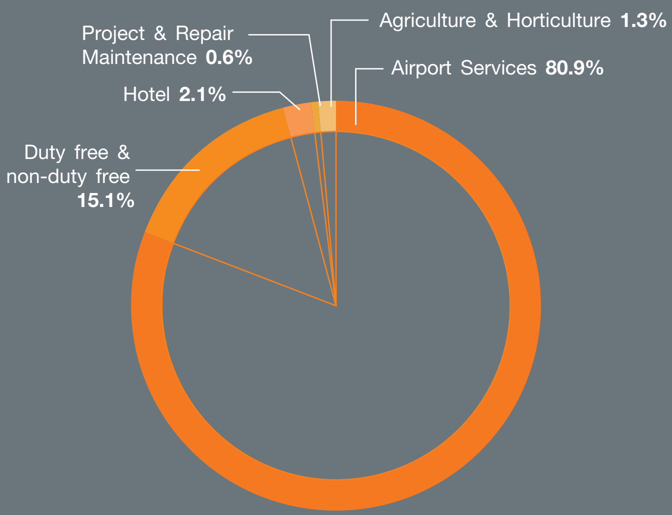
GROUP SEGMENTAL ANALYSIS



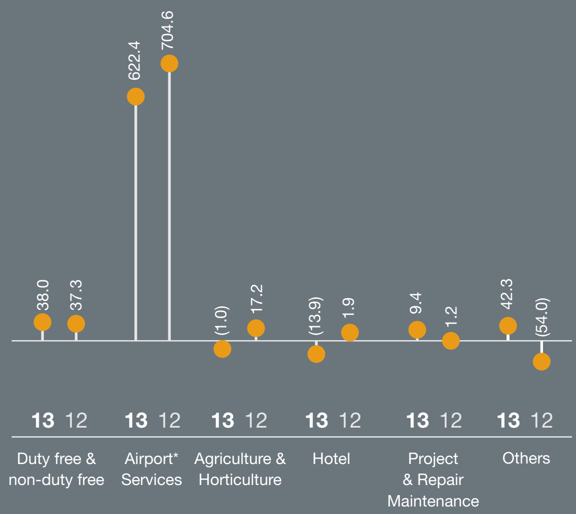
Revenue 2013



Total Revenue
RM4,098.8 million



Revenue 2012



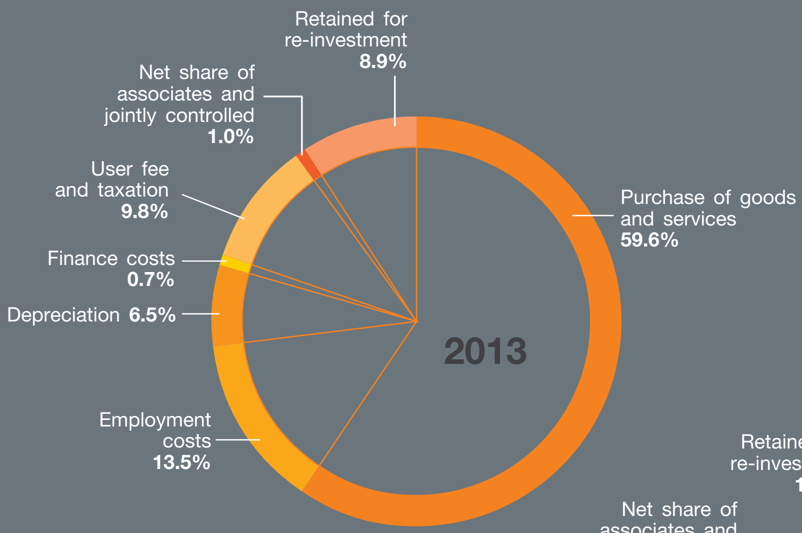
Total Profit Before Taxtion
RM553.2 million

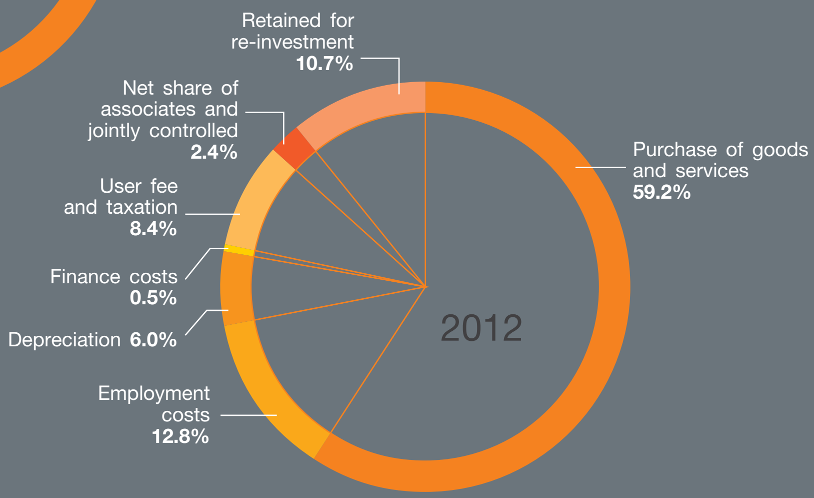
Note: The group segmental analysis above excludes inter-segment transactions.

\# *Airport Services revenues include IC 12 construction revenues amounting to RM1,635.9 million and RM1,385.0 million in FY2013 and FY2012 espectively.*

* *Airport Services profit before taxation include IC 12 construction profits amounting to RM72.0 million and RM63.3 million in FY2013 and FY2012 respectively.*

STATEMENT OF DISTRIBUTION

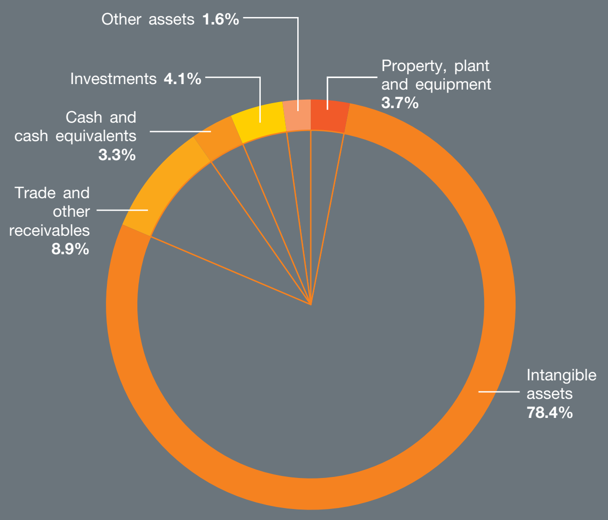




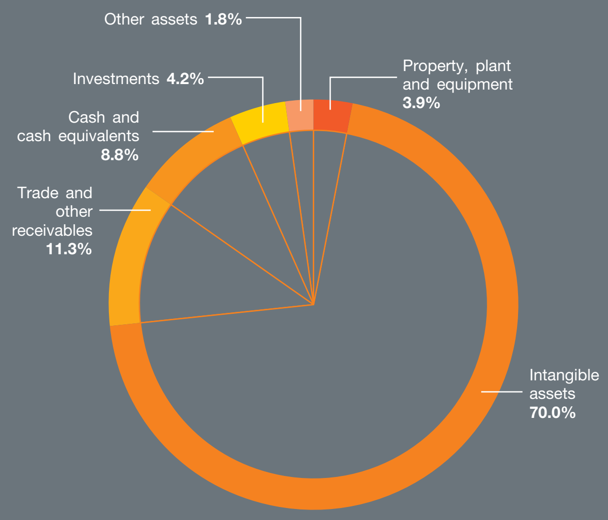
	2013 RM Million	%	2012 RM Million	%
Current income available for distribution	**4,233.8**		**3,673.0**	
To supplier Purchase of goods and services	2,525.4	59.6	2,172.7	**59.2**
To employees Employment costs	569.9	13.5	471.4	**12.8**
Utilisation of assets Depreciation	277.9	6.5	221.3	**6.0**
To financier Finance costs	28.4	0.7	19.0	**0.5**
To government User fee and taxation	413.3	9.8	307.7	**8.4**
To net associate loss and impairment Net share of associates and jointly controlled loss/impairment	40.3	1.0	86.5	**2.4**
Retained for re-investment and future growth and dividend payment current year	**377.6**	**8.9**	**394.3**	**10.7**
	4,233.8	100.0	3,673.0	**100.0**

STATEMENT OF FINANCIAL POSITION

ASSETS

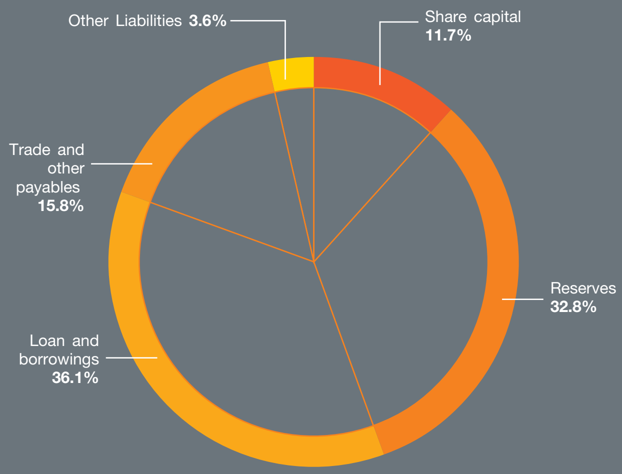


2013

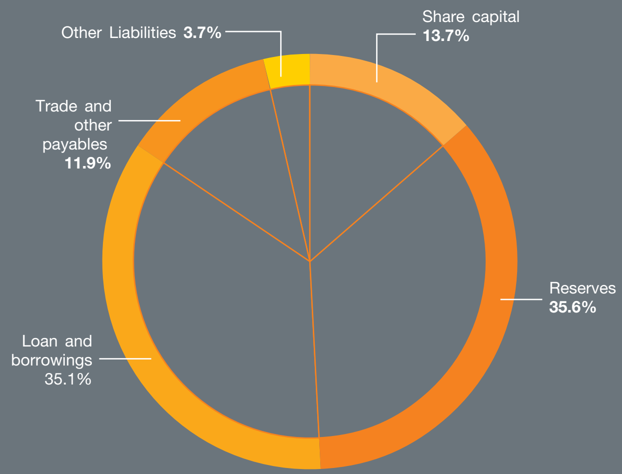


2012

EQUITY AND LIABILITIES

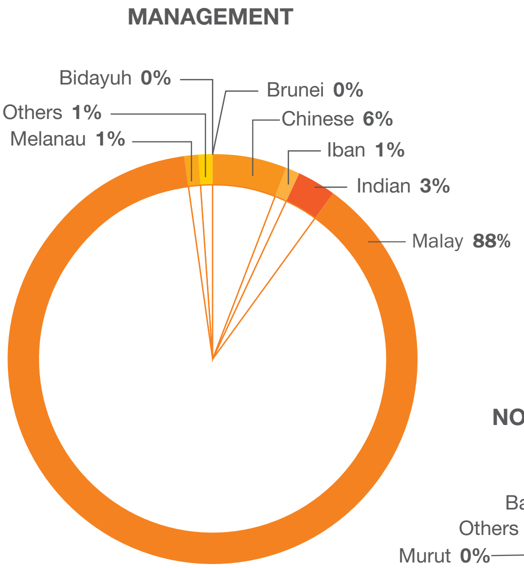


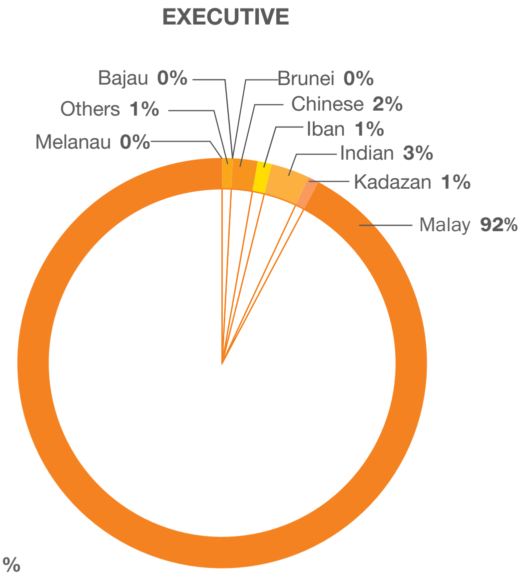
2013

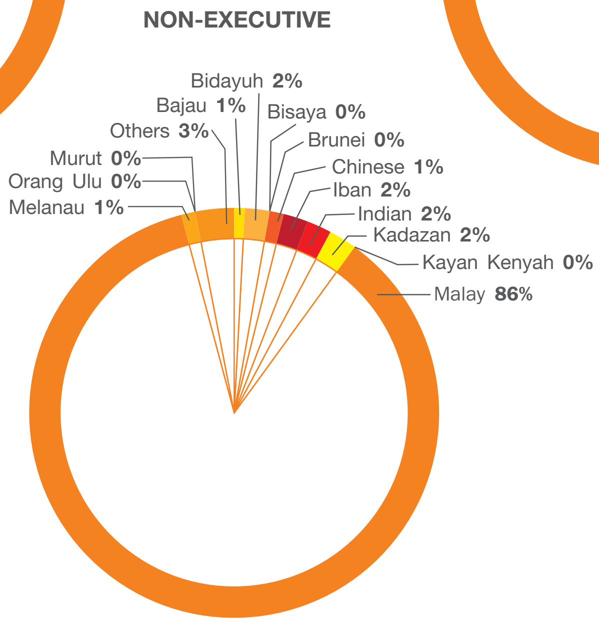


2012

STATEMENT OF WORKFORCE







GROUP QUARTERLY PERFORMANCE

Year 2013 In RM Million	1st Quarter	2nd Quarter	3rd Quarter	4rd Quarter	Year 2013
Financial Performance					
Operating revenue	1,027.2	978.2	972.7	1,120.7	4,098.8
Profit before tax and zakat for the continuing operations	185.6	132.0	151.0	84.6	553.2
Profit net of tax	126.1	101.8	112.8	37.0	377.7
Earnings per share (sen)	10.37	8.34	9.21	2.87	30.79

Year 2012 In RM Million	1st Quarter	2nd Quarter	3rd Quarter	4rd Quarter	Year 2012
Financial Performance					
Operating revenue	657.7	807.8	754.2	1,328.3	3,548.1
Profit before tax and zakat for the continuing operations	153.7	141.4	172.8	134.8	602.8
Profit net of tax	102.7	100.7	113.0	78.0	394.3
Earnings per share (sen)	9.22	8.32	9.34	6.45	33.26

GROUP 5-YEAR SUMMARY

STATEMENT OF PROFIT OR LOSS

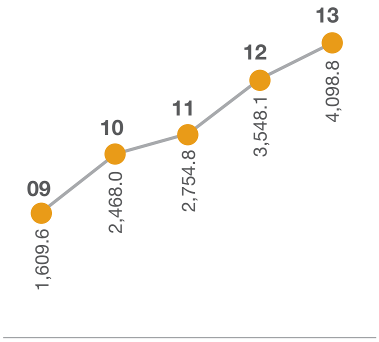
	2013 RM Million	2012 RM Million	2011 RM Million	2010 RM Million	2009 RM Million
Revenue	4,098.8	3,548.1	2,754.8	2,468.0	1,609.6
Profit before tax and zakat from continuing operations	553.2	602.8	574.2	475.0	452.6
Taxation and zakat	(175.5)	(208.5)	(173.0)	(157.5)	(100.2)
Profit from continuing operations, net of tax	377.7	394.3	401.2	317.5	352.5
Profit/(loss) for the year from discontinued operations, net of tax	(0.1)	0.2	–	–	(1.4)
Profit for the year	377.5	394.5	401.2	317.5	351.1
Profit attributable to:					
Owners of the parent	377.4	394.5	401.2	316.8	350.4
Non-controlling interest	0.1	–	–	0.7	0.7
Profit for the year	377.5	394.5	401.2	317.5	351.1
Earnings per share attributable to equity holders of the Company (sen per share)					
Basic, for continuing operations	30.80	33.24	36.47	28.80	31.98
Basic, for profit/(loss) from discontinued operations	(0.01)	0.02	–	–	(0.12)
Basic, for profit for the year	30.79	33.26	36.47	28.80	31.86

STATEMENT OF FINANCIAL POSITION

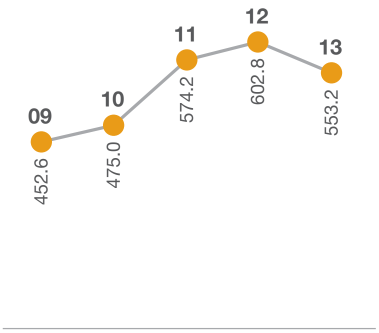
	2013 RM Million	2012 RM Million	2011 RM Million	2010 RM Million	2009 RM Million
Assets					
Non-current assets	9,485.0	7,326.2	5,784.9	4,814.8	4,210.2
Current assets	1,038.2	1,513.5	1,641.9	2,295.7	963.1
Assets of disposal group classified as held for disposal	0.1	0.1	0.4	0.5	0.5
Total assets	10,523.3	8,839.8	7,427.2	7,111.0	5,173.8
Equity					
Share capital	1,232.4	1,210.0	1,100.0	1,100.0	1,100.0
Share premium	1,409.4	1,320.4	822.7	822.7	822.7
Retained earnings	2,037.4	1,826.8	1,625.2	1,387.0	1,421.4
Fair value of adjustment reserve	(0.5)	5.1	0.8	0.1	–
Other Reserve	2.5	2.6	2.6	–	–
Foreign Exchange Reserves	(2.9)	(5.6)	(4.4)	(5.4)	(2.0)
	4,678.3	4,359.3	3,546.9	3,304.4	3,342.1
Non-controlling interest	0.0	–	–	5.5	4.7
Total equity	4,678.3	4,359.3	3,546.9	3,309.9	3,346.8
Non-current liabilities	4,674.5	3,646.9	3,001.5	3,073.6	1,114.8
Current liabilities	1,170.5	833.5	878.7	727.3	712.0
Liabilities of disposal group classified as held for disposal	0.0	0.1	0.1	0.2	0.2
Total liabilities	5,845.0	4,480.5	3,880.3	3,801.1	1,827.0
Total equity and liabilities	10,523.3	8,839.8	7,427.2	7,111.0	5,173.8
Net asset per share (RM)	3.80	3.60	3.22	3.01	3.04

5-YEAR FINANCIAL HIGHLIGHTS

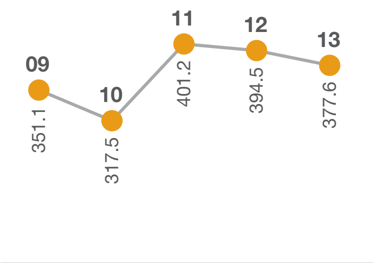
Revenue
(RM Million)



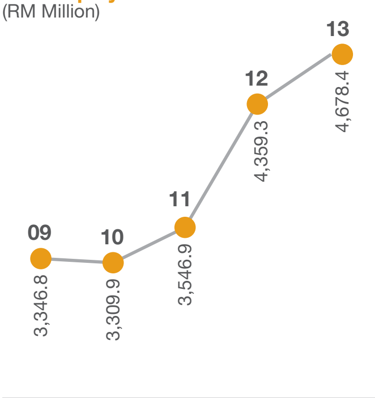
Profit before taxation
(RM Million)



Profit of the year
(RM Million)

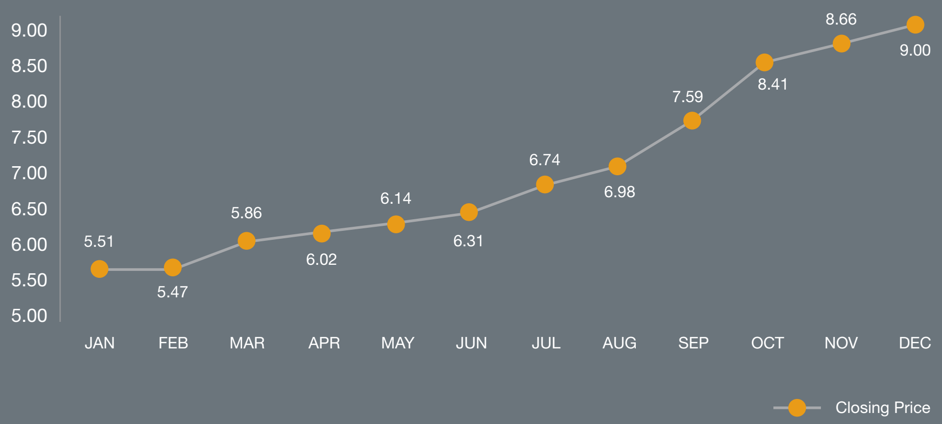


Total equity
(RM Million)



SHARE PRICE, VOLUME TRADED & MARKET CAPITALISATION

Share Price Movement

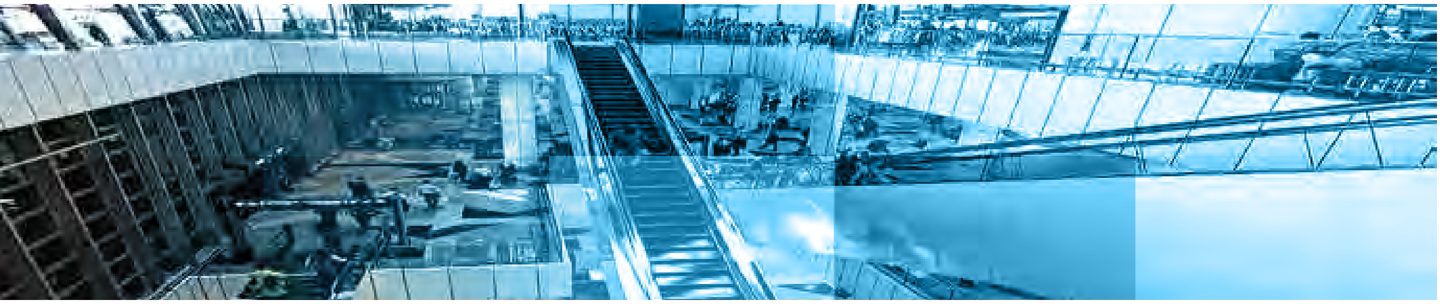


2013 Monthly Trading Volume & Share Price Statistics

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume ('000)	41.18	27.82	29.53	29.02	31.16	30.98	17.03	24.27	37.55	28.22	24.05	23.53
High (RM)	5.79	5.70	5.89	6.20	6.60	6.31	6.90	6.98	8.00	8.72	8.77	9.78
Low (RM)	5.17	5.18	5.35	5.68	5.96	5.99	6.15	6.20	6.60	7.53	8.25	8.65
Closing Price (RM)	5.51	5.47	5.86	6.02	6.14	6.31	6.74	6.98	7.59	8.41	8.66	9.00

Market Capitalisation

GROUP FINANCIAL PERFORMANCE REVIEW



KEY FINANCIAL PERFORMANCE

Malaysia Airports Holdings Berhad (MAHB) financial results for the year ended 31 December 2013 (FY2013), indicate resilience performance amidst the challenges in the aviation industry and the global economic conditions. The Group recorded revenues of RM4,098.8 million in FY2013, a growth of 15.5% compared to RM3,548.1 million recorded in the financial year ended 2012 (FY2012). This was mainly due to the performance in airport operations which was supported by demand for air travelling and higher contribution from retail business.

Earnings before interest, tax, depreciation and amortisation (EBITDA) fell 3.2% to RM899.5 million in FY2013 from RM929.7 million recorded in the previous year. However, excluding construction profit, MAHB achieved an EBITDA of RM827.5 million, outperforming the headline KPI target of RM750.9 million.

Profit before tax and zakat (PBT) of RM553.2 million slipped by 8.2% compared to RM602.8 million reported in FY2013. While, earnings per share (EPS) stood at 30.79 sen for FY2013, a decline of 7.4% compared to 33.26 sen in FY2012.

IC INTERPRETATION 12: SERVICE CONCESSION ARRANGEMENT

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

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

In line with the requirement of Financial Reporting Standard 111: Construction Contracts (FRS 111), Malaysia Airports recognises the construction revenues and costs by reference to the stage of completion of the construction works of klia2 and Penang International Airport, which are public sector infrastructure assets and services currently being undertaken by Malaysia Airports. In FY2013 and FY2012, Malaysia Airports recognised the construction revenues in relation to the aforesaid projects amounting to RM1,635.9 million and RM1,385.0 million respectively. Malaysia Airports also recognised the construction costs amounting to RM1,563.9 million and RM1,321.7 million for the above projects in FY2013 and FY2012 respectively.

GROUP PROFITABILITY

Excluding the effects of IC 12, revenues for FY2013 was RM2,462.9 million, which represents an increase of 13.9% from RM2,163.0 million registered in FY2012. EBITDA fell to 4.5% to RM827.5 million from RM866.4 million recorded in FY2012. PBT for FY2013 of RM481.2 million slipped by 10.8% from RM539.5 million in FY2012.

In spite of the revenue growth, the PBT decline was a result of increase in user fee, higher employee benefit and higher share of associate companies' losses absorbed during the year under review.

OPERATIONS REVIEW

In 2013, global air passenger traffic saw a healthy demand growth of 5.2% compared with the previous year despite challenging economic environment and geopolitical issues. Closer to home, MAHB has recorded much stronger passenger growth of 18.4% in FY2013, benefiting from the rising demand for air travelling especially in Asia as well as the expansion by low-cost carriers into new markets. During the year, MAHB recorded an all-time high of 79.6 million passengers passing through MAHB's 39 airports in Malaysia. Both international and domestic passenger movements registered strong growth at 16.8% and 20.0% respectively. The total passenger movements in KLIA grew by 19.1%, where both KLIA-MTB & LCCT recorded strong growth of 24.6% and 13.2% respectively. All other airports recorded an aggregate growth in total passenger movements of 17.3%. Total aircraft movements grew by 14.2% to 737,854 aircrafts, with the domestic sector recording a higher growth of 15.1% compared to the growth in the international sector of 12.6%.

The increase in operating revenues was attributed to growth from the airport operations segment, driven by strong air travel demand. Excluding the IC 12 effects, revenues generated by our airport operations segment improved by 15.0%, to RM2,325.1 million compared to the previous year of RM2,022.1 million. Aeronautical revenues grew 16.8% to RM1,211.0 million from RM1,036.7 million on the back of stronger passenger numbers, while non-aeronautical revenue increased 13.1% to RM1,114.1 million in FY2013 from RM985.4 million in FY2012 underpinned by higher retail, rental and commercial activities resulting from the increased passenger volume.

The non-airport operations segment recorded revenues of RM137.8 million in FY2013, fell 2.2% from RM140.9 million recorded in FY2012, due to weaker revenues recorded in the hotel, agriculture and horticulture segment. Revenue contribution from the agriculture and horticulture declined 32.2% to RM30.9 million as a result of lower price attained for Fresh Fruit Bunches (FFB) per tonne and lower production volume for the year. Similarly, the hotel segment revenue dropped by 11.8% to RM66.2 million, mainly due to lower food and beverages revenue. Nonetheless, this was cushioned by the strong growth of 100.8% to RM40.7 million from the project, repair and maintenance segment.

TYPES OF REVENUE: AERONAUTICAL AND NON-AERONAUTICAL REVENUE

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

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

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

Excluding the construction revenue, total non-aeronautical business continues to be a key in MAHB's earnings driver, accounting for 50.8%, or RM1,251.9 million, to the Group's revenue and this is in line with the Group's long term plan to further grow this branch of business.

BUSINESS SEGMENTS

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

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

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

	Business Segment	Actual FY2013 (RM'000)	Actual FY2012 (RM'000)	Variance (%)
I)	Airport operations	3,960,970	3,407,157	16.3
	1. Airport Services:			
	Aeronautical	1,211,040	1,036,710	16.8
	Non-aeronautical (Rental & others)	504,106	448,943	12.3
	Construction Revenue	1,635,864	1,385,049	18.1
	2. Duty free and non-dutiable goods	609,960	536,455	13.7
II)	Non-airport operations			
	Hotel	66,198	75,051	-11.8
	Agriculture and horticulture	30,924	45,594	-32.2
	Project and repair maintenance	40,667	20,260	100.7
	Total revenue	**4,098,759**	**3,548,062**	**15.5**

SEGMENTAL REVENUE

1. Airport operations

(a) **Airport services:** This business segment comprises of aeronautical revenue from collection of passenger service charge (PSC), landing and parking fees, and other ancillary charges to airlines; and non-aeronautical revenue generated from rental and other commercial activities. The aeronautical revenue increased 16.8% to RM1,211.0 million in tandem with growth in passenger traffic. The increase in revenue was also attributed to the implementation of the new landing and parking charges with the increase of 9% and 18% respectively (compounded annually effective 1 January 2012, 1 January 2013 and 1 January 2014). However, this was offset by the higher Airline Incentives of RM75.9 million in FY2013 compared to RM65.0 million recorded in the previous year. Revenues from rental of space, advertising and other commercial segments grew by 12.3% to RM504.1 million in FY2013, contributed mainly by higher rental royalty from the higher sales as well as increased car park revenue due to higher passenger movements and airport visitors.

(b) **Operations of duty free and non-duty free outlets:** This business segment includes the operations of duty free and non-duty free outlets and management of F&B outlets at designated airports. This business segment grew by 13.7%, to RM610.0 million in FY2013. This was in line with the increase in passenger volume.

2. Non-airport operations

(a) **Agriculture and horticulture:** The agriculture and horticulture business segment activities include the cultivation and sale of oil palm and other agriculture products. Due to lower production volume and aggravated by the weaker price of FFB per tonne (2013: 64,819MT/RM471 vs. 2012: 78,285MT/RM579), revenue contribution from the agriculture and horticulture segment fell to RM30.9 million in FY2013, which was 32.2% lower than the RM45.6 million registered in FY2012. The reduction in the total crop harvested was mainly contributed by unfavourable weather condition which include low rainfall, causing moisture stress in the palm oil trees.

(b) **Hotel:** The Hotel segment manages and operates the Sama-Sama Hotel. The hotel segment revenue declined 11.8% to RM66.2 million, mainly attributed to lower revenue from food and beverage related services. Furthermore this was further aggravated by lower average room rate despite commendable occupancy rate of 68.0%. However, this is expected to be temporary as the "Sama-Sama" brand is relatively new in the market and efforts have been and continued to be taken in improving the Sama-Sama brand awareness.

(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 very strong growth of 100.7% in revenue to RM40.7 million in FY2013, mainly due to higher project wins during the year.

SEGMENTAL PROFITABILITY

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

1. Airport operations

(a) **Airport services:** Despite the increase in the airport services revenue, the segmental PBT declined by 5.0% to RM622.4 million in FY2013 compared to RM655.4 million reported in FY2012. This was mainly attributed to higher user fee and staff cost.

(b) **Operations of duty free and non-duty free outlets:** PBT for this segment decline 80.3% to RM38.0 million in FY2013 from RM193.2 million in FY2012, on the back of higher revenue due to strong passenger growth and increased retail spending.

2. Non-airport operations

(a) **Agriculture and horticulture:** The agriculture and horticulture business PBT fell 94.3% to RM1.0 million from RM17.5 million in FY2012 due to lower production volume and weaker FFB prices.

(b) **Hotel:** The Hotel business recorded loss before-tax of RM14.0 million in FY2013 compared to PBT of RM7.0 million in FY2012, was mainly due lower food and beverage revenue, lower average room rate and write-off of operational fixed assets in relation to the renovation works.

(c) **Project and repair maintenance services:** This segment recorded a profit RM9.4 million in FY2013 compare to RM23.3 million loss in FY2012, mainly due to higher revenue recorded.

ECONOMIC PROFIT

Economic Profit (EP) is used as a yardstick to measure shareholder value. EP is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital, that is, the difference between the Company's rate of return and cost of capital. The Group recorded an economic loss of RM103.9 million for FY2013 as compared to an economic profit of RM131.6 million in FY2012. The economic loss was due to higher average invested capital resulting from cost incurred for the construction of klia2.

DIVIDENDS

MAHB has declared and paid a single tier interim dividend amounting to RM74.0 million (6 sen per ordinary share) part of which was reinvested in the Dividend Reinvestment Plan (DRP). The DRP recorded 88.4% acceptance rate amounting to RM65.3 million.

Furthermore, on 13th February 2013, the Board of Directors had proposed a single tier final dividend of up to 6.35 sen per ordinary share but not less than 5.78 sen per ordinary share amounting to RM78.8 million for shareholders' approval at the forthcoming Annual General Meeting.

HEADLINE KEY PERFORMANCE INDICATORS ('KPIs') FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2014 ('FY2014')

The Headline KPIs are targets or aspirations meant to drive MAHB's performance in 2014. These Headline KPIs are disclosed publicly on a voluntary basis, signaling MAHB's commitment towards transparent performance measures and good corporate governance.

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

The Headline KPIs are set based on the assumption that there will be no significant changes in the prevailing economic and political conditions, present legislation and/or government regulations, as well as with the expectation that the businesses will continue to grow as expected.

FY2014 HEADLINE KPIs

MAHB's Headline KPIs for FY2014 are as follows:-

Final		FY2014
(i)	EBITDA	RM861 million
(ii)	Airport Service Quality Awards	Above 40 mil pax category: KLIA Ranking Top 5

Note: Actual results for the financial year ending 31 December 2013 will be announced after the end of the financial year in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad.

klia2 is expected to commence operations on 2 May 2014 and will contribute positively to MAHB Group's revenue, largely fuelled by higher passenger movements and complemented by enhancements in retail and commercial operations. However, klia2 is expected to incur higher operating expenditure due to its much larger capacity to accommodate for future growth in passenger and aircraft movements.

Similar to FY2013, MAHB has decided to exclude ROE from its Headline KPI. The completion of klia2 will result in a significantly higher annual amortisation cost, thereby contributing to a lower ROE. The Malaysia Financial Reporting Standard requires concession assets including klia2 to be amortised within the shorter period of the remaining life of the Operating Agreements instead of the asset's useful life. Further to this, MAHB has raised the matter with the GoM and due to the ongoing discussions, MAHB has decided for the time being to exclude ROE from its Headline KPI for 2014.

Notwithstanding the above, MAHB's performance is expected to further improve from 2015 onwards with the full year operations of klia2. As MAHB continues on its journey, it is clearly taking flight towards greater heights.


chocolates

Airport Performance Benchmark

Airports tend to operate under different circumstances in terms of aviation activities, commercial activities, site constraints, governance and ownership structure, etc., and as a result, there are no specific performance indicators that individual airports would find consistently relevant and useful. For example, privatised airports are likely to focus on different financial performance indicators than non-profit government-owned airports. Larger airports are likely to focus on different performance indicators than smaller airports. Airports with large developable land areas are likely to focus on different performance indicators than tightly constrained airports in large urban areas. As such bench marking becomes relatively complex. These are well illustrated in the *ICAO's Airports Economics Manual and ACI's Guide to Airport Performance Measures.*

Even among airports with similar characteristics, managers may have different views regarding which performance indicators are most important, and how many performance indicators the airport should track. A smaller set of closely-monitored performance indicators tend to be a more effective performance management tool than a larger set of performance indicators that attracts less focus.

Airport benchmarking is divided into two types of comparisons; firstly the internal or self-benchmarking, where an airport compares its performance with itself over time; and secondly external or peer benchmarking where an airport compares its performance against other airports, either at a single point in time or over a period of time. MAHB's Annual Report and the accompanying Sustainability Report cover both these areas to some detail. In addition this section attempts to cover only those areas of benchmarking not covered elsewhere in this report but considered being of some relevance to the esteemed stakeholders and shareholders.

When comparing one airport to another, some of the typical factors that drive different results and should be considered in making comparisons including passenger volume, capacity constraints, mix of international and domestic traffic, mix of local and transfer passengers, mix of passenger carrier service (network, low cost, charter), mix of passenger versus cargo activity, degree of outsourcing, range of services provided by the airport, airport development programme status, weather conditions, geographic location, urban versus rural location, physical size of the airport, public transportation access and usage, regulatory environment, local labour conditions, and ownership and governance structure.

Internal benchmarking, where an airport compares its performance with itself over time, is less complex than external benchmarking because the number of variables that change at an airport from one year to another is limited. However, year-over-year comparisons may not be simple as the variables involved may have changed.

The complexities involving in making airport comparisons do not suggest that external benchmarking is totally meaningless but rather to show that many indicators will be useful primarily for internal benchmarking and even internal benchmarking should be viewed not as an end in itself. For external benchmarking results to be meaningful, it is essential to find truly comparable "peer" airports in terms of the many factors that drive the indicator and many performance indicators measure or include as a denominator, passengers, aircraft movements, or other factors which are largely beyond the airport's control.

The common benchmarks reflected in the ICAO and ACI documents are as below:

i) *Core measurements* that shows the activity level at the airports such as passengers and categories of passengers, aircraft movements, cargo movements, airlines and destinations.

ii) *Safety and security statistics* such as runway accidents and incursions, bird strikes, occupational injuries etc. Safety indicators are used to track airfield safety issues as well as safety issues involving other portions of the airport, including roadways, and general employee safety. Security indicators may be used to track security violations, thefts and crimes, and responsiveness.

iii) *Service quality* levels such as customer satisfaction, delay statistics, and security, passport, check in and baggage clearing times. Service quality indicators focus both on how passengers perceive the level of service provided by the airport, and on objective measures of service delivery.

iv) *Productivity/cost effectiveness* such as passengers/aircraft movements per employee, aircraft movements per gate, total cost per passenger/aircraft movement, operating cost per work load unit etc. These indicators of airport efficiency measure the resources used to produce a certain volume of activity, e.g., departures per gate or total passengers per airport employee.

v) *Financial and commercial measurements* such as aeronautical/non-aeronautical revenue per passenger/aircraft, non-aeronautical operating revenue as a percentage of total revenue, EBIDTA per passenger etc. Financial/commercial performance indicators are used to track the airport's financial performance, including airport charges, airport financial strength and sustainability, and the performance of individual commercial functions.

vi) *Environmental related* such as carbon footprint, waste reduction percentage, utilities/energy usage per passenger, water consumption per passenger etc. Environmental indicators are used to track an airport's progress in minimising the environmental impacts of its operations.

The International Civil Aviation Organisation (ICAO) produces annually airport financial statistics but it is published not early enough while the financial information on airports is limited and difficult to obtain. In addition, for airport operators that are listed, the available data from published accounts is for the whole Group. Even MAHB's published accounts does not carry detail accounts of individual airports. Other organisations which have done airport benchmarking include Airports Council International, Skytrax and International Air Transport Association ("IATA"). Data obtained from IATA suggest that KL International Airport (KLIA) is competitive in terms of passenger service charges & passenger security service charges and landing charges compared against other airports in the region.

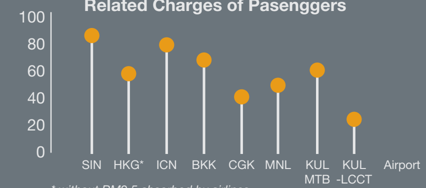
On the passenger traffic side, KLIA registered the highest growth in the region in 2013. This is the highest growth for KLIA since 2004. The traffic performance of some airports in the region is as follows:

Airport	2013	% Change
Hong Kong International Airport (HKG)	59.9 million	↑ 6.1
Soekarno-Hatta International Airport Jakarta (CGK)	59.7 million	↑ 3.4
Changi International Airport Singapore (SIN)	53.7 million	↑ 5.0
Suvarnabhumi Airport Bangkok (BKK)	51.4 million	↓ 3.0
KL International Airport (KUL)	47.5 million	↑ 19.1
Incheon International Airport Seoul (ICN)	41.5 million	↑ 6.5
Ninoy Aquino International Airport Manila (MNL)	32.9 million	↑ 3.1

Source: ACI (preliminary)/website

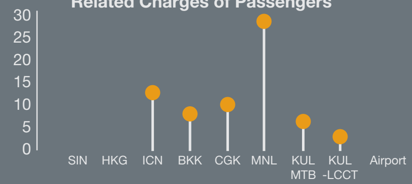
Benchmarking of airport charges provides a glimpse of airlines and passengers cost for using an airport. Aircraft landing and passenger service charges at some airports in the region is as follows:

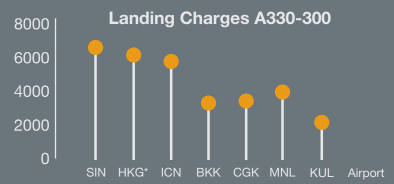
International Passenger Service & Related Charges of Pasenggers



** without RM9.5 absorbed by airlines*

Domestic Passenger Service & Related Charges of Passengers





** * Exchange rate as at 30 October 2013*
Source: IATA Airport,ATC and Fuel Charges Monitor/website

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

DIVIDEND POLICY

Dividend policy is one of MAHB's 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 the company and its shareholders.

A company may use dividends as a signal to inform investors 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 its 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 from 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, 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 public listed companies

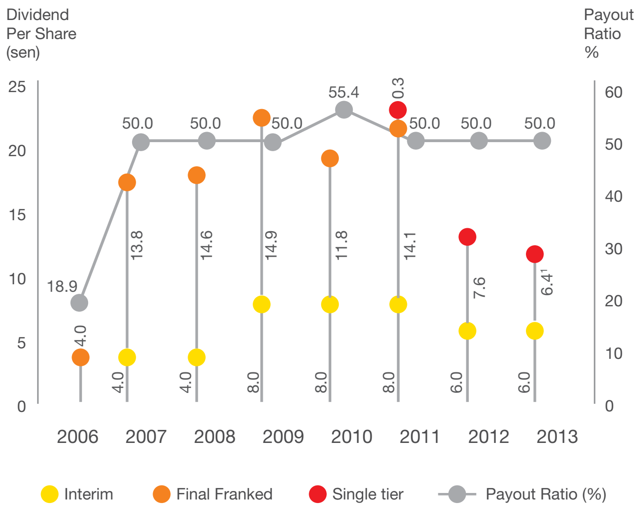
The summary of dividends declared and paid to the shareholders of MAHB for the financial years ended 31 December 2006 to 2013 are tabulated below:

Financial Year	Interim (sen)	Final Franked (sen)	Single tier (sen)	Payout Ratio (%)
2006	–	4.0	–	18.9%
2007	4.0	13.8	–	50.0%
2008	4.0	14.6	–	50.0%
2009	8.0	14.9	–	50.0%
2010	8.0	11.8	–	55.4%
2011	8.0	14.1	0.3	50.0%[2]
2012	6.0	–	7.6	50.0%[2]
2013	6.0	–	6.4[1]	50.0%[2]

1 *On 23 December 2013, the Company had announced a proposed private placement of up to 10% of the total issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later ("**Proposed Private Placement**"). Bursa Malaysia Securities Berhad vide its letter dated 5 February 2014 had approved the application for the listing of and quotation for up to 124,054,635 new MAHB shares to be issued pursuant to the Proposed Private Placement ("**Placement Shares**"). In the event none of the Placement Shares are issued by the book closure date ("**BCD**") for the Proposed Final Dividend, the final dividend would be 6.35 sen per ordinary share. In the event all the Placement Shares have been issued by the BCD for the Proposed Final Dividend, the final dividend would be 5.78 sen per ordinary share. The actual amount of final dividend per ordinary share would be dependent on the actual number of Placement Shares issued by the Company by the BCD for the Proposed Final Dividend.*

2 *Exluding the effects of IC 12.*

Dividend Per Share (sen)



The graph above shows that MAHB has been able to maintain high dividend levels resulting from the robust earnings of the Company. The dividend payments signal management's expectation of high future earnings as well as commitment to rewards its shareholders.

DIVIDEND REINVESTMENT PLAN

In our commitment to reward shareholders as well as to strengthen the Group's capital base, MAHB had established a dividend reinvestment plan (DRP). The DRP allows shareholders of MAHB to reinvest their dividends into new ordinary share(s) of RM1.00 each in MAHB Shares. The rationale for the DRP is as follows:

(i) enhance shareholders' value via the subscription of new MAHB Shares where the new MAHB share issued typically bears a discount
(ii) provide the shareholders with greater flexibility in meeting their investment objectives by providing a choice of receiving cash or reinvesting in MAHB
(iii) dividends that are reinvested are utilised to fund the continuing business growth of the Group
(iv) improve liquidity of MAHB Shares traded on the Main Market of Bursa Malaysia Securities Berhad

On 4 February 2014, the Company had announced the listing of 8,102,473 of New Shares on Bursa Securities which represents 88.36% of the total number of New Shares made available for reinvestment under the DRP for the FY2013 interim dividend. This is the highest DRP subscription rate since the DRP was launched in November 2012 and signified shareholders confidence in MAHB's future growth prospects.

The details of the past three DRP exercises completed by the Company is as shown in the table below:

Financial Year	Type of dividend	Dividend per share (sen)	Total dividend amount (RM million)	Number of Shares made available for investment ('000)	Number of shares reinvested ('000)	Subscription (%)
2012	Interim	6.00	72.60	15,348.84	7,088.05	46.18%
	Final	7.63	92.86	18,066.93	15,355.83	84.99%
2013	Interim	6.00	73.95	9,169.68	8,102.47	88.36%

FINANCIAL CALENDAR

FINANCIAL YEAR 2013

Quarterly Results Announcements

26APR 2013

Unaudited consolidated results for the 1st quarter ended 31 March 2013.

23JUL 2013

Unaudited consolidated results for the 2nd quarter ended 30 June 2013.

31OCT 2013

Unaudited consolidated results for the 3rd quarter ended 30 September 2013.

27JAN 2014

Unaudited consolidated results for the 4th quarter ended 31 December 2013.

Headline Key Performance Indicators Announcement

20DEC 2013

2014 Headline Key Performance Indicators.

Dividends

Single-Tier Interim Dividend of 6 sen per ordinary share

13DEC 2013

Notice of Book Closure Date.

02JAN 2014

Entitlement date.

30JAN 2014

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

FINANCIAL CALENDAR

Final Single-Tier Dividend of up to 6.35 sen per ordinary share but not less than 5.78 sen per ordinary share

The Board had on 13 February 2014, recommended a final single-tier dividend of up to 6.35 sen per ordinary share but not less than 5.78 sen per ordinary share in respect of the financial year ended 31 December 2013.

The Board had on 13 February 2014, determined that the dividend reinvestment plan ("DRP") will apply to the entire Final Dividend. Therefore, the Notice of Book Closure Date, the Entitlement date and the Payment date will only be announced on the day the Issue Price of the shares to be issued under the DRP is announced.

General Meeting

26FEB 2014

Notice of 15th Annual General Meeting.

20MAR 2014

15th Annual General Meeting.

INVESTOR RELATIONS

At MAHB, we dedicate our efforts in continuously creating and maximising values for our esteemed shareholders. Therefore, we understand the importance to continuously engaging our existing shareholders and prospective investors to keep them updated with strategies, business performance and latest development within the Group. A comprehensive Investor Relations Programme and initiatives are implemented to consistently deliver effective, timely and transparent communication with the investing community.

QUARTERLY FINANCIAL RESULTS AND ANALYST BRIEFING

MAHB organises presentations with teleconferencing facilities during quarterly financial results briefings to the media, equity and fixed income analysts as well as the fund managers. Our proactive Investor Relations initiatives ensure timely dissemination of relevant information to the public and investing community for better understanding of the financial, operational performance as well as key strategies of the Group.

MAHB further emphasises on timely disclosure through the circulation of investor presentation. Presentation of financial results and performance are prepared in a concise and transparent manner and are made available on MAHB's website in conjunction with the release of financial results announcement to Bursa Malaysia Securities Berhad. Hardcopies of the presentations are disseminated to participants who attended the briefings.

INVESTOR ENGAGEMENT

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

  The Chief Financial Officer and Investor Relations team have been actively participating in meetings and conference calls with institutional investors, fund managers, analyst and rating agencies held in Malaysia as well as abroad. Locally, we participated in over 500 meetings and conference calls and large group presentations organised by local and foreign research houses. In addition, the team continuously reach out to wider investors base by participating in overseas conferences in the US, Europe, Hong Kong and Singapore.

- **Investor Relations Portal**

  In further efforts to enhance access by various stakeholders, the Investor Relations unit maintains an Investor Relations portal, on the company's website, *http://www.malaysiaairports.com.my*. The website offers an effective communication platform with a wide range of information for shareholders, prospective investors and the general public including the key financial highlights, annual reports, financial results, investor presentation, press releases, and disclosures to Bursa Malaysia Securities Berhad.

- **Investor feedback**

  To further strengthen the relationship with the investing community, we value their feedback or enquiries which can be communicated directly to us via our dedicated email address at *investorrelations@malaysiaairports.com.my*.

  The Investor Relations team endeavours to provide timely responses to feedback or queries by ongoing engagement and direct communication with the stakeholders.

MAHB CREDIT RATING

MAHB is committed towards sound financial position and robust balance sheet. In FY2013, MAHB continues to exhibit strong fundamentals; evident by its strong investment grade credit ratings:

Rating Agency	Credit Rating
RAM	AAA
Moody's	A3

MAHB is committed to maintain the above ratings, which is achieved via prudent and pragmatic capital management approach taken by the Group in the course of doing its business.

CONTACT US

Vinie Chong Pui Ling

Head of Investor Relations

Aged 35, Vinie Chong heads the Investor Relations, Treasury and Corporate Finance divisions, and reports to the Chief Financial Officer of MAHB Group. She joined MAHB in 2010 and was instrumental in the financing transactions of MAHB. The maiden debt financing exercise was rated as the "Highly Commendable Corporate Sukuk" by the renowned The Asset Asian Awards in 2011, followed by the landmark first global rated Shariah-compliant corporate hybrid sukuk programme established in 2013. She was also primarily responsible in MAHB's investment transactions including both local and cross border investments as well as equity fund raising exercise.

She graduated with a Bachelor of Commerce degree from The University of Melbourne, Australia in 2000. She has had extensive experience in corporate finance and business advisory initially with a boutique financial advisory firm covering Malaysia and Middle East regions, and subsequently joined the Malaysia's largest business process outsourcing firm as a Manager in the CEO's office in charge of the corporate finance, investment and cross-functional initiatives.

Tel : 603-8777 7675
Fax : 603-8777 7830
Email : *vinie@malaysiaairports.com.my*

Growth Momentum
in deploying Sustainable Development

Our strategic plan of charting a sustainable growth when embarking on new developments or enhancing existing business is fundamental to our success and has significantly contributed towards the progress and sustainability of our organisation. Our aggressive and bold measures are meant to keep us competitive today, and ready to meet the challenges ahead.

Chairman's Statement

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

DEAR SHAREHOLDERS,

The year 2013 marked my second year as the Chairman of Malaysia Airports Holdings Berhad. It was a challenging yet an exciting year as we managed once again to stage an impressive performance amidst a slow global economic recovery during the year under review.

With the esteemed and highly experienced board of directors and talented and dynamic management team of Malaysia Airports, we had sailed our way through these challenges and this was reflected in our numbers for the financial year ended 31 December 2013 (FY2013).

We outperformed our headline KPI again this year with earnings before interest, tax, depreciation and amortisation (EBITDA) without construction profit of RM827.5 million, 10.2% higher compared to our target of RM750.9 million.

"We outperformed our headline KPI again this year with earnings before interest, tax, depreciation and amortisation (EBITDA) without construction profit of RM827.5 million, 10.2% higher compared to our target of RM750.9 million."

The Group recorded an impressive year on year revenue growth of 13.9% to RM2,462.9 million from RM2,163.0 million (excluding construction revenue) or 15.5% to RM4,098.8 million from RM3,548.1 million (including construction revenue) for financial year ended 31 December 2013.

The Group's overall revenue growth was contributed by the improvement in the aeronautical performance that recorded a growth of 16.8% over FY2012.

The favourable variance in the airport operations' revenue was also contributed by an increase in non-aeronautical revenue of 13.1% to RM1,114.1 million from that of the previous financial year. The improvement was driven by higher commercial and retail revenue on the back of higher passenger growth.

I am happy to note that the share price of the company had also surged significantly to hover around RM9.00 at the close of the FY2013, a record price reflecting the strong fundamentals in the company. The company's share price has more than quadrupled over the last decade or so. The surge in our share price has been the result of our aggressive and bold investment moves and forward-thinking business decisions, which bolstered investor confidence in Malaysia Airports. This has been reflected by our overseas ventures, management services projects around the globe, klia2 and KLIA Aeropolis development.

The key driver behind our performance in FY2013 is the stellar passenger growth. The Group recorded an 18.4% growth in passenger traffic, registering 79.6 million of passengers passing through 39 airports in Malaysia operated by the group. The number, outpaced our conservative forecast of 7.1%, was the highest growth rate achieved over the last 22 years. For the previous financial year, we registered a 5.0% growth with 67.2 million passengers.

The number had far surpassed the traffic growth objective as stated in our Business Direction document, Runway to Success, which is to record 60 million passengers annually by the year 2014.

Malaysia Airports continues to benefit from the entry of new airlines and expansion of local carriers. Apart from the eight new foreign airlines, Malaysia Airlines, AirAsia Group and the new local Malindo Air contributed strongly to passenger growth supported by the Economic Transformation Programmes (ETP) and Visit Malaysia Year 2014 (VMY 2014) campaigns. The new airlines were Malindo Air, Air France, Turkish Airlines, Philippines Airlines, Regent Airways, Iraqi Airways, Shanghai Airlines, Thai Lion Air and Zest Air. Airlines such as Air France and Iraqi Airways have made a comeback after more than 20 years, a sign of growing confidence in Malaysia's market potential. The other contributing factors were the oneworld alliance participation by Malaysia Airlines (MAS), competitive air fares, the 13th General Election, and the general stable economic and political environment. MAS' entry into the oneworld Alliance in February 2013 has significantly increased the market outreach across continents and will continue to provide critical support for passenger growth which was obvious from the increased vigour and contribution from full service carriers.

Seat capacity expansion and encouraging tourist arrivals provide confidence that the growth momentum will continue into 2014.

It is heartening to note that Malaysia has performed remarkably well on the global aviation stage. In the ACI 2012 Global Traffic Report, KLIA was ranked 15th globally for international traffic and 27th overall for international and domestic passengers combined. This is an impressive improvement from our 69th ranking back in 2000. Preliminary data indicates KLIA's new ranking worldwide for 2013 would possibly be 21st from 27th last year. These are very encouraging statistics and I believe that Malaysia is well positioned to play a major role in the global aviation scene.

KLIA recorded 47.5 million passengers for 2013, 19.1% higher than 39.9 million passengers registered for the previous year. International passengers recorded an increase of 17.8% year-on-year to 33.0 million passengers, making up 69.4% of KLIA passenger traffic. On the other hand, total domestic passengers at KLIA rose 22.2% to 14.5 million passengers from FY2012.

December continued to be the busiest month of the year. In 2013, we achieved a record high for monthly passenger movements ever handled by Malaysia Airports group of airports with 8.2 million passengers.

KLIA continues to remain a competitive base for airline operations through its low aeronautical charges. A current incentive scheme, Airline Incentive Programme (AIP), which runs for three years beginning 2012, rewards new airlines and passenger growth, based on year-on-year increase. Airlines received RM59.0 million in incentives in 2012, and for 2013 it is expected to be in the range on RM100.0 million due to the stronger growth registered by our airline partners. The scheme, which continues through 2014, has further added to the attraction of KLIA.

Our passenger growth performance in 2013 was very commendable surpassing preliminary 2013 numbers released by International Aviation organisations such as International Civil Aviation Organisation (ICAO), Airports Council International (ACI) and International Air Transport Association (IATA). The world passenger growth indicated by these organisations ranges from 4.6% to 5.2% while the Asia Pacific growth ranges from 5.5% to 7.7%. The commendable growth seen despite the difficult economic environment indicated the resilience of the air travel demand in the country and the Malaysian economy. Full service carriers made significant inroads in 2012 as reflected by KLIA-MTB (Main Terminal Building) and KLIA-LCCT year on year increases. Total passenger movements at KLIA-MTB improved strongly by 24.6%, handling 25.7 million passengers while KLIA-LCCT recorded a credible positive growth of 13.2% with 21.8 million passengers.

In terms of the overall airports performance under the Group, the domestic sector recorded a 20% growth and while the international sector grew at 16.8%, achieving an overall growth of 18.4%.

Another key element to our business is the achievement in the Airport Service Quality (ASQ) Survey. In 2012, our flagship airport KLIA, was ranked 3rd in the category of airports with 25-40 million passengers per annum (mppa), successfully achieving our target of being in top 5 place in this category. In the preliminary ASQ 2013 result, KLIA was ranked 4th, maintaining our achievement to be in the top 5 ranking in the said category. Our success in ASQ is not limited to KLIA, as Langkawi International Airport has also achieved an impressive ranking of 1st place in the ASQ 2013 Awards for the Best Small Airport by Region: Asia Pacific category.

In meeting our performance objectives, Malaysia Airports recognises the significant roles played by our major business partners that include the airlines, government agencies, the airport concessionaires and service providers. Hence, we will continue to strive for mutually beneficial collaborations with all our partners to enhance the facilities and services offered at all our airports.

In addition, Malaysia Airports has continuously been extending its expertise in managing airports beyond the Malaysian shore.

During the year under review, Malaysia Airports has further expanded its wings to other airports in the overseas including the new Doha International Airport. Malaysia Airports, via our wholly owned consultancy arm, Malaysia Airports Consultancy Services Sdn Bhd (MACS), has formed a joint-venture with Doha-based Watad Group to provide facilities maintenance services to Doha International Airport. Our venture in Doha will contribute positively to the Group's earnings in the near future.

BUSINESS SETTING

Global Economic Climate 2013

The improving global economic growth projections as well as airlines' confidence and increased capacity provided by them during the year under review has resulted in higher passenger traffic numbers for 2013. The International Monetary Fund (IMF) in its January 2014 report expected a global economic growth of 3.0% in 2013, an upgrade from its last forecast made in October 2013. According to the IMF, global economic growth picked up in the second half of 2013 after a sluggish start. Recent data suggests that global growth during this period was stronger than anticipated in its October 2013 World Economic Outlook (WEO).

The IMF has estimated that EURO Region would register a growth of 0.4% for 2013. There are signs of recovery in the Euro region after a lingering debt crisis. The United Kingdom (UK) economy registered a good growth of 1.9% for 2013 and the economic recovery is broadly based with manufacturing growing more than other sectors. The IMF also increased its growth forecast for the UK economy from 1.9% to 2.4%.

The overall growth for 2013 was boosted among others by consumer spending, exports, residential fixed investment, non-residential fixed investment, and private inventory investment.

Better economic growth recorded by the developed economies and higher GDP projections by the IMF for 2013 are reflected in the remarkable air traffic passenger number registered by the International Air Transport Association (IATA).

According to IATA, global air passenger traffic recorded a strong growth of 5.2% for 2013 compared with the previous year despite the difficult economic environment and it is looking at an improvement trend over the year which augurs well for 2014. Demand in international markets grew by 5.4% in 2013 while domestic air travel increased by 4.9% compared with that of 2012.

The IATA in December last year, projected the average price of Brent crude oil, the main cost component of airline operations at US$108.2 per barrel for 2013, slightly lower than the average price of US$111.8 per barrel in 2012. The IATA forecasts the price of crude oil to slip to an average price of US$104.5 per barrel in 2014.

As fuel price is a major concern for airlines, Malaysia Airports has been providing facilities and procedures that could lower aircraft turnaround time at the airports and avoid traffic delays. This will enable airlines to efficiently use and effectively reduce their fuel consumption.

We have completed the construction of our full length Runway 3 at KLIA to support the overall airport efficiency. The 4km runway will not only ease congestion, reduce taxiing time and serve as a backup runway, but will also enable airlines to save a significant amount of fuel during take-off and landing. KLIA is among the first in the region to have a third runway, which gives us a competitive advantage in terms of airside capacity to cater to the exponential growth demand in the Asia Pacific region.

Regional Economic Performance in 2013

On the domestic front, Malaysia's economy grew by 4.7% for 2013 compared to 5.6% for 2012 supported by private consumption growth which remained high in the fourth quarter of 2013. According to Bank Negara Malaysia, domestic demand will remain a cornerstone for growth of the Malaysian economy. While domestic demand is expected to moderate following the ongoing fiscal consolidation, the external sector is expected to benefit from the improving global conditions. The growth momentum is therefore expected to remain on a steady trajectory.

The Economic Transformation Programme (ETP) which is progressing smoothly ensures that Malaysia will achieve its target to lift the nation into a high income economy by 2020. By extension therefore, Malaysia Airports continues to benefit from the government's ETP and other initiatives.

The upward revised projection of the global GDP growth by IMF and Malaysia's GDP was reflected in our passenger movements, which has improved significantly. Malaysia Airports continues to benefit from the entry of new airlines and expansion of local carriers.

The IMF projects the GDP growth for ASEAN 5 (Indonesia, Malaysia, the Philippines, Thailand and Vietnam) at 5.0% (actual growth of 6.2% for 2012). The Japanese economy recovered after a quantitative easing policy pursued by the new government. The IMF projects a growth of 1.7% for the Japanese economy for 2013 (2012: 1.4%) and 2014.

On the domestic front, Malaysia's economy grew by 4.7% for 2013 compared to 5.6% for 2012 supported by private consumption growth which remained high in the fourth quarter of 2013.

Meanwhile, China recorded a GDP growth of 7.7% for 2013, similar to the growth recorded for 2012. The overall national economic performance for 2013 showed good momentum of stable and moderate growth.

The IATA noted that the Asia Pacific region registered the second highest increase in the overall growth (domestic and international combined) in passenger traffic at 7.1%. The strongest overall growth was recorded by carriers in the Middle East at 11.4%.

Asia Pacific airlines' recorded the highest increase in international passenger demand at 5.3% in 2013, slightly above 2012 annual growth of 5.2%. After a slow start, carriers in the region saw a pick-up in demand in the third quarter, supported by stronger performance of major economies such as China and Japan.

On the other hand, based on the International Civil Aviation Organisation (ICAO) preliminary numbers for 2013, the Asia Pacific region remains the world's largest air transport market with a 31% share of total traffic representing an increase of 7.2% over 2012. The region also benefitted from being in proximity to the China markets, and becoming the critical access point to China. While the economy of China faces a cyclical slowdown, passenger traffic at China's airports remained relatively strong.

In summary, despite the economic environment during the year under review, travelling was still a necessity for most people with higher disposable income. This was reflected by Malaysia Airports' higher number of passenger in full service airlines operating out of MTB KLIA which stood at 25.7 million passengers. Other international and domestic airports recorded a total of 32 million passengers, a 17.3% growth from the 27.3 million passengers registered in FY2012. The increasing number of low-cost airlines has also contributed to the higher number of passenger at our other airports, which recorded 21.8 million passengers.

CREATING NEW AND RELEVANT BUSINESSES

Malaysia Airports continues to create new and relevant business initiatives that will provide increased value for our stakeholders. In sync with that, we have determined our niche market in order to compete effectively in the aviation industry.

As we are at the tail end of our 5-year Business Direction (2010-2014), our main objective is to ensure that Malaysia Airports will continue to capture the growth that is taking place in the aviation industry. Our main priority now is klia2 and the development of the KLIA Aeropolis.

klia2 is scheduled to be opened on 2 May this year. We will continue to engage with UEMC BinaPuri JV on the next course of action in regard to the issuance of the CCC and the commencement of Operational Readiness and Operations Transfer (ORAT). All efforts are being taken to support UEMC BinaPuri JV towards the completion of the terminal building to enable the opening of klia2 on 2 May 2014.

Malaysia Airports will ensure that the completion of the klia2 terminal building complies with all safety standards as required by regulators. In fact, the design of the klia2 places priority on the safety and comfort of passengers apart from the operational requirements of airlines as well as the interest of its various partners such as the retail and food and beverages concessionaires and other stakeholders. Whilst klia2 will be used by low-cost carriers, it sets a new benchmark in airports supporting the evolution of the low cost business model with upgraded business class services such as business class lounges.

klia2 is designed and constructed with superior facilities in order to be a more passenger-friendly terminal for carriers and travellers alike. Additionally, klia2 enables full segregation of international and domestic passengers and this complies with the requirements of the Government of Malaysia as well as the international aviation standards established by the International Civil Aviation Organisation (ICAO).

At below RM4.0 billion, which encompasses a new terminal, runway and control tower, klia2 remains the lowest in terms of construction cost per square metre for airports anywhere in the world.

The terminal is expected to handle about 20 million passengers in its first year of operations. However, we are expecting higher traffic growth as more airlines fly into Malaysia bringing with more increased passenger traffic.

With our commercial proposition for klia2 as the lifestyle shopping destination that aims to cater to all walks of travellers, the opening of the terminal will boost our revenue and strategic offerings in the long term, which augurs well for Malaysia Airports. klia2 is envisioned as a platform to elevate our commercial business to the next level as well as to drive Malaysia's retail opportunities through our Retail Hub strategy.

klia2 will not only serve as an economic stimulus by providing job opportunities but will also provide a boost to the tourism sector by attracting more airlines and subsequently more visitors into the country.

With the opening of klia2, we are getting closer to meeting all our Business Direction objectives of Traffic Growth, Service Excellence and Commercial Development by this year. The second phase of the Runway to Success business direction concerns land development. Malaysia Airports is fortunate to have a massive land bank for expansion.

In August 2013, Malaysia Airports and Mitsui Fudosan Co., Ltd. formed a joint venture for the development of the largest factory outlet in Southeast Asia. To be tentatively called "Mitsui Outlet Park KL International Airport (KLIA)", it will also be the first upscale Japanese factory outlet in Malaysia and Southeast Asia.

This venture is an integral part of our future KLIA Aeropolis development and contributes to the country's economic growth in general and provides a good opportunity to further expand our non-aeronautical revenue base. The KLIA Aeropolis will also house a theme park, a university and a medical research facility. klia2 will become a catalyst when it opens, as it will have a shopping mall to spearhead the KLIA Aeropolis concept.

This development also provides Malaysia Airports an opportunity to position our airport hotel business, Sama-Sama Hotel and the services it offers. We celebrated the first anniversary of Sama-Sama KLIA in January this year and the hotel has been performing well. We also had the opening of Sama-Sama Express KLIA in January this year, after the Air Transit Hotel underwent a major refurbishment and rebranding exercise.

With the opening of Sama-Sama Express KLIA, we now have two hotels under the Sama-Sama brand. A third one, to be named Sama-Sama Express klia2, will be opened at klia2 after the terminal becomes officially operational. We intend to expand the offerings of Sama-Sama Hotel to the overseas airport market in the future.

CREATING OPTIMUM SHAREHOLDER VALUE

In ensuring a long term and sustainable growth for our business, Malaysia Airports continues to strive to create an optimum shareholder value. In achieving this, we look beyond our profit and loss numbers.

We believe that air transport should be self-sustaining as far as possible, as envisaged in the ICAO's Economic Manual and Policy on Charges.

The Government has thus far been playing an integral role in funding airport development. Malaysia Airports and the Government have been working together in providing modern and comfortable airport infrastructure for the benefit of the airlines and passengers.

The 2014 Budget provides an allocation of RM700 million for air traffic control modernisation, which will significantly enhance aircraft management efficiency. This is expected to reduce congestion levels and to improve airline productivity through fuel savings and more efficient airside handling. The Government has emphasised the importance of the aviation industry and has established a favourable regulatory framework to support its growth, which is expected to be further enhanced this year.

We applaud the Government's support, especially for the allocation which will enhance airport facilities. It is, however, critical to ensure an adequate and continuous flow of funds for long term development, to cater to the growth and demands of air travel, as well as to remain competitive.

Moving forward, there is a need for us to be self-reliant and to be less dependent on Government funding for our investments, especially for airport development programmes which contribute to the aviation industry and have a substantial multiplier effect to the Malaysian economy.

In line with this, Malaysia Airport is looking at adopting an airport development related fee which will be placed under an airport development fund. The fund will be used to undertake future expansion or refurbishments of airports. This move will relieve the Government of having to provide the funds for airport-related development works and ensure the timely provision of airport capacity and infrastructure. This model has been adopted by many airports around the world including those in the United Kingdom, Singapore, India and Canada which apply an airport development related fee or contribution as part of their charges. The Government and Malaysia Airports will however continue to ensure that our charges remain competitive against industry benchmarks.

PROVIDING A WORLD-CLASS SERVICE STANDARD

Service excellence is another key aspect in our business as providing a world-class service standard is a culture we continue to nurture within our employees.

In line with that, Malaysia Airports always ensures that the best service and facilities are provided to all our stakeholders, be it our passengers, airline partners, concessionaires, agencies or service providers and other customers at our airports.

Our commitment to service excellence has been recognised globally when KL International Airport (KLIA) was voted the World's Best Immigration Service in 2010, 2011 and 2013 Skytrax World Airport Award, the most prestigious accolade in the worldwide airport industry.

KLIA has been consistently voted the best for the staff service excellence since 2010. To be acknowledged continuously as the best in staff service excellence for three years in a row is absolutely phenomenal and this achievement reflected our relentless and endless pursuit of excellence. In 2012, KLIA was the winner of the Best Airport Staff Asia Award.

In the ASQ global benchmark, KLIA's mean score is among top 5 ranking over the last 5 years for 25-40 mppa category, while in 2013 Langkawi International Airport has secured 1st place ranking in the Best Small Airport by Region: Asia Pacific category after only one year being in the programme.

Employer of Choice

Our commitment to developing our human talent was recognised when Malaysia Airports was conferred the Silver Award in the Employer of Choice award category in the Malaysia HR Award 2013.

The Employer of Choice award recognises sustained and continuous commitment by organisations and corporations for the development of its human talent. The award was conferred to Malaysia Airports for its achievements in good human resource strategy and management in achieving results for business excellence with strong teamwork in materialising initiatives in the company and looking into the employee benefits. The award also bears testimony to our effort in creating a good workplace with benefits that prioritise employees' needs. It also reflects our excellent talent development programme, an important area to be focused in a niche industry such as the airport business.

The Malaysia HR Award 2013 was organised by the Malaysian Institute of Human Resource Management (MIHRM). The criteria for the award includes alignment and achievement of human resource strategies with business objectives, goals and key performance indicators, demonstrating achievements in the areas of talent management, leadership development and performance management, have in place progressive human resource management policies, shows strong support for government's strategic reform initiatives and evidence of continuous application of human resource system and technology.

DIVIDEND REINVESTMENT PLAN

I am pleased to note that the inaugural Dividend Reinvestment Plan (DRP) announced by the Group in the middle of the year, which was applied to the FY2013 interim dividend, was well-received by our shareholders with acceptance rate of 88.4%. The DRP provides our shareholders with greater flexibility to meet their investment objectives, which is an opportunity to reinvest their dividends in new shares in lieu of receiving cash. At the same time, this exercise offers capital management benefits for our long term investments.

"The award was conferred to Malaysia Airports for its achievements in good human resource strategy and management in achieving results for business excellence with strong teamwork in materialising initiatives in the company and looking into the employee benefits."

OUTLOOK FOR 2014

The outlook for the global economy is encouraging with the IMF projecting a growth of 3.7% for 2014, in line with the signs of recovery in the Eurozone and a stronger economy of the United States.

In January, the IMF stated that the economy of the United States would expand 2.8% in 2014, compared with the growth of 1.9% for 2013. IMF forecasts the GDP growth for ASEAN 5 at 5.1% 2014.

On the local front, Malaysia is on track to record a GDP growth of between 5% and 5.5% this year from 4.7% growth for 2013. The upgrading of Malaysia's government bond and issuer ratings at A3 by Moody's Investors Service's in November last year shows that the nation's economy is well on track and that we are moving in the right direction. With the upgrading, the outlook has been changed to positive from stable. According to Moody's, the change in the outlook was driven by improved prospects for fiscal consolidation and reform; and continued macroeconomic stability in the face of external headwinds.

The implementation of some measures such as tax reforms, subsidy rationalisation and other initiatives will boost public and investor confidence in Malaysia's economy and generate wide revenue base that should help the financial position of the government.

These moves augur well for the aviation industry, particularly Malaysia Airports as a better economy will boost air travel and hence will lead to a rise in our passenger traffic. In addition, the allocation announced in Budget 2014 for airport refurbishment and improvements indicates the Government's commitment to boost the aviation industry. This will attract many more airlines to KLIA and increase the number of passenger traffic. With the opening of klia2 on May 2 this year, Malaysia Airports will be in a much stronger position to cater for an increase in passenger traffic.

The main aviation organisations including ICAO, ACI and IATA expect a better year for aviation in 2014 not only for passengers but also for cargo. Global passenger growth is expected to be in the range of 4.3% to 6.0% while the Asia Pacific region is expected to register a higher growth between 6.4% and 7.6%.

We share this optimism as Malaysia has a very strong outbound travel pattern. Malaysia has also been ranked in the top 10 tourist destinations in the world and the increasing popularity of the country will add to inbound passenger numbers.

With that in mind, Malaysia Airports is confident of achieving a 9.7% growth in passenger traffic this year. The growth projection is also based on the capacity and load factors of the airlines operating out of our 39 airports in Malaysia as well as the Visit Malaysia Year 2014 campaign.

With all these positive developments, our fundamentals are very strong and we are looking at a better year ahead.

However, our success would not have been achieved without our talented, highly-skilled and experienced employees as they are the engine of our growth. Our people have enabled us to achieve numerous significant milestones since the incorporation of Malaysia Airports. Malaysia Airports will continue to focus on our human resource and we will continue to nurture and retain them.

With the initiatives in place, I believe 2014 will be a great year for us as we continue to embark on transforming our people and work culture, and to further inculcate our new Brand DNA of Friendly and Firm, Business Driven and Responsible, Progressive and Practical. These shared values have been embedded within the Brand DNA and have been used as guidelines for us to come up with actionable and measurable behaviours (or as we call it Individual Commitments or ICs).

THE BOARD

During the year 2013, there were three new appointments to the Board of Directors. On behalf of the board, I am delighted to welcome Encik Rosli Abdullah, Datuk Zalekha Hassan and Datuk Seri Yam Kong Choy.

I am confident that they will be able to build on the strength of the Group and contribute to its growth and development with their wealth of experience and knowledge.

We also saw the resignation of Dato' Syed Faisal Albar bin Syed A.R Albar, Datuk Siti Maslamah binti Osman and Datuk Alias bin Haji Ahmad. I would like to take this opportunity to express my utmost gratitude to them for their support and valuable contribution during their tenure with the Company and wish them every success in their new endeavours.

IN APPRECIATION

Firstly, I would like to take this opportunity to record my sincere appreciation to my esteemed colleagues on the Board for their leadership, direction, counsel, guidance and invaluable contribution throughout the year in ensuring the continued success of the Company.

My utmost gratitude goes to the Government of Malaysia and regulatory authorities for their continued support throughout the year.

I would like to thank valued customers, vendors, bankers and business partners for their undying support to the Company and look forward to your continued cooperation and support.

I would also like to extend my heartfelt thanks to our talented management team for their leadership, dedicated efforts and valuable contributions towards the continued growth of the Company.

My appreciation also goes to our employees for their dedication, hard work, passionate commitment and remarkable performance in 2013.

Finally, my appreciation goes to all our shareholders for their trust and confidence in the Company. I can assure you that Malaysia Airports will continue to deliver value to all of you.

Thank you.

Yours sincerely,

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

Managing Director's review of operations

Malaysia Airports staged a steady performance for its financial year ended 31 December 2013 amidst a slow recovery in the global economy during the year under review. The Group's financial performance reflects its resilience, supported by a significant growth in traffic performance due to the rising demand for air travel, expansion of both full service and low-cost carriers and the promotional activities conducted for Visit Malaysia Year 2014.

HIGHLIGHTS OF FINANCIAL YEAR 2013

- Malaysia Airports recorded a revenue of 4,098.8 million for FY2013 representing a growth of 15.5% compared to RM3,548.1 million for FY2012.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) fell 3.2% to RM899.5 million for FY2013 from RM929.7 million for FY2012.
- EBITDA without construction revenue and cost of RM827.5 million outperformed the headline KPIs target of RM750.9 million.
- Malaysia Airports recorded a total of 79.6 million passengers, representing a growth of 18.4% from 67.2 million registered for FY2012, the highest growth achieved in the last 22 years.
- Malaysia Airports registered 737,856 aircraft movements, representing an increase of 14.2% from that of FY2012.
- Sama-Sama Hotel KL International Airport was awarded Best Luxury Airport Hotel in Asia at the World Luxury Hotel Awards.
- Malaysia Airports welcomed Malindo Air, Air France, Turkish Airlines, Philippines Airlines, Regent Airways, Iraqi Airways, Shanghai Airlines, Thai Lion Air, Hong Kong Express, Hong Kong Airlines and Express Air in 2013.

It was a challenging year for Malaysia Airports as the global economy continued its slow recovery. Nevertheless, the global aviation industry remains resilient despite the slowdown and registered a tremendous increase in global passenger traffic.

According to IATA, global air passenger traffic recorded a strong growth of 5.2% for 2013 compared with the previous year despite the difficult economic environment. IATA saw a clear improvement trend over the course of the year which bodes well for 2014.

International passenger market expanded by 5.4% in 2013, while domestic air travel increased by 4.9% compared with that recorded in 2012.

The Asia Pacific region registered the second highest increase in the overall growth (domestic and international combined) at 7.1%. The strongest overall growth was recorded by carriers in the Middle East at 11.4% while Latin America recorded an increase of 6.3% followed by Africa with 5.2%.

Meanwhile, Europe's market growth was second from the bottom with 3.8%, marking a slowdown from the 5.3% rate recorded in 2012. North America saw the lowest rate of growth last year, at 2.3%.

Asia Pacific airlines' recorded the highest increase in international passenger demand at 5.3% in 2013, slightly above 2012 annual growth of 5.2%. After a slow start, carriers in the region saw a pick-up in demand in the third quarter, supported by stronger performance of major economies such as China and Japan.

In sync with the steady regional growth, Malaysia Airports and all its subsidiaries (from here onwards referred to as Malaysia Airports or the Group), continued to record a commendable improvement in performance.

FINANCIAL PERFORMANCE

Malaysia Airports registered another outstanding growth in its revenue with an increase of 15.5% to RM4,098.8 million for its FY2013 from RM3,548.1 million for FY2012 contributed by a significant growth in its airport operations revenue. The Group recorded a strong performance in its airport operations, recording an increase of 16.3% in revenue to RM3,961.0 million for FY2013 from RM3,407.2 million for the previous financial year, attributed by higher aeronautical and non-aeronautical revenue.

"The Group recorded a strong performance in its airport operations, recording an increase of 16.3% in revenue to RM3,961.0 million for FY2013 from RM3,407.2 million for the previous financial year, attributed by higher aeronautical and non-aeronautical revenue."

However, the Group posted a slight fall of 3.3% in its earnings before interest, tax, depreciation and amortisation (EBITDA) to RM899.5 million for FY2013 from RM929.7 million for the previous year. Likewise, the Group's profit before tax and zakat (PBT) slipped by 8.2% to RM553.2 million, from RM602.8 million recorded in FY2012. The lower PBT was due to the higher recognition of user fee, higher employee benefits and higher share of associate companies' losses absorbed during the year under review.

Effective 1 January 2011, the Group adopted the IC Interpretation 12: Service Concession Arrangements (IC12) and in accordance with the Financial Reporting Standard 111: Construction Contracts (FRS 111), where we recognise the construction revenues and costs of the public sector infrastructure assets and services currently being undertaken by Malaysia Airports, namely the klia2 and Penang International Airport.

The construction revenues from the above projects recognised by the Group in FY2013 and FY2012 amounted to RM1,635.9 million and RM1,385.0 million, respectively. Whereas the construction cost recognised in FY2013 and FY2012 amounted to RM1,563.9 million and RM1,321.7 million for these projects respectively.

Removing the IC 12 effects, the Group's revenues for FY2013 was RM2,462.9 million, representing an increase of 13.9% from RM2,163.0 million registered for FY2012.

EBITDA fell slightly by 4.5% to RM827.5 million for FY2013 from RM866.4 million recorded in FY2012 while PBT of RM481.2 million for FY2013 was 10.8% lower from RM539.5 million recorded for FY2012.

Malaysia Airports' total aeronautical revenues continued to be a strong driver to the group's performance, making up 49.2% of the group's total revenue. Aeronautical revenues grew by 16.8% to RM1,211.0 million from RM1,036.7 million in 2012 on the back of passenger numbers which grew significantly during the year under review.

The Government of Malaysia approved revision of landing and parking charges in 2011. With the agreement of airline partners, Malaysia Airports decided to implement it gradually over a three year period from January 2012. The second phase of implementation was in January 2013. For a A330-300 aircraft at 75% load factor, parked for 12 hours it represents an increased charge per passenger from 1992 of 89 sen and 15 sen respectively for landing and parking. The aerobridge and check-in-counter charges have not been revised since 1981 and it costs about 25 sen per passenger for aerobridge use and 12 sen per passenger for check-in-counter usage irrespective of number of counters used.

Under the newly approved Airline Incentive Programme (AIP) initiated in January 2012, a total of RM100.0 million is expected to be paid out to airlines for the 2013 traffic in 2014 in the light of significant increase in passenger numbers. For 2012 traffic, the eligibility was RM59.0 million. The incentive programme that incentivises airlines based on a year-on-year growth of passengers is expected to end in December 2014. The new programme was formulated to replace the Airlines Recovery Programme (ARP), which measured airlines' performance against a set base year over a three year period. The previous ARP was implemented during the global economic crisis of 2008/09 and was aimed at supporting our airline partners during such conditions.

The increase in passenger volume and higher retail spending per passenger had greatly contributed to the growth in the Group's non-aeronautical earnings. Our non-aeronautical business is another strong contributor to the Group's total revenue. Non-aeronautical revenue grew by 13.1% to RM1,114.1 million from RM985.4 million for the previous financial year due to higher retail, rental and commercial activities at our airports.

This is in line with the objectives of our 5-year Business Direction, Runway to Success 2010-2014, that positioned commercial development as the main revenue driver for our long term growth plan.

Revenue from retail segment rose 13.7% to RM610.0 million from RM536.5 million for the previous financial year contributed by the addition of new tenants and higher tenant occupancy rate during the year under review. Rental of space and royalties increased by 10.1% to RM404.5 million from RM367.3 million recorded for FY2012. Meanwhile, revenue from car park grew significantly by 14.6% to RM53.8 million from RM46.9 million in FY2012.

The Group's non-airport operations segment recorded revenue of RM137.8 million for FY2013, a slight fall of 2.2% from RM140.9 million registered for the previous financial year. This was due to the lower revenue recorded in the hotel, and agriculture and horticulture segments, which declined by 11.8% and 32.2% to RM66.2 million and RM30.9 million, respectively from that of the previous financial year.

The decrease in the agriculture revenue was attributed by the lower price attained for fresh fruit bunches which recorded a fall 18.7% compared to that of the previous financial year, coupled with lower production volume. The lower hotel revenue was due to the drop of 37% or RM14.5 million in revenue from food and beverage (F&B) segment, as a result of the discontinuation of Malaysia Airlines (MAS) Golden Lounge catering contract in April 2013.

However, our project and repair maintenance services recorded a surge of 100.7% to RM40.7 million for FY2013 from RM20.3 million registered for the previous financial year. The strong growth was mainly contributed by the revenue from the provision of facilities and maintenance services at Doha International Airport project.

ECONOMIC PROFIT

The Economic Profit (EP) statement is disclosed on a voluntary basis. EP is a measure of value created by a business during a single period. It reflects the amount of 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 loss of RM103.9 million for the financial year under review compared to an economic profit of RM131.6 million in the corresponding period last year. The economic loss was due to the higher average invested capital resulting from cost incurred for the construction of klia2.

TRAFFIC GROWTH

Passenger Movements

Malaysia Airports saw its traffic performance improved significantly despite a slow recovery in the global economy. The airports operated by Malaysia Airports handled a record number of 79.6 million passengers in 2013, 12.4 million more from the 67.2 million registered for 2012. The number outpaced our conservative forecast of 7.1% and was the highest growth rate achieved in the last 22 years. For the previous financial year, we registered a 5.0% growth with 67.2 million passengers. The passenger number had far surpassed the traffic growth objective as stated in our Business Direction document, Runway to Success, which was to record 60 million passengers annually by the year 2014.

International passenger traffic increased by 16.8% while domestic movements grew by 20.0% from that registered in FY2012.

KLIA handled a record 47.5 million passengers in FY2013, a growth of 19.1% from that of FY2012 and the highest year-on-year increase since 2004. This places KLIA into a new league of over 40 million passenger airports with 50 million-level within sight. Total passenger movements at KLIA-MTB improved strongly by 24.6%, handling 25.7 million passengers while KLIA-LCCT recorded a credible positive growth of 13.2% with 21.8 million passengers. As at the end of 2013 a total of 65 airlines operated from KLIA to 117 destinations.

Malaysia Airports continued to benefit from the entry of new airlines and expansion of local carriers. Apart from the ten new foreign airlines, Malaysia Airlines (MAS), AirAsia Group and the new local Malindo Air contributed strongly to the passenger growth supported by the Economic Transformation Programme (ETP) and Visit Malaysia Year 2014 (VMY 2014) campaigns while promotional activities conducted by Malaysia Airports with the Ministry of Tourism had also increased tourist arrivals.

The new airlines were Malindo Air, Air France, Turkish Airlines, Philippines Airlines, Regent Airways, Iraqi Airways, Shanghai Airlines, Thai Lion Air, Hong Kong Express, Hong Kong Airlines and Express Air.

The other contributing factors were the **one**world alliance participation by MAS, competitive air fares, the 13th General Election, and the general stable economic and political environment. MAS' entry into the **one**world alliance in February 2013 has significantly increased the market outreach across continents and will continue to provide critical support for passenger growth which was obvious from the increased vigour and contribution from full service carriers.

2014, which has been designated Visit Malaysia Year, will further boost air travel demand to the country, an expected rise in tourist arrivals. Our airports have also been recording a good increase in passenger movement in during festivals celebrated by Malaysians every year.

Aircraft Movements

In tandem with the growth in passenger movements, Malaysia Airports recorded a growth of 14.2% in overall aircraft movements, to a total of 737,759 aircraft movements compared to 646,183 aircraft movements in FY2012. The domestic aircraft movements grew at a higher 15.1% compared to the 12.6% recorded by the international sector.

The growth in the domestic sector was attributed mainly by the increase in flight frequencies by MAS and the low-cost carriers including AirAsia and the new operations of Malindo Air.

Cargo Movements

Air cargo movements recorded 5.7% growth to 937,331 metric tonnes from 886,955 metric tonnes registered in FY2012. International and domestic cargo movements grew 6.1% and 3.9%, respectively. Air cargo has been on a declining trend in the last few years across the globe. The 5.7% growth in cargo movements is commendable and is among the highest in the region for 2013. This is indeed a positive reflection of the economic conditions in the country.

CUSTOMER SERVICE EXCELLENCE

Meeting Customers' Expectations through Innovation

Change is a constant phenomenon in the aspect of technology for Malaysia Airports. Dynamic business models require technology platforms which are nimble and flexible to accommodate its needs. Customers' expectation of seamless user experience in the airport environment has lately gained momentum due to the availability of mobile technologies and products in the market. In addition, self-service requirements are also becoming a popular requirement by passengers in their desire to reduce queue or waiting time.

In enhancing the customers' travelling experience, a few initiatives were undertaken in 2013 which included comprehensive study on the implementation of self-service bag drop for both KLIA and klia2. Under this initiative, network infrastructures were upgraded at all international and domestic airports to equip the airports with higher Wi-Fi capacity and bandwidth to accommodate the increasing demand for data and information by passengers and business partners. We also implemented the Location Based Services (LBS) in ensuring information is at the passengers' fingertips. In addition, Malaysia Airports' corporate website was streamlined for greater information dissemination by Corporate Communications and Commercial divisions. The website is a critical platform for passengers' consistent brand experience, setting a solid foundation for our marketing efforts.

To better service the public and travellers alike, a new department coined as CARE (Customer Affairs and Resolution Excellence) was set up in 2013. CARE's objective is to provide a centralised platform to manage and respond to all enquiries, complaints and feedback received across multiple channels. A new Customer Relationship Management system was also implemented to track and monitor the service levels expected by our customers and stakeholders. In addition, a mobile and interactive tablet-based customer service application called i-CARE is also being deployed at all our international airports to further facilitate the customer service engagement.

Our IT division recorded a few achievements during the year under review. The division's General Manager was awarded Risk Manager of the year during the Risk Management Conference 2013. He was selected for implementing a proactive approach towards completing the scorecard with full support from the management.

Meanwhile, the scope of Malaysia Airports' Information Security Management System (ISMS) implementation has been broadened to Airport Operations. Langkawi International Airport became the first airport in Malaysia to obtain the ISO/IEC 27001:2005 certification on Information Security Management System for the management, operations, maintenance and provision of information services covering Operations and Engineering. By operating in a reliable, secure and controlled manner, we are demonstrating credibility that will increase the trust and confidence in delivering the airport operations services while minimising the risks in the event of any untoward incidents.

ENHANCING OUR AIRPORTS

Four airports, namely, Sultan Ismail Petra Airport in Kota Bharu, Langkawi International Airport, Tawau Airport and Bintulu Airport had undertaken redevelopment works for improvement.

Redevelopment works were undertaken at the Sultan Ismail Petra Airport beginning 3 September 2012 and were completed on 2 March 2013. Meanwhile, redevelopment works at the Langkawi International Airport which took off on 22 October 2012 were completed on 21 April 2013. Tawau Airport underwent a redevelopment from 29 October 2012 until 28 April 2013. The redevelopment works at the Bintulu Airport began on 29 October 2012 and were completed on 28 April 2013.

Meanwhile, the Kuching International Airport has been further enhanced in terms of security in 2013. The objective of this security enhancement project at this airport was to segregate both domestic and international passengers. The project which took off on 11 March 2013 was completed on 10 August 2013.

KLIA has also undertaken upgrading works to improve its facilities in 2013. New storage facilities were provided at the Main Terminal Building (MTB) for Eraman and other new tenants at KLIA. The project began on 17 September 2012 and was completed on 16 March 2013. The substation at the MTB was also upgraded in 2013 in order to increase the power supply at KLIA. This was done by carrying out the testing and commissioning on the existing substation subsequent to the new storage facilities for Eraman and new tenants at KLIA. The project took off on 29 October 2012 and was completed on 28 March 2013.

Additionally, another project undertaken in 2013 was the upgrading of the mechanical and electrical services at the Flying Emporium at Contact Pier, KLIA. The infrastructure upgrading works were conducted in order to comply with the performance based fire engineering design. The project began on 15 December 2012 and was completed on 7 October 2013.

The new klia2 terminal, with total gross floor area of over 257,000 sq. metres and 68 contact gates and 8 remote stands, will be able to increase the overall KLIA capacity to meet the low-cost carriers' demand and to relieve some congestion from the KLIA's MTB. This new terminal will be able to accommodate up to 45 million passengers per annum.

The existing terminal of the Sandakan Airport is being upgraded and works which took off in May 2013 are expected to be completed by 31 December 2014. The government has allocated a total of RM70 million for the upgrading works which among others include the improvement of the terminal building façade with modern architecture design, additional floor area to 11,250 sq. metres from existing 9,728 sq. metres, and the improvements of terminal building finishing, upgrading of utilities such as water distribution system, electrical system, telecommunications, sewerage system, air-conditioning system and fire engineering system, and the improvements of existing public utilities such as toilets and prayers room.

The terminal will also be equipped with new baggage screening and baggage handling system (BHS), metal-arch detector machines, public address (PA) system, flight information display system (FIDS), master antenna television (MATV), and closed-circuit television (CCTV) upon the completion of the upgrading works. The terminal will also house new airport operation office, airlines office and Government agencies offices.

Miri Airport is undergoing an expansion to increase the aircraft parking bays at the airport. The existing apron area will be expanded in order to accommodate additional 3 units of Code 3C stands and 4 units of Code 2B stands. This project which started on July 15 2013 is expected to be completed by April 14 2014.

Meanwhile, Bekalalan Stolport, Sarawak, is undergoing rehabilitation works at its airside, which focus on the design, construction and completion, testing and commissioning of runway, taxiway and parking apron. The project which took off on 18 March 2013 is expected to be completed by 17 June 2014.

FUTURE DEVELOPMENT PROJECTS AT OUR AIRPORTS

An Annex Building has been proposed at the Langkawi International Airport to accommodate the movers and shakers of the nation's economy as well as the Very Important Persons (VIPs) at the airport.

This one level Annex Building with the size of 600 sq. metres, is separated from the main terminal building and is designed with total passenger segregation's requirement and equipped with facilities such as check-in, security, immigration, customs, baggage collection, as well as other state-of-the-art interior design. The project is scheduled to commence by the second quarter of 2014.

Kuching International Airport will expand its domestic transfer corridor in order to provide additional waiting lounge and commercial offering area, as well as to enhance the passenger comfort level. The project is scheduled to commence in the second quarter of 2014.

In addition to this, we are also planning to expand the apron and taxiway at the Miri Airport to provide more aircraft parking stands, as well as to provide additional taxiway connection between the runway and apron to improve the airside efficiency.

AIR SERVICES DEVELOPMENT

Attracting Airlines to Our Runways

The continuous economic growth in emerging markets such as China, India, Asia Pacific and the ASEAN region have created conducive air travel environment with increased air travel demand, facilitated by both the full service and low-cost carriers. In addition, as Malaysia continues to establish itself as a high-end tourist destination, potential markets from Europe will always be a major source target market for Malaysia Airports. In this regard, Malaysia Airports as an airport operator have benefitted from the steady growth experienced by the aviation industry in the region.

The promotional activities for Visit Malaysia Year 2014 which started in 2013 had improved the traffic growth for Malaysia Airports last year. Additionally, MAS' entry into the **one**world alliance in February 2013 has further fortified our position as a major player in the region alongside other major hubs.

Besides, Malaysia Airports through its marketing efforts have been diligently pursuing airlines from these regions through its various marketing initiatives. Among the activities and services rendered to airlines include the sharing of information pertaining to market data, providing marketing proposals inclusive of route analysis to airlines, and conducting regular visits to the Marketing and Planning departments of airlines at their head offices. We also provide the avenue for airlines to showcase its promotional packages or any developmental news and updates via Malaysia Airports' Airlink section in KL Lifestyle magazine. As a result, thirteen new foreign airlines commenced their operations in 2013.

Seven foreign airlines, namely Air France, Turkish Airlines, Philippine Airlines, Iraqi Airways, Regents Airways, Shanghai Airlines and Thai Lion Air began their operations at KLIA. Malindo Air, the third local carrier, was a new comer in the domestic scene and began domestic operations in March 2013. It has increasingly extended its foray to international sectors gradually.

23 April 2013 marked a monumental event in Malaysia Airports' history with the inauguration of Air France's operations into Kuala Lumpur with a 3x weekly B772 service from Paris Charles De Gaulle (CDG). Turkish Airlines made its maiden flight into Kuala Lumpur from Istanbul on 25 April 2013 with a 3x weekly on A343 aircraft.

After seven years of absence, Philippine Airlines recommenced its operation into Kuala Lumpur with a 4x weekly flights from Manila on A319 aircraft effective 2 May 2013.

Iraqi Airways, an addition to the Middle East carriers grouping, commenced a 3x weekly operations into Kuala Lumpur from Baghdad effective 20 August 2013. Utilising a B777 aircraft, this is a significant milestone not only for Malaysia Airports but also for Malaysia as the airline last operated into Malaysia 34 years ago.

Regent Airways, a new entrant into the Dhaka-Kuala Lumpur route commenced a 6x weekly services effective 15 July 2013.

Meanwhile, Shanghai Airlines, a member of the China Eastern Group of airlines commenced its operations alongside its partner China Eastern Airlines effective 15 November 2013 with a daily frequency from Shanghai, Pudong into Kuala Lumpur utilising B738 aircraft.

Additionally, Thai Lion Air has launched a daily flight from Don Muang International Airport, Bangkok into Kuala Lumpur beginning 18 December 2013.

Apart from that, two new airlines commenced their operations at the Penang International airport. Garuda Indonesia, which launched a daily flight into Penang from Medan beginning 1 June 2013, utilises Bombardier CRJ 1000 aircraft. Meanwhile, Hong Kong Express Airways commenced its daily service from Hong Kong into Penang effective 14 November on A320 aircraft.

Apart from that, Tiger Airways reinstated its Langkawi operations with a 4x weekly flights effective 8 November 2013 on A320 aircraft after withdrawing in April 2010.

Hong Kong Airlines commenced daily services from Hong Kong into Kota Kinabalu effective 1 January 2013 on A319 aircraft.

Express Air, a newcomer to the Kuching market, launched a 3x weekly Pontianak- Kuching and vice versa flight effective 30 August 2013 on a B737 aircraft.

COMMERCIAL PERFORMANCE

The five-year Strategic and Operations Plan of the Commercial Services division, which spanned from year 2009 until 2013, was in line with our Runway to Success strategy. It took into account the industry's best practices and various other business opportunities with the ultimate aim of enhancing commercial value and the airport retail experience of passengers and visitors.

Through its mission statement, Commercial Services Division aspires to become "*An International Leader for KLIA and klia2 as well as a Regional Leader of other international airports and domestic airports in terms of developing the airport commercial model as a lifestyle destination and/or community hub while ensuring sustainability and improving stakeholder values*".

The Division is the main driver for retail and F&B offerings as well as most customer fronting services namely banking, lounges and hospitality facilities that are experienced by travellers and visitors at our airports.

klia2 is set to be the standard bearer of future low-cost carrier terminals to come. As the airport will be able to handle up to 45 million passengers, the commercial business potential is tremendous. Hence, it has been earmarked as the change platform, whereby the commercial business process reengineering has infused elevated policies and procedures, as well as inculcated business driven processes and systems to provide enhanced customer experience, and improve revenue performance.

Our objective is to transform klia2 into a destination that provides opportunities for leisure, shopping, tourism, business opportunities and employment. Therefore, klia2 is among the commercial airports, which has the highest percentage of retail space. At klia2, 13% of gross floor area (GFA) is dedicated to customer fronting commercial offerings whereby based on passengers behaviour, we have developed a product mix of 60% for retail, 30% for F&B and the remaining 10% for services.

When completed, it will be the ultimate airport-based platform to showcase brands, products and services all within the main flow of travellers, providing high visibility and ease of accessibility.

In supporting the partnership model with our retailers, we conducted a tender and contract rewriting programme with the key objectives of portraying a more business friendly, structured and concise documentation. We also hosted activities, which included a retail preview event to unveil the klia2 retail brand proposition at a vibrant, animated and high-visual function for existing and potential retailers. Over 700 participants attended the event to gain a better understanding of the opportunities available for retailers, restaurateurs and service providers.

Following the retail brand preview, tender briefings were organised in four phases with 133 different opportunities made available. Some 163 outlets were tendered for the first day of operations at klia2. Commercial Services received overwhelming response for the tender briefing sessions with over 1,600 interested parties comprising retailers, F&B and services operators attending the sessions. Overall, there were over 552 tender submissions from interested parties.

Malaysia Airports held a ceremony to accord recognition for our commercial business partners who have shown admirable support and commitment towards the klia2 retail brand identity.

For FY2013, in terms of value generation, actual commercial revenue achieved is 44% higher than benchmark rate. The Commercial development has been ambitious and rewarding yet it promotes viable business sustainability. We see a full take up rate for all tendered outlets. Additionally, as responsible corporate citizens, we have also planned and dedicated 17 outlets under our Corporate Social Responsibility Programme. Progressive growth is in future planning to support the increase in passenger movements. The successful awards rendered over 50% new brands for klia2.

The commencement of business operations for klia2 in 2014 will also mark a distinct end-to-end transformation in airport retailing business that is from the sales process, tender exercise, and announcement of successful bidders until the preparation for commencement of the respective businesses. The new business model and contractual standards proved success and will be migrated to the KLIA Retail Optimisation Project (KLIA ROP).

The terminal is constructed as a national infrastructure to cater to the needs of the airlines, government and public. klia2 is designed with superior facilities and complies with the requirements of the Government of Malaysia as well as the international aviation standards established by the International Civil Aviation Organisation (ICAO).

The design of the klia2 took into consideration not only the operational requirements of airlines, but also the impact to the safety and comfort of passengers on which we place emphasis as well as the interest of its various partners such as the retail and F&B concessionaires and other stakeholders.

The terminal design will incorporate modern features including the Pedestrian Skybridge, the first in Asia and third in the world. The Skybridge will connect the passenger terminal building to the satellite building.

klia2, which will be the world's largest purpose-built terminal for LCCs is ready to cater for the explosive growth in low-cost travel. klia2 will host frills-free airlines which include Zest Airways, Lion Air, Tiger Airways, Cebu Pacific Air, Malindo Airways and AirAsia.

klia2 replaces the LCCT, and is only 1.5km away from the current MTB of KLIA as compared to the current KLIA-LCCT which is about 11km away. klia2 will provide multi-modal transportation facilities such as the ERL, buses and taxis, acting as a transportation hub, not only for the convenience of passengers but also the surrounding community.

Enhancing Engagement and Communications Initiatives

To reinforce the spirit of togetherness amongst Malaysia Airports, its concessionaires and passengers, we organised the Concessionaires Conference last year with the theme 'Togetherness: Power of Partnership'. This is expected to help the stakeholders to meet new expectations and tackle growing competition.

Held for the fifth consecutive year, over 260 participants comprising concessionaires and airport staff attended the conference, which emphasised the importance of strong partnership for commercial growth. This is a strategic focus as we strive to reduce our dependency on aeronautical services. Amongst the key success factors highlighted are developing the density of the retail surface to maximise performance; adapting offers to reflect the passenger profile; using a range of approaches to convert browsers into buyers and to increase time spent shopping; extending their price advantage over city-centre retailers; expanding customer target groups to include non-travellers and arrival passengers; and diversifying distribution channels.

In conjunction with the Conference, Malaysia Airports also presented Product Category Champions and Excellence Awards to its concessionaires.

In addition to that, as part of the effort to improve engagement as well as performance, we have introduced an E-Newsletter as a focal point of reference for commercial developments in the airport. The E-Newsletter comprises passenger movements, sales performance, marketing communications efforts, overall outlet and airport performance, business insights on travel retail, and updates on the latest development at both the airport level and commercial perspective such as brand launch, new outlet opening, business opportunities, new airlines, certification and other regulatory requirements. The E-Newsletter serves as a platform for business partners to extract relevant information including projections for their business planning that would further enhance performance.

Growing from Strength to Strength

We have established an Entrepreneur Development Programme (EDP) that encourages growth and development among Bumiputra's small and medium enterprises (SME) in line with the group's Corporate Social Responsibilities (CSR) initiatives.

The EDP provides a platform and additional channel for SMEs to expand their businesses at an international level. In addition, as KLIA is the first point of contact for foreign visitors, the introduction of the programme also provides an avenue to showcase and market Malaysian products as well as the local delicacies. Through this effort, which is in line with the government's call in promoting and supporting the growth of SMEs, we have identified potential commercial areas at KLIA and klia2 for SMEs.

The pilot project has been the F&B operations at the Food Garden@LCCT-KLIA. Successful SMEs have commenced operations since 22 December 2007 at the Food Garden@ LCCT-KLIA offering a variety of local cuisines. In 2009, the ever-famous kopitiam concept F&B outlet commenced business at Contact Pier Domestic (KLIA), heading towards Gate B. Operating under the name Jonker Walk Kopitiam, the outlet offers scrumptious variety of offerings ranging from toast, noodles and many other local delicacies. Another F&B outlet and an open concept retail outlet will be opened soon at KLIA, adding to the list of SMEs in the airport.

Additionally, there will be 5 outlets at klia2 under the CSR business model, which will be ready for the opening of klia2.

Commercial Services division is committed to promoting shopping, dining and relaxation activities at airports. The campaigns and promotions spearheaded by the division have been growing from strength to strength.

The annual Indulge Till You Fly Campaign, launched in conjunction with the Malaysia Mega Sales Celebrations rewards the Grand Prize winner with RM1 million shopping spree and the shopping experience of a lifetime to Hong Kong, Tokyo, New York, London, Paris, Dubai and, of course, Kuala Lumpur.

The top-of-the-range prize to the seven shopping wonders of the world is themed "Wonderland" for the Indulge Till You Fly (ITUF) Campaign 2013/2014. Through the campaign, Malaysia Airports is introducing our travellers to the wonders of the shopping world and it is destined to be the most memorable experience for the winner. The 2013/2014 ITUF campaign is from 10 July 2013 until 28 February 2014 at all international airports in Malaysia under our operation.

Participants of the Campaign need to spend a minimum of RM250 at any F&B or retail outlets at the five international airports. With that amount, they will be eligible to take part in the Indulge & Win Contest and are entitled, automatically, to instant cash shopping vouchers worth RM10. MasterCard holders have the privilege to double their entries and shopping vouchers.

Shoppers can redeem their shopping vouchers on the spot at one of the 40 Indulge & Win e-kiosks located throughout the five international airports. Information captured at the e-kiosks will be uploaded to an off-site server computer that will randomly select a monthly indulger prize winner of RM10,000 in shopping vouchers. There are seven indulger prizes throughout the Campaign period. The Grand Prize winner of RM1 million and the opportunity to shop round the world will also be selected by the computer from the pool of participants.

Meanwhile, Malaysia Airports' active use of technology which started in 2012 saw a 57% increase in entries for the Indulge & Win Contest in the previous ITUF Campaign. Overall, last year's Campaign garnered a 134% hike in sales generated through the campaign. Average spend by travellers also went up by 50%.

The ITUF Campaign won the gold medal for the Best of Country (Malaysia) Trade Campaign category at the Promotion Marketing Awards of Asia (PMAA)/Dragons of Asia 2013. The Award was for the campaign that best marketed a product or service within any retail or trade channel. Winning the award is an endorsement of the outstanding marketing approach undertaken by the campaign as the PMAA provides a unique platform to the marketers to pitch their campaigns against the best in Asia.

Customer Service Excellence Campaign – T.O.U.C.H.

Our T.O.U.C.H. Campaign seeks to inculcate and cultivate world-class customer service practices amongst frontliners of all retail, F&B and services outlets at KLIA and LCCT-KLIA through structured service standards and guidelines, assessment and recognition.

Evaluation on the frontliners were made based on their display of the T.O.U.C.H. attributes, which are – ability to deliver Total Customer Satisfaction through Outstanding Service Practices with an Unforgettable Smile while being Conversant and Humbly Pleasant. During the inaugural T.O.U.C.H. Public Nomination Period, frontliners had the distinction of being handpicked by members of the public whom they had served. The frontliner who demonstrated the T.O.U.C.H. attributes consistently, combined with the number of champion pins and public nominations, won the top three prizes in the Campaign finale, held on 20 June 2013.

Besides the frontliners, we also conducted an evaluation on the concessionaires in KLIA and LCCT-KLIA based on the T.O.U.C.H. culture and the number of Champion pin winners from their outlets. Choc Stop International at Satellite, KLIA emerged as the outstanding T.O.U.C.H. concessionaire bagging RM5,000 worth of shopping vouchers and boasting of a total of 5 Champion pin winners amongst its frontline staff.

Additionally, in return for their nominations, the travellers/ visitors also stood a chance to win for themselves shopping vouchers. Members of the public Karen Ann A. Navarro from the Philippines; Goh Lin Lin and Keh Pin Tat, each walked away with RM1,500, RM1,000 and RM500 worth of shopping vouchers respectively, for nominating their favourite frontliner who had served them well during their time at the airport.

As providing excellent customer service is an on-going effort, we are committed to sustain the practice of T.O.U.C.H attributes amongst frontliners and concessionaries at KLIA and LCCT-KLIA. Hence, assessments based on T.O.U.C.H. attributes will be on going for all frontliners. Frontliners will be rewarded RM500 and the Champion Pin will be given to frontliners who have managed to collect a set of T.O.U.C.H pins. Additionally, all retail, F&B and services outlets in KLIA and LCCT-KLIA will also be evaluated based on the T.O.U.C.H. culture, that is, their continuous consistency in showcasing the T.O.U.C.H. attributes. Since the launch, we have recognised and rewarded over 100 frontliners who have consistently showcased and championed the T.O.U.C.H. attributes.

In 2013, the T.O.U.C.H Campaign won two awards at Advertising + Marketing's Marketing Excellence Awards 2013. The awards are the Gold Award for Excellence in Public Relations Internal and the Silver Award for Excellence in Public Relations Corporate Communications.

The T.O.U.C.H. Campaign will continue in 2014 at KLIA through trainings and other engagement activities to consistently encourage frontliners to showcase the T.O.U.C.H. attributes that will also boost self-development. Additionally, the T.O.U.C.H. Campaign is now expanded to the klia2 upon its commencement of business as well as other international airports, namely Langkawi International Airport, Penang International Airport, Kuching International Airport and Kota Kinabalu International Airport.

Digital Marketing and Enhanced Social Media Engagement

Digital marketing and social media channels have developed impressively, promoting greater engagement and exposure for our initiatives. One of the initiatives is iButterfly, which introduced over 50 species of butterflies that flutter around our international airports namely KLIA, Langkawi International Airport, Penang International Airport, Kuching International Airport and Kota Kinabalu International Airport, transforming to amazing special offers for our customers.

The iButterfly initiative forms part of our effort to turn our international airports into lifestyle destinations. iButterfly also fits well with today's consumer profile where there is a growing dependence on mobile technology and gadgets. iButterfly is the ideal platform for us to reach out to our customers. For our concessionaires, they can take advantage of this digital platform to come up with exciting promotional activities whereby the development turnaround is instantaneous, allowing our concessionaires to refresh their campaign messages and offers. In addition to being available on iOS devices, the iButterfly mobile application has also been made available in Android platforms.

In addition, the launch of Malaysia Airports' latest mobile app added convenience to our passengers, as they will have the latest information on outlet locations, promotions, and airport services and facilities readily available. The introduction of this new app enable them to have all the required information even before they arrive at the airport, thus enabling them to better plan their time at the airport for a hassle-free experience. The mobile app is available for download from iTunes and Play Store. It operates on both iOS and Android platforms and comes with Facebook, Twitter and email social sharing functions.

We have also expanded our digital footprint via our Facebook page Indulge at Malaysia Airports, as part of its commercial strategy to expand its retail outreach beyond the physical confines of its airports. Since its launch in conjunction with Indulge Till You Fly (ITUF) Campaign in July 2013, the page has recorded a steady growth. It effectively communicates our commercial products and service offerings globally, underscoring the role of its international airports as lifestyle destinations.

Additionally, our KLIA T.O.U.C.H. Facebook Page heightens our reach and communications pertaining to the development of the campaign to a wide spectrum of our audience, who comprises the KLIA Community as well as our customers/passengers locally and internationally. The T.O.U.C.H. Facebook Page highlights the progress and recognition of the frontliners in embracing the attributes as well as sharing of advances and efforts in related developments that further enhances the customers' airport experience.

Airport Commercial Model

Aligned to the lifestyle model, KLIA is a hub of activity and excitement. Living up to the true nature of a lifestyle destination, customers are showcased with the debut of a myriad of new, famous and luxury brands namely Tommy Hilfiger, Bally, MCM, Hugo Boss, Cerruti and See by Chloe among other designer brands. Exclusive jewellery pieces from Austria's Swarovski and Freywille are also available. The Domestic Contact Pier at KLIA also boosts vibrant new concept stores of brands.

In moving forward, KLIA will be further elevated to a Premium Lifestyle Model in order to differentiate the brand and provide KLIA with an edge over its regional competitors. One of the key aspirations of turning KLIA into a Premium Lifestyle Model is introducing value – added services in addition to the current enhanced services and to further enhance the end-to-end airport retail experience of our customers.

Besides, in supporting KLIA Retail Optimisation Project (KLIA ROP), 2014 focuses on strengthening the KLIA ROP Blue Print, conducting market research and survey to gain a better understanding of market trends, best practices, and customers' need and profiling. Branding will also be another critical aspect for 2014.

Langkawi International Airport is a leisure airport and the first Airport Commercial Model that underwent interior design enhancement to ensure that it is in line with the Langkawi blueprint which is to turn the island into a holiday destination.

The public concourse area of Langkawi International Airport promotes an intermingling range of interesting retail, F&B and services offerings. The retail space and revenue at the Langkawi International Airport had increased by 5% and 15% respectively in 2013, making the airport a true success factor in terms of retail optimisation.

In sync with the ACM model of a lifestyle airport, Penang International Airport now boasts of more than 60 retail, F&B and services outlets. Adopting an island concept that embodies the Pinang tree, travellers and visitors will be showcased with the exciting offerings at the Public Concourse area. For the convenience of travellers, baggage wrapping and foreign exchange services by CIMB Bank and Hong Leong Bank are available. Internet Lounge is now available for business travellers and they could also opt to indulge in the impressive 2,500 sq. ft. (approx. 232.26 sq. metres) Plaza Premium Lounge. There's also a clinic and a pharmacy located at arrival area.

Bintulu Airport and Sandakan Airport will be our next focus in 2014. Under the Airport Commercial Model development at Bintulu Airport, the new offerings, among others will include leather goods, books & magazine and convenience store, snack & dessert concept outlets as well as enhanced service offerings.

Systems, Market Research and Business Process Reengineering

We launched our Flexi-RE System in the first quarter of 2013 with the key objectives of improving process efficiency, promoting system integration, standardising business processes and intelligence reporting, which are success factors in further enhancing performance. In addition, the integration of the POS System and the Flexi-RE will achieve total automation in terms of sales reporting.

In 2014, advocating the same objectives, the POS System is expanding to the klia2 and other international airports namely Langkawi International Airport, Penang International Airport, Kuching International Airport and Kota Kinabalu International Airport.

The learning and best practices from klia2 in terms of policy review has led the means of tender and contract rewriting expanded to KLIA and Malaysia Airports Sdn. Bhd. in 2014. The aim of such effort is to develop a document that is more business friendly and facilitate the understanding of tender requirements as these are in line with the award and actual business operations.

OPERATIONS PERFORMANCE

Sustainability of Airport Systems and Facilities

In achieving our aspiration to become a world-class energy management in airports industry, Malaysia Airports Energy Policy was approved on 9 January 2013 and was launched officially on 28 November 2013. The policy aims to improve energy consumption efficiency, reduce utility cost and optimise capital expenditure for energy efficiency.

In line with this policy, the Engineering Division has initiated the World Class Maintenance MD's Award to promote and disseminate best practices in energy management demonstrated or applied in airports. For 2013, Sultan Ahmad Shah Airport, Kuantan has bagged the Best World Class Maintenance (Energy) Project category, whilst Kuching International Airport won the Best Airport Energy Management category. These awards, which were presented during the launch of Malaysia Airports' Energy Policy was to encourage airports' participation in adopting and implementing innovative and creative energy management to enhance business growth and promote energy management as a tool to save energy, as another form of energy resource and to improve environmental quality.

We also embarked on an asset management programme with the objectives to establish the concept and architecture of asset management as per industry best practices. In 2012, we recorded a total of RM8.83 billion worth of asset with property, plant, land and equipment hold, which made up 38.4% of the overall total asset value for Malaysia Airports.

As airport service levels are highly dependable on asset overall conditions, engineering facilities are the "asset intensive industry" such as infrastructures (runways and taxiways) and specialised airport systems (passenger boarding bridges, fire safety vehicles, baggage handling and airfield ground lighting systems). With this asset management concept, it makes the most of the service potential of assets by ensuring they are appropriately used and maintained.

The asset management initial strategy is to develop and establish Malaysia Airports' asset management framework, strategy, policy, and guidelines for effective and sustainable good practices that are in line with the industry best practices such as PAS55, the standard benchmarking tools to improve asset management in more systematic ways, or other equivalent best practices. The airports that are involved in this primary project, which are expected to be concluded in the second quarter of 2014 are KLIA, Kuching International Airport, Sarawak and Sultan Abdul Ismail Petra Airport, Kelantan.

In addition to the Asset Management Programme, we also implemented the Asset Replacement Programme that focuses on Total Cost of Ownership, cost optimisation, and product efficiency and reliabilities to enhance the functionality and durability of the facilities.

Several replacement programmes have also been outlined since 2012, and were implemented throughout 2013, which included the overhaul programme for the track transit system at the KLIA, and the design enhancement of main sorters, in line-baggage screening system as well as the works for the baggage handling system at the KLIA.

In the nearest future, we will also enhance the design of pavement for taxiways A10, A11, C1 and C2 at the KLIA. The overall project will be carried out in two phases whereby Phase 1, which will commence in April 2014 and will be completed within 36 weeks, will cater for the upgrading of Taxiways A10 and A11 as well as rehabilitation of Runway 32R. Phase 2 of the upgrading works, which will cover Taxiways C1 and C2, will commence in 2015.

Meanwhile, a total of 176 numbers of walk-through metal detectors will be replaced for all airports in Malaysia operated by us. The replacement will enhance the passenger screening capability to detect foreign/dangerous items.

Operation Efficiency

Since the opening of A380 bays at KLIA in 2012, there was an increase in demand to utilise the bays. MAS has also increased the number of its B738-800 aircraft while decreasing the number of its B747 in the same year. Therefore, to ensure full utilisation of these aircraft at the existing aprons at KLIA and to accommodate the increase in these aircraft operations in the near future, we have undertaken a few initiatives which include having a new apron marking design at the terminal.

Meanwhile, full Integration of Airport Pavement Management System (APMS) for Stage 2 will be implemented at Penang International Airport, Skypark Terminal Sultan Abdul Aziz Shah Airport, Subang and Sultan Abdul Halim Airport in Alor Setar that will result in a better analysis of quality data, financial modelling for good planning and forecasting budget, and timely reporting as well as high visibility for management decision.

klia2 Operation Readiness

klia2, the new terminal dedicated for low-cost carriers (LCCs) is targeted to be opened on 2 May 2014. Preliminary Operational Readiness and Airport Transfer (ORAT) tests have started at the terminal beginning early February.

ORAT is the preparation for a seamless and successful opening and operation of a new airport terminal and its programme includes the need to ensure that passenger safety and security are not minimised or compromised and that the services standard levels such as comfort, conveniences and flow be continuously maintained. Malaysia Airports as the airport operator leads the role and we have some of the world's best expertise on ORAT on board to ensure a successful programme.

The contractors will receive the Certificate of Practical Completion (CPC) upon the satisfactory rectification of all Non Compliance Report (NCR) and defects to ensure quality deliverable of the klia2 terminal building to us.

SAFETY AND SECURITY

KLIA has been certified to be in full compliance with International Civil Aviation Organisation (ICAO) Standards and Recommended Practices (SARPs) under the second cycle of the Universal Security Audit Programme (USAP) conducted by ICAO Auditors at the KLIA. KLIA Aviation Security was rated to be among the best in the world again for its high scores implementation of the critical elements of aviation security oversight system.

Malaysia Airports recruited an additional 504 auxiliary police personnel in 2012 for the klia2 operations and the Passing-Out-Parade were held at Royal Malaysia Police Training Academy (PULAPOL), Jalan Semarak, Kuala Lumpur on 10 January 2013 and PULAPOL Langkawi, Kedah on 11 January 2013. They completed the two months Basic Police Training at PULAPOL Langkawi and PULAPOL Jalan Semarak. Upon completion of these training, the auxiliary policemen were given another two months Basic Aviation Security Training at the Malaysia Airports Training College, Penang before attending the on-job-training at KLIA. The training programme for Malaysia Airports Auxiliary Police is based on the ICAO Annex 17-SECURITY and the security personnel competency requirement of the National Civil Aviation Security Program (NCASP) of the Department of Civil Aviation Malaysia. An additional 288 auxiliary police personnel were recruited in October 2013 and all of them are currently undergoing Basic Police Training at Royal Malaysia Police Training Academy (PULAPOL) Langkawi, Kedah.

As for our Airport Fire and Rescue Service (AFRS), Malaysia Airports has recently established collaboration with Persatuan Bomba Sukarela (PBS) for the provision of AFRS services at the short take-off and landing ports (STOLports) under our operations in Kudat in Sabah, and Marudi, Mukah and Lawas in Sarawak, on 16 April 2013. Through this collaboration, the AFRS function is delegated to the PBS and they have given their full support towards this effort to ensure minimum level of Aircraft Rescue and Firefighting (ARFF) service is available at these STOLports.

The AFRS service by PBS Kudat at Kudat STOLports officially began on 2 May 2013, administered by one AFRS Officer. Meanwhile, the AFRS service by PBS Marudi began on 20 November 2013. However, as for the two other STOLports, AFRS has inked the MoU with PBS Mukah in December 2013 and planned to ink an MoU with PBS Lawas in February 2014.

We also implemented a fire vehicle replacement programme which involved the purchase of 15 units of Airport Fire Vehicle to replace ageing vehicles and additional requirement. Apart from that, Malaysia Airports Training Centre (MATC) will also have one unit of tactical simulator to improve training module for Driving Technique and Fire Tender Operations.

Our AFRS personnel undergo yearly Rating Programme used as a basis to ensure the high level of physical fitness, skill and knowledge of rescue and firefighting. In line with our dedication to always provide the best of service, the new standard of the Individual Physical Proficiency Test (IPPT) was developed with Institut Sukan Negara (ISN) which replaced the previous 2.4km run and among the elements are weight and height measurement, sit and reach test, push up, 40 metre sprint test, hand grip test, medicine ball-throw, standing broad jump and wall sit. As a prerequisite, AFRS personnel must pass this rating in order to be considered fit for AFRS operational duties.

PROCUREMENT INTEGRITY PACT

Malaysia Airports is currently undergoing the implementation process of the Integrity Pact to enhance the governance and practices with regard to integrity practices within the company. It is a set of declaration process by Malaysia Airports' employees involved in procurement activities as well as vendors to refrain themselves from getting involved in corrupt practices throughout the procurement processes.

The Integrity Pact is a concept introduced by Transparency International to assist governments, business institutions and the public to curb corruption in the field of public contracting. Integrity Pact establishes mutual contractual rights and obligations to reduce the high cost and distortionary effects of corruption in public contracting.

The Integrity Pact implementation is intended to increase awareness among our employees and vendors on corruption offences and subsequently eradicate corrupt practices in the company.

On 1 October 2013, in conjunction with the Risk Management Conference, we launched our Procurement Integrity Awareness Programme which was graced by the Assistant Commissioner of Malaysian Anti-Corruption Commission (MACC). The Integrity Awareness Programme is aimed, among others, at enhancing a culture of professionalism and integrity in procurement processes in the company and preventing the incidence of misconduct and corruption linkages to others.

Airport Retail Procurement

Our procurement of brands and products via open tender exercises has proven to be the optimum method to secure the finest choices for airports. The highly successful tender exercises have created amazing concepts and new brands at the klia2.

We have recorded an astounding 40% of successful Bumiputera tenders, which is the highest composition in the current retail complexes. Thus, we have secured a balance mix of local to international brands which are familiar to our targeted segments. The awards demonstrate Malaysia Airports' unwavering support towards the development and growth of local entrepreneurs.

RECOGNISING EXCELLENT EMPLOYEES

The total employees of Malaysia Airports stood at 9,082 at the end of last year as we are preparing for the additional manpower required for klia2. Strategically, we have planned new initiatives and achievements aligned towards the five-year plan of the "Runway to Success" for the company's growth and the benefit of employees towards achieving the goal of Employer of Choice.

One of the initiatives was the "Employee of the Year Award" to recognise outstanding employees who have shown exemplary individual achievement and contribution towards the company. Besides, it is also aimed at recognising employees' excellence in their field of work and to reward those who have gone beyond their scope of duty. Each year, there will be only one "Employee of the Year". The first "Employee of The Year" was announced during the "MAHB Appreciation Night 2013" which was held on 26 October 2013 at the Putrajaya International Convention Centre in a glittering moment with the presence of the previous Chairman of Malaysia Airports, Tan Sri Datuk Dr Aris Othman.

The recipient of the award was chosen based on four criteria – high annual performance evaluation achievement, active involvement in initiatives to improve the company, active participation in activities organised by the company, and represented the company in events or forum at the state, national or international levels.

We congratulated Raja Azizi bin Raja Soh for being selected as the "Employee of the Year" for 2012. Raja Azizi joined Malaysia Airports in 1995 and has served the company for 18 years. He is attached at the Engineering Division of MA Sepang, under the BHS, KLIA Unit. He was a team member that represented the company in the International ICC Convention 2012 and was awarded the "3 Gold Star" and "Best Top Ten in the Services Category" through BHS MTB Transfer Improvement project. He is still active in the effort to improve BHS system such as the "Sorter Load Wheel Improvement, PPI Unit Improvement and Main Sorter Filled Plate Improvement". His Performance Evaluation Result exceeded 90% consistently for three consecutive years. He is hardworking, innovative, has a high level of commitment and is dedicated towards the progress of the company and possesses an excellent work ethics. He kept a good attendance record despite his active involvement in the activities organised by the company. He was also a Sports Committee Member of Malaysia Airports for 2010-2012.

Employees who have demonstrated high commitment towards a healthy lifestyle by not utilising any of their sick leave entitlement are also rewarded. This initiative is to promote a healthy work environment and lifestyle, plus encouraging good attendance and punctuality at the workplace. It is also aligned with the announcement by the Malaysian Ministry of Health on 16 July 2012 which encourages companies to reward and incentivise healthy employees. In November 2013, a total of 50 staff were awarded the "Non-Utilisation of Sick Leave" award for year 2012.

Developing Human Capital

We have identified four major dimensions to develop the human capital in the organisation which are leadership capability, talent management and succession planning, high performance culture and performance management.

The four dimensions are founded on seven principles which strengthen and build the human capital. The seven principles are - effective leadership, right people, place and numbers, build competence, instil shared values, reward and recognise performance, communicate effectively and recruit for potential.

In sync with the principles, we conducted our Leadership Development Programme, which was aimed at reducing the competencies gap for leaders and their successors and preparing them for higher positions.

Internship Programme

Malaysia Airports provides industrial training to students of higher education institutions through its Internship Programme for Certificate, Diploma and Degree students. The duration of the internship is between 10 weeks to 28 weeks.

One of the training schemes is the Skim Latihan 1 Malaysia (SL1M), developed in collaboration with the Malaysian government to increase the fresh graduates' marketability and employability. This scheme is to support the Government's initiative to reduce the unemployment rate among fresh graduates. A total of 46 graduates completed this programme in 2013 with Malaysia Airports. As part of our Corporate Social Responsibility in realising the Vision of 1 Malaysia, fresh graduates who meet Malaysia Airports' eligibility criteria have been invited to participate in this seven-month programme where they were provided with comprehensive classroom training and on-the-job trainings in various airport business functions.

CREATING A CONDUCIVE WORKPLACE

COLA for Non-Executives

Over 7,000 MAHB non-executive employees received RM140 monthly cost of living allowance (COLA) beginning January 2014 to improve the scheme of their services in new Collective Agreement 7 between Malaysia Airports and Kesatuan Pekerja-Pekerja Malaysia Airports Berhad Semenanjung, Sabah and Labuan, and Sarawak.

The collective agreements effective 1 January 2014 to 31 December 2016 also entails a salary adjustment and improvement in allowances. This will go a long way in creating industrial harmony between the company and its employees.

Providing Facilities for Employees

Malaysia Airports focuses on the health and well-being of its employees through physical wellness programmes at Malaysia Airports' Corporate Office. Facilities including gymnasium are provided to enhance good health through body workout facilities in a mini gymnasium located in the vicinity of the Corporate Office.

By having the gymnasium for only fitness build-up is not sufficient for employees who enjoy teamwork games. As such, the company has constructed a football field and a netball court close to the above gymnasium at the Corporate Office. Friendly matches are scheduled by the Malaysia Airports Sports Club from time to time among divisions at the Corporate Office and also with external agencies. Through these games, employees are able to foster closer working relationship among themselves which resulted in better work output.

In the near future, a Child Care centre will also be set up for children of the employees while their parents focus on their job. The Child Care Centre will comprise two parts which are for Toddler Care Centre for children aged two months to three years and Child Development Centre for children aged four years to six years. The Centre will be designed to accommodate between one hundred to two hundred children.

Another project in the pipeline is the Malaysia Airports Academy which aims to develop the training and academic centre for strengthening of staff skill and cognitive thinking through development of modules and obtaining recognition from recognised bodies. The construction of the Academy is scheduled to commence in the middle of 2014. The first phase of construction will be completed within a period of two years. The Academy will provide an avenue for staff to obtain recognised certificate that meet the airports requirements for their future career advancement.

OVERSEAS VENTURES

Rajiv Gandhi International Airport in Hyderabad, India (RGIA), in which Malaysia Airports has an 11% equity interest, had consistently raised its standards and has made a significant progress since its inception in 2008.

For its first half ended 30 September 2013, RGIA recorded a total of 4.4 million passengers, representing a growth of 6% compared to that of the previous corresponding period. At the same time, revenue grew by 17% for that of the previous corresponding period supported by its traffic growth.

During the period under review, RGIA received a number of awards including "Airport of the Year under 10 Million Passengers" by Air Transport News and 5-Star Certification from the British Safety Council's Health & Safety Management System, making RGIA the only airport in the world to receive this coveted award. RGIA has also received the "Best Cargo Airport of The Year" at the 40th Annual Convention of Air Cargo Agents Association of India held at Jaipur, for the second consecutive year. In addition, the airport has also been rated as the No. 1 Airport in India at the Skytrax – World Airports Awards.

Meanwhile, Indira Gandhi International Airport in New Delhi, India (IGIA), in which Malaysia Airports has a 10% stake, has also staged a remarkable performance. For its first half ended 30 September 2013, IGIA recorded total passenger traffic of 18.1 million passengers, a growth of 9% from the previous corresponding period. IGIA's revenue also grew higher by 53% during the same period, attributed by the new aeronautical tariff imposed beginning from 15 May 2012.

IGIA became the first organisation in India as well as the first airport in the world in 2013 to receive the ISO 39001: 2012 certificate for Road Traffic Safety Management System, from British Standards Institution.

Sabiha Gokcen International Airport in Istanbul, Turkey (SGIA), which Malaysia Airports has a 20% equity interest has also staged a remarkable performance.

SGIA has also recorded a tremendous growth, registering an increase of 22% in its total passenger traffic to 13.8 million passengers for its nine months to 30 September 2013 compared to that of the previous corresponding period. Revenue grew by 29% a result of strong traffic growth during the same period.

During the period, SGIA welcomed five new airlines to the airport, namely, Turkish Airlines, Air Baltic, Lufthansa, Wizz Air and Kuwait Airways.

SGIA was awarded the "Best Airport Award" by Turkey's first travel magazine Voyager and "Most New Routes Award" by the Airline News & Network Analysis website anna.aero, where the airport has been selected as the top airport for adding the most new routes to its network in Europe. SGIA's operator, which is a partnership between Limak, GMR and Malaysia Airports have been recognised as one of the best 10 public private partnership project in Europe, Central Asia, Middle East and North Africa region.

In December 2013, the Group announced that we accepted to exercise our rights to acquire a 40% stake in SGIA to raise our total stake to 60%, for up to about RM1 billion (€225 million). At the time of writing, Malaysia Airports was awaiting regulatory approvals to allow this transaction to be fulfilled. Malaysia Airports is excited that we are now one step closer to realising the national goal of creating sustainable, regional and perhaps even global champions.

KLIA AEROPOLIS DEVELOPMENT

Though KLIA may already be one of Asia's principal aviation hubs, our mission is to transform KLIA to more than just somewhere people fly to – to become a destination in its own right; an international meeting place and a centre for business and entertainment, an Airport City dubbed as KLIA Aeropolis.

As airports become an increasingly important link to global markets and a major determinant of a country's competitiveness, KLIA's vast land bank of land gives us a unique opportunity to establish KLIA Aeropolis as a platform for international business and trade.

Malaysia Airports emphasises a collaborative and holistic view to its investments as Aeropolis infrastructure is to enhance the attractiveness of Malaysia as a business, tourism, leisure and retail destination, which is a major determinant of a country's competitiveness and an important link to global markets. Our KLIA Aeropolis development strategy is simply to be in a position to accommodate the business and social needs of the airport. We want to attract new business and the type of non-aeronautical related activities that will draw people to the airport.

KLIA Aeropolis master plan includes tracts for hospitality, commercial office, industrial, logistics and leisure facilities, including golf courses. The unprecedented congestion around most of KLIA's neighbouring capital city airports has fuelled unparalleled interest and demand in our KLIA Aeropolis master plan.

KLIA Aeropolis master plan development is driven by the accessibility, speed and agility factors that the airport provides to time sensitive supply chains and corporate connectivity, nationally and globally. It is envisioned to become a truly remarkable new airport city development with top-class tourism attractions, to become a destination in its own right.

This land bank is envisaged to be fully developed within the next 15 to 25 years and the development will gradually transform the physical and economic landscape of the airport. Among the key projects commencing in 2013 were the development of Mitsui Outlet Park KLIA and the Solar Power System at KLIA.

Mitsui Outlet Park KLIA is a joint venture project between Malaysia Airports and Mistui Fudosan Co. Ltd. Mitsui Fudosan is one of Japan's biggest outlet park and commercial developer and the Mitsui Outlet Park project will be Southeast Asia's largest outlet park of its kind. Malaysia Airports has a 30% stake in the joint venture company called MFMA Development Sdn. Bhd. is responsible for the buildings construction, the leasing of outlets to tenants and promoting the development.

This upscale factory outlet will be developed on an approximately 44 acres of land at KLIA at an estimated gross development value of RM335 million. Phase 1 of the project will include a shop area approximately 25,000 sq. metres and will house approximately 140 shops. The construction of Phase 1 commenced at the end of 2013 and the Outlet Park will open in early 2015. The Final Master Plan, which will be with the development of Phase 2 and 3, will increase the shop area to 46,300 sq. metres housing approximately 260 shops. The whole development will be on approximately 180,000 sq. metres area of land. Phase 1 development has taken into consideration the commercial market potential in Kuala Lumpur in terms of the increase in population, income level, and the number of tourist. There are also plans in place to provide shuttle bus service from the airport to this outlet park and to establish check-in counters, and flight information display boards at the outlet park.

The project is located at an area across Malaysia Airports' Corporate Office building and faced toward the main road that connects KLIA and city centre. It is excellently located near a network of highways that leads to other major cities such as Petaling Jaya and Shah Alam besides Kuala Lumpur. The opening of klia2 will further support this project when it is opened in early 2015.

Mitsui Outlet Park project will offer marquee brands from Europe, the United States, Asia, and Japan comprising a wide variety of business categories centred on luxurious brands, casual brands, specialty boutiques, and exciting entertainment and sumptuous dining options. The development will be tailored to the local business practices while maximising the experience and knowledge Mitsui has acquired in the development of commercial establishments, such as Mitsui Outlet Park, tenant leasing and operations.

Malaysia Airports sees this joint venture as a pacesetter for the development of KLIA Aeropolis and it will boost the confidence of investors and developers in the commercial potential of KLIA land. Malaysia Airports is pleased to form a strategic partnership with Mitsui which has vast experience and proven track record in real estate development including the development and marketing of factory outlets. The completion of the project will further complement and synergise with the overall KLIA's retail offerings, creating a hub as spin off from the completion of klia2. This is in line with the government's effort in transforming KLIA into a Retail Hub under the Entry Point Project (EPP) 12 of the Economic Transformation Programme (ETP). The project is estimated to generate a Gross National Income of RM221 million and creating 2,577 jobs by the year 2020. In addition, the Mitsui Outlet Park KLIA will put Malaysia and KLIA on the retail tourism map as a destination of choice and would eventually create a new physical and economic landscape that would generate aviation business to create stronger economic base for KLIA.

One of the most important benefits from this project is the opportunity to further expand Malaysia Airports' non-aeronautical or commercial revenue base, in line with our 5-year Business Direction 'Runway to Success' (2010-2014), where commercial development is slated to be Malaysia Airports' main driver of revenue and profitability growth. Some of the airports around the world with large passenger capacity have advanced in their airport city development and have indicated a non-aero income of higher than 50%. Malaysia Airports has registered 54% of non-aero revenue from the total revenue in 2011 and has continued registering more than 50% non-aero revenue until 2013.

As a commitment towards the growth of renewable energy in Malaysia, Malaysia Airports has developed photovoltaic (PV) solar power plant facilities at KLIA for the generation of renewable electricity in conjunction with the Malaysia Feed-in-Tariff Programme.

On a total system portfolio basis, KLIA will probably become the host to the world's largest deployment of PV solar projects at an airport. Where Malaysia Airports is the direct power off-taker, this will entitle us for all direct national and international benefits, such as LEED ratings, that are given to a consumer of Renewable Energy power. Malaysia Airports will be a significant and direct contributor to the federal government's vision of reducing carbon emissions by 40% by the year 2025.

The PV solar power plants are located at three areas within KLIA. One of the solar farms is ground mounted, located at Lot PT98 within the Oil Palm Land at KLIA, and has a capacity of 5 megawatt (MW) and can generate a total of 7,615 MWh per year. Another plant is located on the canopy of KLIA's long-term carpark that has a capacity of 10 MW and can generate a total of 13,556 MWh per year. The third plant is located on KLIA's Satellite Building's roof which has a capacity of 4 MW and can generate a total of 5,593 MWh per year.

The solar power project makes good sense to Malaysia Airports as it is in line with our focus to create a more sustainable business operation. This unique opportunity is a step for us to generate clean energy that will also save money, which not only will be beneficial for us and our business partners, but also to the community surrounding our airport and to Malaysia at large. The project is in support of the national efficient energy management initiative. This project is also a step towards the Green Airport Initiative under the Clean Airports Partnership Programme (USA).

Many more exciting projects are in the pipeline which will be announced later this year. In line with our vision, we are working more aggressively to further develop KLIA Aeropolis.

OUTLOOK FOR 2014

Global Market and Aviation Industry Outlook

The aviation industry is expected to grow steadily in line with the better economy projected in 2014. Major airports in the world may see better passenger traffic in sync with the rising demand for air travel.

The International Monetary Fund has projected world economy to grow by 3.7% in 2014 compared to 3.0% in 2013 in sync with the signs of recovery in the Eurozone and a stronger US economy.

Globally, air travel demand continues to record optimistic trends based on rising business confidence and robust performance in key emerging markets such as China and ASEAN. Asia Pacific has emerged as one of the strongest performer among the key global aviation markets.

The International Air Transport Association (IATA) expects a growth of 5.8% for global passenger for 2014. The International Civil Aviation Organisation (ICAO) and Airports Council International (ACI) have projected 2014 global passenger growth to be in the range of 4.5% to 6.0%. From these, the Asia Pacific region is expected to register a higher growth between 6.4% and 7.6%. Meanwhile, aircraft movement is expected to grow by 7.5% and cargo movement is expected to increase in the range of 4%.

With an increased number of foreign airlines and the domestic airlines living up to strong competition, 2014 is expected to be another good year. Seat capacity provision by airlines for the immediate months continues to be more than 15%, a reflection of travel confidence in the country. We believe we are on a new platform of growth and the hidden potentilas are just surfacing. The Visit Malaysia Year 2014 efforts, gearing up to the Year of Festivals 2015 and the economic resilience driven by domestic demand and stable economy would drive up the passenger growth momentum.

Malaysia Airports expects the favourable supply and demand environment locally. With the improved world economic environment indicated by IMF as well as the favourable aviation environment indicated by the main aviation organisations, we foresee and encouraging 9.7% growth in passengers in 2014 for the Group.

Capitalising on the geographical advantages and coupled with the strength of a home-based low-cost carrier and the inclusion of Malindo Air, Malaysia Airports has taken the responsibility to build the klia2 to cater for the further development of low-cost travel in the region.

In addition, the balance of a full service and low-cost travel market has assisted in elevating Malaysia as a prime destination to both types of travellers as we continue to position ourselves as a regional hub thus increasing Malaysia Airports' sustainability and growth potential. The airports in the region such as Changi, Bangkok, Jakarta and Hong Kong have placed increased emphasis to upgrade their facilities to capitalise on the growing travel market in the region. This is indeed a welcome development. There is a large potential of the region that has yet to be tapped and new developments are necessary for the socio-economic development of the region's populace. Our early development effort is already seen to be rewarding.

Meanwhile, due to the Malaysian Government's Economic Transformation Programme initiatives which will raise Malaysia's economic position as a high income nation, some full service carriers have begun to take notice and recognise Malaysia as a business destination. This augurs well with our aim to attract more "high yield" travellers into our airports and ultimately ensure continuous growth and sustainability for Malaysia Airports.

All of the above factors will ensure Malaysia Airports' continuous growth in the future.

RUNWAY TO SUCCESS

Additionally, the year 2014 is a very important year for Malaysia Airports as apart from the opening of klia2, it also marks the end of first phase of the 10-year transformation and the start of the next phase. The Runway to Success 1 which set out the business direction for the five year period from 2009 will end in 2014 and the formulation of Runway to Success Two for the next five years will need to be completed this year.

WORDS OF APPRECIATION

Before I conclude, let me thank the committed Malaysia Airports' Board of Directors who have brought in skills, knowledge and guidance towards achieving the company's goals for the year. I would also like to record my appreciation to the Board for having trust in the Senior Management team's delivery.

I would also like to express my deepest gratitude to my fellow colleagues of the Management team and the employees of Malaysia Airports for their team work, passion and support towards taking the company to a greater height in the global aviation industry.

On behalf of the Group, I would like to extend our appreciation to our airlines partners, vendors and suppliers, retailers, various government agencies as well as to our joint venture partners for their unwavering support. Last but not least, my heartfelt thanks to all our customers and shareholders for their continued support throughout the year.

Thank you.

Tan Sri Bashir Ahmad Bin Abdul Majid
Managing Director

SUBSIDIARIES' PERFORMANCE

KL AIRPORT HOTEL SDN. BHD.

The year 2013 marked a great beginning for the group's hotel segment as Malaysia Airports expanded its involvement in the business, taking over the operations and management of the hotel from Pan Pacific Hospitality Group. Malaysia Airports then rebranded the hotel, previously Pan Pacific Kuala Lumpur International Airport Hotel to Sama-Sama on 1 January 2013 under the same ownership of KL Airport Hotel Sdn. Bhd.

The rebranding and upgrading in January 2013 is in recognition of the hotel's reputation for top-quality service and amenities. All the 442 non-smoking guestrooms and suites have undergone an extensive refurbishment, and have since completed the renovation in April 2013.

The guest satisfaction survey result has proven that the Sama-Sama Hotel KL International Airport (KLIA) is consistently maintaining its services and brand standards, many of which were positive feedbacks. On November 2013, the Sama-Sama Hotel was awarded Best Luxury Airport Hotel in Asia at the World Luxury Hotel Awards. The accolade has been awarded following the completion of the Sama-Sama Hotel's rebranding and enhancement project.

For its financial year ended 31 December 2013, the company recorded revenue of RM66.2 million which was RM20 million below its target. This was mainly due to its rebranding exercise and unavailability of rooms for sales due to the refurbishment works and the expiry of MAS Golden Lounge contract.

Revenue generated by room sales has shown an improvement especially in the third and fourth quarters of FY2013, attributed mainly to the contract and air-crew segmentation. Contract segment recorded a growth of 200% especially from the MAS STPC and the overnight delayed passengers. Air-Crew segment registered an increase of 70% due to new crew contract secured from Mahan Air and Xiamen Air.

Meanwhile, gross operating profit for the year under review was RM34.5 million, compared to the company's target of RM21.3 million.

We are positive that 2014 will be a better year for Sama-Sama Hotel with the availability of all rooms throughout the year at Sama-Sama Hotel KLIA, and the launch of Sama-Sama Express KLIA in January 2014. Sama-Sama Express KLIA was the Airside Transit Hotel located in Satellite Building of KLIA that has undergone similar extensive upgrading and refurbishment followed by a rebranding exercise in 2013. These upgrading works, which was undertaken to enhance our services and facilities for better customer experience, will augur well for Sama-Sama Hotel. We are also looking forward to the opening of Sama-Sama Express klia2 at the new terminal, klia2, which will be opened soon in 2014.

MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.

Malaysia Airports (Properties) Sdn. Bhd., primarily handles the non-passenger related revenue, excluding the aviation and hangar services. The company also manages the Southern Common Amenities and Facilities (SCAF) area, the Staff Home Stay for the Group as well as Facilities Management for Malaysia Airports' Corporate Office.

Apart from that, the company acts as an enforcement unit that monitors and reviews the Group's Fixed Asset Management Policy.

During the year under review, Fixed Asset Verification Exercise had been implemented at a total of 11 domestic airports operated by the Group. The company, as an enforcement unit will continue to monitor and review the application of Fixed Asset Policy amongst its user. Moving forward, Malaysia Airports (Properties) with Finance Shared Service Centre and klia2 ORAT will work hand in hand to tag all the fixed assets at klia2 by May 2014.

Malaysia Airports (Properties) had renovated and refurbished the Group's four units of Home Stay Apartment in Pulau Pangkor. These units are expected to be ready for use by March 2014. Malaysia Airports (Properties) will open four more units of home stay at Pulau Pangkor to Malaysia Airports' staff in 2014.

In October 2013, Malaysia Airports (Properties) underwent its third year audit with SIRIM Malaysia for the ISO 9001 Certification and renewed its certification with flying colours. As a commitment to continuous improvement, the company will upkeep the certification of the ISO 9001 in 2014.

MALAYSIA AIRPORTS (NIAGA) SDN. BHD.

Malaysia Airports (Niaga) Sdn. Bhd. (MAN) continued to expand the company's retail outlets with the objective to provide travellers with an extensive, relevant and appealing array of products that speak of nothing less than world-class shopping experience.

Our timepieces haven, aptly named, 'From Time to Time', made its debut in KLIA. The boutique offers more than twenty of the world's favourite watch brands including the world-renowned Swiss Legend. The brand made its exclusive introduction to the Malaysian market at From Time To Time, which enjoys exclusivity in carrying this exceptional brand. MAN also took the initiative to make one of the world's most popular chocolate and confectionery brands, Ferrero Rocher, available at a dedicated kiosk at Contact Pier, KLIA, for the convenience and benefit of chocolate aficionados.

MAN continues its pursuit to deliver the most memorable and relevant travel retail experience by introducing Zone F which is also located at the Contact Pier. Shoppers are now able to splurge on a wide selection of duty paid and duty free products of fragrances, cosmetics, vodka, fashion and accessories. Zone F is a hybrid of bar-in-a-boutique concept consisting of Absolut Bar - which is the world's first Absolut brand store, where shoppers can sample and browse for various Absolut beverages at the bar as well as the fine selection of lifestyle designer brands for apparel and accessories.

MAN's Food & Beverages Division continued to push the envelope by adding depth to its Apron series. The year 2013 marked the opening of Apron Marche which features many popular and well-loved local, regional and international cuisines, located at the Kota Kinabalu International Airport. Meanwhile, MAN's presence at Penang International Airport was further enhanced with two new outlets in 2013, namely Time Pieces & Jewellery located at Level 2 Arrival area and also, Cocoa & Sweets.

MAN also achieved another historical moment in 2013 when its Marrybrown franchised outlet at LCCT-KLIA received the Best Shopper Visit Award and the Best All Round Restaurant Award 2012. In addition, Marrybrown's outlet at Langkawi International Airport garnered the prestigious Marrybrown – Achieving Peak Performance Award.

In November 2013, MAN in collaboration with CIMB Bank launched one of the most exciting contests in Malaysian travel retail, which offered a total of RM300,000 worth of exciting and lucrative prizes, as another innovative strategy to reach a wider spectrum of shoppers and to further strengthen our foothold in this region as a premier airport retailer.

In 2013, MAN also celebrated its 20th anniversary of successful achievements and the continued expansion of business operations, which all started at the Sultan Abdul Aziz Shah Airport in Subang way back in 1993.

While 2013 marked a year of great achievements and recognitions for MAN, 2014 will see MAN embracing and riding the challenges and opportunities that 2014 presents especially with the advent of klia2, gateway@klia2 and also other retail outlets at other airport locations. With targeted revenue that will soon breach the RM1 billion mark come 2014 and beyond, the company will leave no stone unturned in its quest to drive and achieve this revenue target through its most important assets, the entire team of management and staff, including the frontliners of Operations Retail.

The establishment of our Customer Care team by our Operations Retail Division serves to further enhance our pursuit and delivery of service excellence in line with the ultimate objective to grow our business and to achieve our revenue target.

MAB AGRICULTURE-HORTICULTURE SDN. BHD.

A certified ISO 9001:2008 company, MAB Agriculture-Horticulture Sdn. Bhd. (MAAH) is fully involved in the cultivation and management of oil palm and coconut plantations covering an area of 4,738.21 hectares (ha) and 126.78 hectares respectively. These plantations also serve to mitigate the effects of noise pollution and display a relaxing view to the surrounding areas besides providing a stable source of recurring revenue. The effort to 'green' the airport continues with the planting of the vacant area left over by the klia2 project coupled with replanting of old palm for 461.18 ha.

For the year under review, MAAH registered a turnover of RM30.9 million representing a shortfall of 32.2% or RM14.7 million compared to the revenue posted in 2012, mainly due to lower production, coupled with lower price of oil palm fresh fruit bunches. Sales of fresh fruit bunch accounted for 98.8% of the total turnover, whilst landscape activities and coconuts made up the remaining 1.2%.

MAAH will continue to make positive contribution to the Group's revenue in 2014, given the expected higher yield and projection of improved crude palm oil price.

MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN. BHD.

Malaysia Airports Consultancy Services Sdn. Bhd. (MACS) has proven its track record in managing and providing consultancy not only to airports in the country but also overseas.

MACS, wholly owned subsidiary of the Group provides technical and consultancy services for, but not limited to the airport industry. Its services include airport consultancy services, airport training programme and airport quality service monitoring.

Through MACS, Malaysia Airports first started its venture to provide consultancy services in airport operation and management of overseas airports in 1995 when it was awarded the operation and management of two airports in Cambodia. Since then MACS has increased its business activity through its involvement in various business and projects within the company.

In January 2013, MACS was appointed by Asia World to provide Airport Certification for Nay Pyi Taw Airport in Myanmar. The project which commenced in February 2013 was completed in April 2013. The company was also appointed by Asia World on 12 March 2013 to provide Basic Airport Operations Training to the staff of Nay Pyi Taw International Airport.

On 5 December 2012, MACS had jointly participated with Pioneer Aerodrome Services Company Ltd., China Harbour Engineering Company Ltd. and CPG Consultants Pte. Ltd. in the Pre-Q exercise for Private Sector Participation in the development of Yangon International Airport in Myanmar. Pioneer Aerodrome Services Company Ltd. is an affiliate company of Asia World and the current terminal operator of Yangon International Airport. The company was appointed by Asia World on 20 March 2013 for the preparation of tender proposal for the Yangon International Airport Development project in Myanmar.

In August 2013, the Ministry of Transport of Myanmar announced that the consortium company made up of MACS, Pioneer Aerodrome Services Company Ltd., China Harbour Engineering Company Ltd. and CPG Consultants Pte. Ltd., had won the tender for the development of Yangon International Airport in Myanmar. The concession agreement on the scope of contract and other related matter is scheduled to be finalised by end of first quarter 2014.

In another development, on 17 June 2013 MACS was awarded the contract to provide Facility Management Services for Airport Operational Facilities and Ancillary Building at the New Doha International Airport, in Doha, Qatar. The project is valued at QAR 106 million for three years.

MACS will continue to pursue other business opportunities in the provision of airport consultancy services for airports abroad. The potential projects in the pipeline include those airports in Qatar, Oman, Kuwait, Myanmar and Indonesia.

MACS has also ventured beyond airport consultancy and had collaborated with Jabatan Laut Malaysia (JLM) to provide its services in development of jetty terminals and cargo ramps feasibility studies for Pangkor Cargo Ramp, Redang-Shahbandar Jetty Terminal and Kuah Jetty Terminal. This new business expansion is an exciting opportunity for MACS to be developed in future not only at local offshore but also in overseas' offshores.

MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN. BHD.

2013 marked the 8th year of the establishment of Malaysia International Aerospace Centre (MIAC). The development of MIAC is being spearheaded by Malaysia Airports through its subsidiary MIAC Sdn. Bhd., with a two-pronged objective, firstly to be a catalyst towards realising 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. The company, based in Sultan Abdul Aziz Shah Airport (SAAS), Subang, focuses on Maintenance, Repair and Overhaul (MRO), Helicopter Centre, General Aviation Centre, an aerospace training centre, aerospace technology centre and commercial support facilities.

Amongst the achievements of MIAC are the redevelopment of Terminal 3, now known as Skypark Terminal, as a corporate jet and general aviation hub which is also used by Firefly Airlines, Berjaya Air and Malindo Air to connect SAAS to various domestic and regional destinations, the establishment of Spirit Aerosystems' first aircraft components and aero structure assembly facility outside USA and Europe based on a 45-acre land adjacent to the runway at SAAS.

In 2013, Eurocopter Malaysia Sdn. Bhd. (ECM), part of the EADS group, the world's most prominent and integrated aerospace company moved its business operations to a dedicated headquarters which took up approximately 100,000 sq. ft. (approx. 9,290.3 sq. metres) of the newly-developed 21 acre Helicopter Centre. The Helicopter Centre will be home to about nine operators both local and international which include Boustead Heavy Industry Corporation's Aero Services (BHIC), Systematic Aviation Services (SAS), Projek Lebuhraya Usahasama Berhad (PLUS Heli), Global Turbine Asia (GTA), Helipartner (HP) and Agusta Westland Malaysia (AWM). Agusta Westland, an Italian helicopter manufacturer has taken up approximately 7,000 sq. metres of land in developing its facility consisting of MRO and sales operations. Its experience in training businesses and customer focused Integrated Operational Support solutions delivers mission capability to both military and commercial operators around the world.

The Regional Aviation Centre (RAC) under the management of the concessionaire Subang Skypark Sdn. Bhd. (SSSB) will be part of MIAC once it is fully operational in March or April 2014.

Together with an array of local and regional helicopter companies, the Helicopter Centre at MIAC is set to grow rapidly. It will have the most comprehensive facilities in the region, including an all-weather heliport, 6 helipads, MRO workshops and hangar, and the first helicopter simulator in the Asia Pacific region.

The increasing population of 'big players' at MIAC has inadvertently displaced the light aircraft operating area in the centre. In looking at the need to provide the light aircraft owners and operators an operational base, a Light Aircraft Parking and Operation Centre (LAPOC) was put to plan of which the initial phase has been completed in 2013, with the addition of approximately 22,000 sq. ft. (approx. 2,043.9 sq. metres) of space. The LAPOC, once fully completed would be able to accommodate up to 12 light aircraft for companies performing MRO services, light maintenance and other aviation support services.

The development of the MIAC is on track in becoming an international aerospace hub in the near future.

URUSAN TEKNOLOGI WAWASAN SDN. BHD.

Urusan Teknologi Wawasan Sdn. Bhd. (UTW) offers an Integrated Facilities Management services and solutions with proven track record in providing services to some of the nation's most iconic and prestigious facilities and landmarks including KL International Airport (KLIA), Sepang International Circuit, Spirit Aerosystems Malaysia, Kuala Lumpur City Centre and Bursa Malaysia. UTW's business focuses on ensuring optimal facilities uptime, efficiency, asset extended lifecycle and provision of reliable data through continuous improvement and management of clients' asset.

The company, with its strong financial, technical and human resource capability has undertaken various types of projects this year mainly in operations and maintenance, facility/property management, mechanical and electrical installation and computerised maintenance management system implementation. UTW has charted its transformation programme for 2013, strategically in line with its business process, product and services. Hence, the programme enabled the company to deliver cost effective and superior quality services regardless of the facility types, size, complexity and location.

UTW had always been committed in achieving its goals. In this regard, the company's revenue had grown by an average of 42% year-on-year since 2011. UTW has also embarked on a vertical diversification strategy by providing building audit services. Amongst its clients that have engaged the company for the services are Sime Darby Plantation, Sepang International Circuit, Malaysia Airports (Sepang), KLCC Urusharta, New Doha International Airport and Eurocopter Malaysia.

In the year under review, UTW had also successfully added Eurocopter Malaysia Sdn. Bhd. in its business portfolio. Behind the scene, UTW continues to perform an important role in ensuring KLIA remains as one of the best international airports in the world. The company has delivered service level standards of the highest quality at KLIA with the achievement of 99.8% Equipment Technical Service Availability.

CORPORATE RESPONSIBILITY

At Malaysia Airports, we take responsibility for our business processes and consistently look for innovative and eco-friendly ways to manage the impact of our business to our surrounding stakeholders and environment. We are committed to create a sustainable world-class aviation gateway and we continuously seek for value creation activities either through our business operations or through our corporate responsibility exercises.

We diligently give focus to four areas of corporate responsibility throughout our business operations. The four areas are Marketplace Development, Workplace Development, Community Development and Environmental Sustainability.

MARKETPLACE DEVELOPMENT

As airport operator, our business operations identifies with wide-ranging stakeholders in the marketplace which include members of the airport community, passengers, government agencies, suppliers, business partners, media and many other relevant groups of the public. Our daily engagement with numerous suppliers and vendors requires us to ensure our strategic partnerships with either budding entrepreneurs or established businesses are continuously maintained.

We are also committed to helping entrepreneurs further develop their businesses across all our airports under the Vendor Development Programme. The programme aims to give stable, resilient and competitive vendors an opportunity to participate in procurement activities at Malaysia Airports. This will support and accelerate efforts in getting vendors' participation in works, services and supply activities.

WORKPLACE DEVELOPMENT

We believe in a philosophy where the essence of a sustainable company is not about how much revenue were collected but that the essence lies in our people and their potentials. We acknowledged the success of our business endeavours is highly dependent on the skills and talents of our people. We also acknowledged the importance of nurturing a working culture filled with efficiency, respect, teamwork and effective communication within the organisation.

This philosophy is demonstrated through our Workplace Development programme that goes beyond addressing workplace and human resource issues. It is not limited to only providing healthy, safe and secure working environment to our people. One of the programmes is our Human Capital Development programme, where Malaysia Airports' staff benefit from trainings, educational and talent development programmes that help nurture and develop their potentials, enhance leadership skills and readiness of workforce to meet the global challenge in managing airports.

COMMUNITY DEVELOPMENT

Malaysia Airports' flagship community programme, Beyond Borders, is a nationwide school adoption programme. Launched in 2007, it is one of a kind as it aims to elevate healthy, competitive and creative academic standards, raising awareness on the importance of education, and to help enhance self-esteem among the underprivileged children. Beyond Borders is a partnership between selected schools and its overall school community, and its programmes help to improve the academic standards of the students in these schools.

Beyond Borders focuses on academic enhancement and improvement through engagement and support programme, also to increase self-direction and personal efficacy. With the tagline 'Give Them Wings, Let Them Fly', Beyond Borders continues to contribute into the nation building agenda since its inception.

ENVIRONMENTAL SUSTAINABILITY

Efficient energy management and energy efficiency practice are part of Malaysia Airports' commitment to sustainability and environmental responsibility. Our dedication to run a sustainable business operation are closely guided by various laws and policy imposed by the Government. Malaysia Airports always aims to attain full compliance of the laws relevant to its operations. To demonstrate this commitment, we have in place the Energy Management Policy as a framework for the whole organisation to manage energy effectively, reduce consumption to the lowest practicable level and maintain the standards without neglecting the safety of the airport operation.

One of our top environmental management priorities also includes reducing carbon emission at the airports where we have embarked on various initiatives in managing our energy and emissions level efficiently. Our commitment on the sustainability of environment and ensuring our operations to meet the level of environmental legal compliance with the Environment Quality Act as well as working towards carbon neutral growth and carbon-free future for the aviation industry is underscored by our participation as one of the signatory of the Aviation Industry Commitment to Action on Climate Change, in which 5 of our airports pledged to the article.

MALAYSIA AIRPORTS' FIFTH SUSTAINABILITY REPORT (2013)

It gives us great pleasure to present to you Malaysia Airports' fifth Annual Sustainability Report in parallel and complement with this Annual Report. Written in accordance with the Global Reporting Initiative (GRI) G3.1 framework and the GRI Airport Operator's Sector Supplement (AOSS), this report also contains some Standard Disclosures which are in compliance with the GRI G4 sustainability reporting guidelines. This report has been assured by SIRIM QAS International Sdn. Bhd., an independent third party agency to ensure accuracy and reliability of all content published.

Committed to upholding the highest level of ethics and integrity in all our business transactions, a number of policies and procedures have been enhanced in 2013, particularly with regards to our procurement practices and risk management. Responsible environmental practices also remain at the forefront of the way we conduct our day-to-day business, and at the top of our environmental priority list are resource management and efforts to reduce waste generated.

Focusing inwardly for the year 2013, Malaysia Airports celebrates its most precious assets: Its people. We are proud to have among our workforce, some of the most knowledgeable talents in the aviation industry today. A variety of events and initiatives were geared throughout the year towards employee appreciation and development both professionally and personally. This year's Sustainability Report also gives tribute to some of our company's longest serving employees.

Our award-winning Beyond Borders Programme enters an exciting new cycle, adopting nine new schools, bringing the number of schools we have adopted nationwide to 30 to date. Various other initiatives have also been carried out in order to reach out to the neediest in our community.

As we aim to make our airport experiences as enjoyable as possible for our employees, our business partners and our customers, Malaysia Airports has embarked on several simple yet practical reward based campaigns in 2013. These campaigns, focusing on customer experience and hospitality has been tremendously successful in making the flying experience fun and exciting for our employees, business partners and customers alike. Ultimately, we believe that everyone having a great time at the airport makes excellent business sense.

Our 2013 Sustainability Report represents some of Malaysia Airports' most significant sustainability spurred work for the year. We are proud of the fact that over 40 of our own staff from almost 30 departments have come together to contribute to this report.

Growth Momentum in enabling Technology Sophistication

Our sophisticated and efficient airport technologies enables top-notch security at the entry and exit points of the country, to ensure that the safety and wellbeing of all travellers and their belongings are taken care of. Keeping abreast with the various state-of-the-art technologies, we are ready to meet the challenges posed by an exceedingly demanding industry.


PLACE BAG FLAT


SAMSUNG

standing, from left to right

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

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

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

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

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

DATUK ZALEKHA BINTI HASSAN
(Independent Non-Executive)

DATUK SERI YAM KONG CHOY
(Independent Non-Executive)

standing, from left to right

ROSLI BIN ABDULLAH
(Independent Non-Executive)

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

SABARINA LAILA BINTI DATO' MOHD HASHIM
(Company Secretary)

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

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

JEREMY BIN NASRULHAQ
(Senior Independent Non-Executive)

Board of Directors

BOARD OF DIRECTORS' PROFILE

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

Chairman
Non-Independent Non-Executive

Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah, Malaysian, aged 61, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director and Chairman of MAHB on 7 June 2012. He chairs the Board Procurement Committee, Board Finance & Investment Committee and Board Risk Management Committee of MAHB. He is also the Chairman of Malaysia Airports Consultancy Services Sdn Bhd, K.L. Airport Hotel Sdn Bhd and MAB Agriculture-Horticulture Sdn Bhd, all are wholly-owned subsidiaries of MAHB.

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

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

He is currently Chairman of Bank Pembangunan Malaysia Berhad, Pembinaan BLT Sdn Bhd, Syarikat Jaminan Kredit Perumahan Berhad, Samalaju Industrial Port Sdn Bhd, *a* subsidiary of Bintulu Port Holdings Berhad and GOM Resources Sdn Bhd, a subsidiary of Puncak Niaga Holdings Berhad. He also sits on the Boards of Permodalan Nasional Berhad, Felda Global Ventures Holdings Berhad, Sime Darby Berhad and RAM Holdings Berhad.

TAN SRI BASHIR AHMAD BIN ABDUL MAJID

Managing Director
Non-Independent Executive

Tan Sri Bashir Ahmad bin Abdul Majid, Malaysian, aged 64, was appointed as Managing Director of MAHB on 7 June 2003. He chairs the Boards of Malaysia Airports Capital Berhad and Malaysia Airports Capital (Labuan) Limited. He also sits on the Boards of Malaysia Airports (Niaga) Sdn Bhd, K.L. Airport Hotel Sdn Bhd and MAHB (Mauritius) Private Limited, all are wholly-owned subsidiaries of MAHB.

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

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

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

Datuk Seri Long See Wool, Malaysian, aged 59, was appointed as a Non-Independent Non-Executive Director of MAHB on 9 September 2008. He also sits on the Board Procurement Committee and Board Risk Management Committee of MAHB. Since December 2002, he is a member on the Boards of Malaysia Airports (Sepang) Sdn Bhd and Malaysia Airports Sdn Bhd, both wholly-owned subsidiaries of MAHB.

He has served as Assistant Secretary (Air Transport), Principal Assistant Secretary (Airport Development) of Aviation Division, Ministry of Transport ("MOT"). He was subsequently appointed as Under Secretary (Aviation), Aviation Division, MOT from 2002 to 2006 and subsequently appointed as the Deputy Secretary General (Planning), MOT. In 2010, he was appointed as the Secretary General of MOT.

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

DATUK SERI LONG SEE WOOL

Non-Independent Non-Executive

ESHAH BINTI MEOR SULEIMAN

Non-Independent Non-Executive

Eshah binti Meor Suleiman, Malaysian, aged 59, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 4 July 2011. She is a member of Board Procurement Committee and Board Nomination & Remuneration Committee of MAHB.

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

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

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

JEREMY BIN NASRULHAQ

Senior Independent Non-Executive

Jeremy bin Nasrulhaq, Malaysian, aged 60, was appointed to the Board of MAHB as an Independent Non-Executive Director on 15 August 2007 and was subsequently appointed as Senior Independent Non-Executive Director on 22 March 2013. Following his appointment, he took on the role of Chairman, Board Nomination & Remuneration Committee of MAHB. He is also the Chairman of Malaysia Airports (Niaga) Sdn Bhd, a wholly-owned subsidiary of MAHB, since December 2012 and serves as the Chairman of the Whistleblowing Independent Committee with effect from 22 January 2014.

He is a member of Board Audit Committee and Board Finance & Investment Committee of MAHB.

He had held several key financial and supply chain positions in Unilever and the Fast-Moving Consumer Goods (FMCG) industry, throughout a period of 29 years, which include having served as the Regional Finance Officer for Unilever Asia Retail Foods in Singapore, Supply Chain Director for Unilever Malaysia, Commercial Director-cum-National Finance Director for Unilever Malaysia (where is responsibilities covered Finance, IT, Legal and Logistics) and lastly Supply Chain Director for Unilever Malaysia and Singapore, a post he held until April 2007. He was the Chairman for Safety, Health & Environment (S.H.E.) for the company. He sat on the boards of Unilever (M) Holdings Sdn Bhd and Unilever Foods (M) Sdn Bhd. He was trained in various fields in the U.K., Thailand, Philippines, Indonesia, India and Singapore.

He also served on several regional and global functional teams during his period in Unilever, leading a few of these teams. He worked in Unilever Indonesia, Surabaya, for a couple of years. He also had a brief stint as General Manager (Operations) in Boustead Trading Sdn Bhd. He is currently a Director of Sweetyet Development Sdn Bhd, a company with its head office in Hong Kong where he represents the company and its brands in the modern and general retail industry in Malaysia.

Besides Unilever, he served as committee member on a few local national organisations such the Malaysian International Chamber of Commerce and Industry (MICCI) and Federation of Malaysian Manufacturers (as Board member of GS1 Advisory Board and on the MAFMAG Committee). He had also served on the councils of Malaysian Institute Accountants (MIA) and Chartered Institute of Management Accountants (CIMA), Malaysia Division for several years.

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

Mohd Izani bin Ghani, Malaysian, aged 46, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 21 March 2011. He is a member of Board Audit Committee, Board Finance & Investment Committee and Board Nomination & Remuneration Committee of MAHB.

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

MOHD IZANI BIN GHANI

Non-Independent Non-Executive

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin, Malaysian, aged 55, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 5 December 2012.

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

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

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

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

He currently holds directorship positions at Telekom Malaysia Berhad, Hong Leong Assurance Berhad, Hong Leong Islamic Bank Berhad, Hong Leong MSIG Takaful Berhad, Hong Leong Asset Management Berhad, SapuraKencana Petroleum Berhad and VADS Berhad.

TUNKU DATO' MAHMOOD FAWZY BIN TUNKU MUHIYIDDIN

Non-Independent Non-Executive

DATUK SERI YAM KONG CHOY

Independent Non-Executive

Datuk Seri Yam Kong Choy, Malaysian, aged 60, was appointed to the Board of MAHB as an Independent Non-Executive Director on 1 December 2013. He is a member of Board Audit Committee, Board Finance & Investment Committee and Board Risk Management Committee of MAHB.

Datuk Seri Yam had an illustrious career spanning more than 30 years in construction, real estate and corporate sectors with the last 12 years until 2008, helming 2 different award winning public listed property companies as their Chief Executive Officer ("CEO") and Managing Director. Datuk Seri Yam was voted the "CEO of the Year 2002" for Malaysia by American Express Corporate Services and Business Times.

Trained as a building engineer in the United Kingdom ("UK") with various companies and the British Civil Service, Datuk Seri Yam is a Fellow of the Royal Institution of Chartered Surveyors and also qualified as a Fellow of the Chartered Institute of Building after his graduation in Building and Management Studies from University of Westminster, London. Upon his return to Malaysia, he had served in various large companies, such as Landmarks Berhad, Peremba Malaysia, Country Heights Holdings Berhad and Sunrise Berhad and was actively involved in the development of hotels, resorts, shopping malls, golf courses, international schools, residential and mixed developments in Malaysia, Australia, UK, Mauritius and South Africa.

Datuk Seri Yam is currently appointed as independent non-executive director of Paramount Corporation Berhad, Sunway Berhad, Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad, and two (2) Government incorporated companies, namely Construction Labour Exchange Centre Berhad and Malaysia Property Incorporated. He also serves as a member of the Board of Trustees of Standard Chartered Foundation and is a director of the British Malaysian Chamber of Commerce. He is the current President of the Real Estate and Housing Developers' Association of Malaysia as well as a member of the Advisory Board to the Mayor and City of Kuala Lumpur. He is also appointed by the Government as a member of the NKEA Steering Committee for the transformation of Greater Kuala Lumpur and Klang Valley and as Chairman of InvestKL, apart from being an independent non-executive director of Kwasa Land Sdn Bhd, a wholly-owned subsidiary of the Employees Provident Fund.

In 2009, Datuk Seri Yam had established a private equity, corporate and project management consultancy known as Impetus Alliance Advisors Sdn Bhd to provide advisory services to the industry.

DATUK ZALEKHA BINTI HASSAN

Independent Non-Executive

Datuk Zalekha binti Hassan, Malaysian, aged 60, was appointed to the Board of MAHB as an Independent Non-Executive Director on 1 January 2014. She is a member of Board Procurement Committee and Board Nomination & Remuneration Committee of MAHB.

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

She began her career in the Malaysian civil service in 1977, as an Assistant Director in the Training and Career Development Division of the Public Service Department. She continued to serve the Government in numerous ministries including the Ministry of Health, Ministry of Social Welfare and the Ministry of National Unity and Social Development.

She later joined the Ministry of Finance ("MOF") in 1997 as Senior Assistant Director of the Budget Division and continued to serve in various capacities including with the Government Procurement Division until her retirement in May 2011 as MOF's Deputy Secretary-General (Operations). She was also the Government Procurement Advisor, MOF from June 2011 until June 2013. She is presently an Independent Non-Executive Director of Telekom Malaysia Berhad.

ROSLI BIN ABDULLAH

Independent Non-Executive

Rosli bin Abdullah, Malaysian, aged 60, was appointed to the Board of MAHB as an Independent Non-Executive Director on 1 January 2014. He chairs the Board Audit Committee and is a member of Board Nomination & Remuneration Committee and Board Risk Management Committee of MAHB.

He has held various positions in the public and private sectors such as the Accountant General's office at the State and Federal treasury departments, Ministry of Finance from 1976 to 1983; Chief Accountant in the Ministry of Works from 1981 to 1983 and Ministry of Education from 1983 to 1987. He was attached to the Public Services Department and was Chief Accountant at the Government Pension Department and Secretary to the Teachers Provident Fund from 1989 to 1991.

He was appointed as Bursar of Universiti Putra Malaysia from 1991 to 1993 and Director of Corporate Services at the Accountant General Department from 1993 to 1994. He was the Financial Controller/General Manager of Finance at Kuala Lumpur International Airport Berhad from 1994 to 1996 before joining Putrajaya Holdings Sdn Bhd from 1996 to 2008 as Senior General Manager.

He obtained a Bachelor in Economics (Honours) and a Post-Graduate Diploma in Accounting from University of Malaya. He also holds a Master in Business Administration from Universiti Kebangsaan Malaysia.

He is a member of the Malaysian Institute of Accountants ("MIA") and formerly served as Chief Executive Officer of MIA for 3 years from 2009 until 2011 and Registrar of MIA for 5 years from 2008 until 2012.

He currently sits on the Boards of Bank Pembangunan Malaysia Berhad, Keretapi Tanah Melayu Berhad, Time Engineering Berhad, i-VCAP Management Sdn Bhd and CapitaMalls Malaysia REIT Management Sdn Bhd.

Norazura binti Tadzim, Malaysian, aged 36, was appointed to the Board of MAHB as Alternate Director to Eshah binti Meor Suleiman on 30 November 2011. She also sits on the Board of Malaysia Airports (Sepang) Sdn Bhd, a wholly-owned subsidiary of MAHB.

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

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

NORAZURA BINTI TADZIM

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

CHUA KOK CHING

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

Chua Kok Ching, Malaysian, aged 55, was appointed to the Board of MAHB as Alternate Director to Datuk Seri Long See Wool on 25 June 2012. Prior to his current position, he has held various positions in several ministries, amongst others, as Assistant Director, Socio-Economic Research Unit, Prime Minister's Department, Assistant Secretary, Policy and Planning Division, Ministry of Agriculture, Assistant Secretary, Finance Division, Ministry of Health, Principal Assistant Secretary, Procurement and Privatisation Division, Ministry of Health, Principal Assistant Secretary, Land, Survey and Mapping Division, Ministry of Natural Resources and Environment, Under Secretary, Secretariat of the Working Committee, Royal Commission of Enhancement of Management and Modernisation for the Royal Malaysian Police, Ministry of Internal Security and Under Secretary, Implementation Monitoring Division, Royal Malaysian Police, Ministry of Home Affairs.

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

Notes:

None of the Directors has any:

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

Details of the Directors' attendance at Board meetings are set out in the Statement on Corporate Governance on pages 163 to 164.

SABARINA LAILA BINTI DATO' MOHD HASHIM

Company Secretary

Sabarina Laila binti Dato' Mohd Hashim, Malaysian, aged 46, is currently the Company Secretary for MAHB and its Group of Companies. She was appointed as Company Secretary on 20 September 2004 and holds the position of General Manager, Secretarial & Legal Services, MAHB. She obtained a Degree in Bachelor of Laws from University of Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992. She also obtained a Masters of Science Degree in Corporate Governance from London South Bank University, United Kingdom.

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

She joined MAHB in 1995 as a Legal Advisor. Prior to joining MAHB, she was a practicing lawyer specialising in corporate 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.

From left to right

- Muhamad Khair Mirza
- Dato' Abdul Hamid Mohd Ali
- Ir. Suradini Abdul Ghani
- Dato' Azmi Murad
- Tan Sri Bashir Ahmad Abdul Majid
- Ir. Mohd Zaifuddin Idris
- Faizah Khairuddin
- Faizal Mansor

Group Senior Management

GROUP SENIOR MANAGEMENT

From left to right

- Nasrein Fazal Sultan
- Nornajihah Ismail, FCCA
- Mohamed Sallauddin Mohamed Shah @ Mat Sah
- Ahmad Tarmizi Mohd Hashim
- Dato' Ir. Hj. Abdul Nasir Abdul Razak
- Nik Anis Nik Zakaria
- Sabarina Laila Dato' Mohd Hashim

GROUP SENIOR MANAGEMENT

From left to right

- Ir. Khairiah Salleh
- Muhammad Fawzy Ahmad
- Abdul Malik Mohd Yunus
- Randhill Singh, IAP
- Azlan Zainal Abidin
- Rokmah Abdullah
- Nor Azlina Mohd Isa, IAP

GROUP SENIOR MANAGEMENT

From left to right

- Brian Iskandar Zulkarim
- Mustafa Kamal Hj. Alang Othman
- Zainol Mohd Isa
- Veelayudan Krishnan Nair
- Mohd Nasir Ismail
- Mohd Suhaimi Abd Mubin
- Hezal Ahmad

GROUP SENIOR MANAGEMENT PROFILE

Tan Sri Bashir Ahmad Abdul Majid
Managing Director

Tan Sri Bashir Ahmad bin Abdul Majid, Malaysian, was appointed as Managing Director of MAHB on 7 June 2003. He chairs the Board of Malaysia Airports Capital Berhad and Malaysia Airports Capital (Labuan) Limited. He also sits on the on the Board of Malaysia Airports (Niaga) Sdn. Bhd., K.L. Airport Hotel Sdn. Bhd. and MAHB (Mauritius) Private Limited, all are wholly-owned subsidiaries of MAHB. 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.) from University of Malaya. Tan Sri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited, and Istanbul Sabiha Gokcen International Airport Group. Tan Sri Bashir was appointed as the President of Airports Council International (ACI) Asia Pacific Region on 12 May 2010 and also sits on the Executive Committee of the ACI World Governing Board.

Dato' Abdul Hamid Mohd Ali
Chief Operating Officer

Dato' Abdul Hamid holds a Bachelor's degree in Civil Engineering from University of Glasgow, and a Master of Science Degree in Airport Planning and Management from Loughborough University of Technology, United Kingdom. He has extensive experience in airport planning development, operations and maintenance throughout his 32 years of service in aviation, including setting up many MAHB joint ventures both locally and abroad. He was also involved in the consultancy and management services of airports in Middle East and Central Asia. He was formerly the Chairman of Operations and Development Committee for Istanbul Sabiha Gokcen International Airport, Turkey when the airport was constructed in 2009. As a civil engineer, he has acquired extensive experience in fast track developments projects, the latest being the construction of klia2. He has held several senior positions at Department of Civil Aviation (DCA) and KLIAB. In MAHB, he has held the position of Senior General Manager of Technical Services and Senior General Manager of Malaysia Airports (Sepang) Sdn. Bhd. that operates KL International Airport (KLIA) prior to assuming his current position.

Faizal Mansor
Chief Financial Officer

Faizal joined MAHB in 2006. He is a Fellow Chartered Accountant, a member of the Institute of Chartered Accountants in Australia since 2003. He is primarily responsible for the financial restructuring of MAHB which was successfully completed in 2009. In 2013, he was named Best CFO in Malaysia in FinanceAsia's 13th Annual Poll of Asia's top companies. In 2012, Faizal was awarded Best CFO for Investor Relations (Mid-Cap category) by the Malaysian Investor Relations Association (MIRA). In 2009, under his leadership, MAHB won the Best Practice Award for Management Accounting (NAfMA). He has had extensive experience in treasury, corporate finance and investment banking initially with the Bank of Tokyo-Mitsubishi and subsequently with the AmInvestment Group. He had also worked in Australia as a Corporate Accountant in a manufacturing company, and involved in its corporate restructuring and process improvements. Prior to joining MAHB, he was a CFO of a public-listed construction and wastewater management company. He holds a BSc. in Accounting from Rutgers University (1993) and an MBA from Ohio University (1994). He also recently obtained a Diploma in Aviation Studies from the International Air Transport Association (IATA) (2013). He sits on the board of Malaysia Airports (Niaga) Sdn. Bhd. and K.L. Airport Hotel Sdn. Bhd. He also sits on the Board of Istanbul Sabiha Gokcen International Airport in Turkey where he was involved in the acquisition and subsequently the funding for the airport's expansion.

Dato' Azmi Murad
Senior General Manager, Operation Services

Dato' Azmi started his aviation career in 1970 with the Department of Civil Aviation as an Air Traffic Controller. From 1984 until April 1998, he served as Airport Manager for several domestic and international airports in Malaysia. His 14 years' experience as Airport Manager at various airports has since provided him with substantial skill and management acumen of airport operations. He was appointed as KLIA's Head of Operations when it opened in 1998, under Malaysia Airports (Sepang) Sdn. Bhd. He then held various senior management positions covering different portfolios, namely as 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 was the past Chairman of the Airport Council International (ACI) World Facilitation and Services Standing Committee. He is a permanent member of Jawatankuasa Pusat Sasaran Penting (JPSP) and Jawatankuasa

Pasukan Penyelaras Aktiviti Menentang Penyeludupan (JPPAMP) under the Ministry of Home Affairs. He is a member of the Board of Director of the Lembaga Penggalakan Pelancongan Malaysia, Tourism Malaysia, and a Committee Member of Kuala Lumpur Tourism Development Council (KLTDC), and Malaysia-Singapore Business Council Joint Tourism and Hospitality. He is also the Deputy Chairman of Malaysia Airports' Whistleblowing Independent Committee.

Faizah Khairuddin

Senior General Manager, Commercial Services

Faizah Khairuddin graduated from Universite De Picardie, France and started her career as a Process Engineer in Thomson Electronic Parts Malaysia. She spent 8 years in the manufacturing industry, rising to the position of General Manager at a local manufacturing company. She moved to banking during the Asian crisis in 1998. During her ten years in banking, largely with multinational banks such as Standard Chartered and HSBC, her passion and ultimate focus had been in Retail Banking. Her last position in the financial industry had been in Bank Islam as General Manager, Consumer Banking, prior to joining Malaysia Airports in October 2008. Since assuming the position as Senior General Manager, Commercial Services, Faizah has taken on an eminent role of transforming the approach towards developing Commercial Services with the core purpose of enhancing stakeholders' value while improving core capabilities. Under her dynamic and pragmatic leadership, Commercial Services has restrategised commercial development at airports with the introduction of the Airport Commercial Models where airports are being developed according to lifestyle, leisure, community or corporate responsibility models with the objective of enhancing commercial revenue and customer experience. Leveraging on the Greenfield airport and a true change platform for a leisure model, Faizah exercised her wealth of experience and passion into klia2 and the resultant was the overwhelming positive response, which will ultimately translate to premium value for the benefit of all stakeholders – shareholders, customers, community and employees alike.

Ir. Suradini Abdul Ghani

Senior General Manager, Human Resource Services

Ir. Suradini, 54, holds a Bachelor of Science Degree in Electrical & Electronics Engineering from the University of Nottingham, United Kingdom, and a Postgraduate Diploma in Airport Engineering from Nanyang Technological University, Singapore. She started her career as an Electrical Engineer with the Public Works Department (JKR) in 1983. She joined the Engineering Division of the Department of Civil Aviation (DCA) in 1985 and subsequently joined Malaysia Airports in 1992. Over the past 20 years, she has served in various portfolios which include Senior Manager Engineering at KLIA and General Manager of Malaysia Airports Consultancy Services Sdn. Bhd. Her experience covers engineering design and supervision, operation and maintenance of airport facilities, airport planning, design and development, contract and project management, airport consultancy, and operation and management of airports abroad. She is an Electrical Engineer by profession. She is a Member of the Institute of Engineers Malaysia and is a registered Professional Engineer with the Board of Engineers Malaysia (BEM). She was appointed as General Manager of Human Resource Services on 1st November 2011 and subsequently assumed the position of Senior General Manager Human Resource Services on 1st June 2012.

Muhamad Khair Mirza

Senior General Manager, Planning

Khair joined MAHB in November 2011. He manages all cross-functional teams, with emphasis on the business side of Aviation-related units (Airline Marketing and Research & Planning), and the overall company's corporate-level planning (Corporate Planning and Overseas Ventures). Other strategically-minded and business-focused units in the Planning pillar include Corporate Quality Management, IT, Risk Management, Transformation Management Office and Sustainability. Khair was key for both the single largest approved Foreign Direct Investment (FDI) into the KLIA Aeropolis and also MAHB's single largest overseas airport investment to date. He holds a Bachelor of Science in Economics & International Studies from University of Warwick, United Kingdom. He has served companies based in both Singapore (2000 – `05) and Malaysia (2005 – to date). His experience encompasses strategic research for 16 Asia Pacific markets; writing, managing and commissioning industry reports; as well as business and investment planning in industries including aviation, F&B, retail and communications. His last post was in Maybank Investment Bank Bhd, which was voted as the Best Equity House 2011 by International Financing Review (IFR) Asia. His other personal achievements include being ranked No. 1 Consumer Analyst in The Edge 2007 and 2008 polls, and being the only analyst in Malaysia ranked in the Top 3 for two different industries in separate 2010 Asiamoney Broker Polls and 2010 Asian Wall Street Best Analyst Awards. In 2011, Khair was instrumental in completing the sale and purchase of a large minority stake in Malaysia's largest listed apparel brand (by revenue in 2011) from a long-term investor to institutional fund. He was also a key member of the highly successful Initial Public Offering (IPO) of a downtown mall that set new positive benchmarks for both the seller, and subsequently the buyers.

Ir. Mohd Zaifuddin Idris

Senior General Manager, Technical Services

Ir. Mohd Zaifuddin, 49, joined MAHB in 2010. He is a Professional Engineer with the Board of Engineers, Malaysia. He holds a Bachelor of Science Degree in Civil Engineering and Master of Science Degree in Civil Engineering (Geotechnical) from University of Texas at El Paso, USA. He leads the project management team for klia2 project. He has more than 24 years of experience in the construction industry and has been working as consultant for many highways, infrastructures, and building projects locally and in United Kingdom under Rendel Palmer and Tritton, UK Ltd. He has worked as a director of a consultancy and construction company. He was also involved in the construction of the Formula One Circuit, Sepang as the project director.

Mohamed Sallauddin Mohamed Shah @ Mat Sah

General Manager, Marketing

Mohamed Sallauddin, 50, graduated with Bachelor of Science 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.

Sabarina Laila Dato' Mohd Hashim

General Manager, Legal & Secretarial, and Company Secretary

Sabarina Laila, 45, is currently the Company Secretary for MAHB and its Group of Companies. She was appointed as Company Secretary on 20 September 2004 and holds the position of the General Manager, Secretarial & Legal Services, MAHB. She obtained a Degree in Bachelor of Laws from University of Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992. She also obtained a Master 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.

Nasrein Fazal Sultan

General Manager, Internal Audit

Nasrein, 49, holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant (CA) registered with the Malaysian Institute of Accountants (MIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (IIA). In 2013, she obtained the Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors Incorporated. She was appointed to her current position in July 2005. Before joining MAHB in 1998, she was the Finance Manager of a subsidiary of the Sime Darby Group and prior to that, she had held several senior positions in Finance Division at SIRIM. She also oversees the secretariat of the MAHB Whistleblowing Independent Committee.

Dato' Ir. Hj. Abdul Nasir Abdul Razak

General Manager, Special Project (Construction)

Dato' Ir. Hj. Abdul Nasir holds a Bachelor of Science Degree in Civil Engineering from the University of Hartford, Connecticut, USA and a Master of Science Degree in Integrated Construction and Project Management from Universiti Teknologi MARA. He is also a Professional Engineer, Certified Value Manager with more than 30 years of experience in infrastructure planning and development, both in the government and in private sector. He started his career in the Public Works Development (JKR) in 1982, in the Oil and Gas sector. He then worked for several years in Singapore, in the high-rise building construction before joining MAHB in 1993. He is also the President elect of the Institute of Value Management Malaysia. IVMM is a non-profit professional organisation dedicated to advancing Value Management and works together with the Government in promoting cost effective and best practices in Malaysian Industries. He is an active speaker at both local and international seminars.

Rokmah Abdullah

General Manager, Procurement & Contract

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

Ir. Khairiah Salleh

General Manager, Engineering

Ir. Khairiah, 49, is a Professional Engineer with the Board of Engineers Malaysia and a Member of the Institute of Engineers Malaysia. She represents the industry for the Engineering Accreditation Council, Board of Engineers Malaysia. She holds a Bachelor of Science Degree in Civil Engineering from Old Dominion University, Virginia, USA. She promotes reliability engineering and localizes the total productive maintenance under world-class maintenance for KLIA and other airports in the Group. She is also known for her knowledge in energy efficiency, energy management and asset management. Her diversified expertise covers most of professional engineering services, which includes engineering study & analysis (O&M specifically), planning, design, construction, commissioning, operation, maintenance and management of engineering works and projects. In addition to her current portfolio of Engineering Operations and Maintenance of airport systems and facilities for KLIA and other airports managed by Malaysia Airports, Ir. Khairiah is also responsible for the operational readiness and airport transfers (ORAT) for klia2.

Nik Anis Nik Zakaria

General Manager, Corporate Communications

Nik Anis holds a Bachelor of Science Degree in Economics from Northern Illinois University, USA. She has 24 years of working experience in various capacities including managing sales and marketing, customer service and operations, and corporate communication in a public listed IT company prior to joining MAHB in 2009. Her corporate communication portfolio includes marketing and brand communication, employee communication, customer satisfaction management, corporate responsibility programs, public relations and media relations. She is the past president of International Association of Business Communicators (IABC) Malaysia Chapter, a global association that promotes communication excellence within the industry.

Mustafa Kamal Hj. Alang Othman

General Manager, Aviation Security

Mustafa Kamal, 57, holds a Bachelor of Communication (Hons) from University Putra Malaysia. He started his career in 1980 and had held Chief of Security positions at all international airports including KLIA whilst working with Department of Civil Aviation (DCA). He has extensive experience in airport operations ranging from Aviation Security, Terminal Operations, Airport Operations Centre and Airport Fire & Rescue Service (AFRS). He is an SMG member for KLIA Project and the subject-matter expert in Aviation Security, frequently invited as speakers at various airport security seminars locally and abroad. He is a Certified Incident Stress Management (CISM) and also a member of the International Air Transport Association (IATA) Pilot Programme on Secure Freight Programme (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 at Cranfield University, UK. He is a Board Member of MAB Agriculture-Horticulture Sdn. Bhd. (MAAH), Malaysia Airports (Technologies) Sdn. Bhd., Malaysia Airports Sdn. Bhd., and Malaysia Airports (Sepang) Sdn. Bhd., and currently the President of Malaysia Airports Sports Club (KESUMA) and also the Deputy President of the Auxiliary Police Association of Malaysia.

Nornajihah Ismail, FCCA

General Manager, Finance

Nornajihah is a registered Chartered Accountant of Malaysia Institute of Accountant (MIA) as well as a Fellow member of ACCA. She graduated with a BA (Hons.) in Accounting and Finance from South Bank University, London and also holds a Diploma in Accountancy from Institut Teknologi MARA, Shah Alam. She joined MAHB in June 2006 as Senior Manager, Finance and had acquired vast experience and knowledge in Group accounting and auditing. In February 2008, she was appointed as Cross Functional Team Leader for Spend Management initiatives. In recognition of her capability, she was selected by management to participate in the Khazanah-GLC Talent Exchange Programme in 2008 and subsequently attached for one year with Tenaga Nasional Berhad. She played a key role in the transformation of the Finance Division with MAHB Group and successfully led the entire team to implement a centralised Finance Shared Service, Automated Vendor Invoice Management and Business Partnering unit for the Group. Currently, she is actively involved as the Chairperson of Cross Functional Team for MAHB Group Budget Challenge, a member of the Review Committee for procurements and also a Board member of Malaysia Airports (Sepang) Sdn. Bhd., Malaysia Airports Sdn. Bhd. and Urusan Teknologi Wawasan Sdn. Bhd. Prior to her appointment in MAHB, she was the Head of Group Accounts in Padiberas Nasional Berhad.

Veelayudan Krishnan Nair

General Manager, Special Projects

Veelayudan, 56, holds a Bachelor of Science Degree in Agribusiness Science from Universiti Putra Malaysia. He began his career in the Malaysian civil service as Assistant Director in the Malaysian Administrative Modernisation Planning Unit (MAMPU), Prime Minister's Department in 1983. He later joined the Department of Civil Aviation (DCA) in 1986 and continued to serve MAHB upon its corporatisation in 1992. Over the 24 years in the aviation, he has held positions as Assistant Director of Air Transport Operations, Head of Administration, Finance and Public Relations as well as Head of Terminal Operations at Subang International Airport. In 1996, he was tasked to set up the Research and Planning Division and has been heading the Division since then. Veelayudan 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.

Nor Azlina Mohd Isa, IAP

General Manager, Planning & Development

Nor Azlina graduated from University of Malaya in 1999 with an Honours Degree in Civil Engineering and obtained a Postgraduate Diploma in Business Administration specialising in Airport Engineering Management from National University of Singapore in 2007, through Malaysia Airports Specialist Development Programme. She recently obtained her Master's Degree in Business Administration from Universiti Utara Malaysia. She has led the airport planning activities in various development projects in Malaysia as well as overseas. She has vast experience in airport master planning and was involved in the preparation of the National Airport Master Plan in year 2008. Nor Azlina obtained her International Airport Professional (IAP) designation in 2011 and is currently serving the IAP Community of Pracrice (IAP CoP) as a Board Member. She is also a member of the Institute of Value Management Malaysia (IVMM) and the Board of Engineers Malaysia (BEM).

Abdul Malik Mohd Yunus

General Manager, Airport Fire & Rescue Services

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

Randhill Singh, IAP

General Manager, Corporate Planning

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

Azlan Zainal Abidin

General Manager, IT Division

Azlan holds a Bachelor of Commerce degree with concentrations in Management Information Systems and Accounting from University of Virginia, USA. His experience encompasses 17 years of business and systems consulting, IT strategy, solution delivery, implementation and operations management. Prior to his appointment in MAHB, he served as a Vice President for the IT Transformation Office in Celcom Axiata.

Hezal Ahmad

General Manager, Overseas Ventures

Hezal holds a Bachelor Degree in Finance from Ohio University, USA and is a Chartered Financial Analyst (CFA). His experience includes corporate finance, corporate planning and business strategy which he acquired when he was with Malaysia International Merchant Bankers Berhad, Hewlet-Packard Sales Malaysia Sdn. Bhd., HRM Business Consulting, KFC Holdings (Malaysia) Bhd and KFC India. Prior to his appointment with MAHB, he was the General Manager, Corporate Planning at Indah Water Konsortium Sdn. Bhd.

Mohd Suhaimi Abd Mubin

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

Mohd Suhaimi, 47, graduated with a Bachelor Degree in Economics from University Malaya in 1989 and Graduate Diploma in Aviation and Airport Management from the National University of Singapore. He was accredited with ACI-ICAO Airport Management Professional Accreditation Program and obtained his International Airport Professional (IAP) certification in 2011. He started his career with the Department of Civil Aviation (DCA) at Subang International Airport in 1990 and continued to bring his expertise and experience to MAHB after its corporatisation. Suhaimi has 20 years of experience in the airport industry and has held several managerial positions at domestic and international airports. He is currently a Director on the Board of Segi Astana Sdn. Bhd. and Malaysia Airports (Properties) Sdn. Bhd., as well as the 'nazir' for Masjid Sultan Abdul Samad KLIA.

Zainol Mohd Isa

General Manager, Malaysia Airports Sdn. Bhd.

Zainol, 54, graduated with an Electrical Engineering (Power) Degree from Universiti Teknologi Malaysia and obtained a Postgraduate Corporate Diploma in Airport Engineering from Universiti Teknologi MARA under Malaysia Airports Corporate Development Program (MACDP). He is also a certified International Airport Professional (IAP) and a Member of Institute of Value Management Malaysia (IVMM). He is responsible for the management and operations of airports other than KLIA under MAHB. He began his career with Public Works Department (JKR), then seconded to the Department of Civil Aviation (DCA) in 1981 and joined MAHB since its corporatisation in 1992. He has more than 30 years' experience in airport environment including operations and maintenance, planning and development, and project management. He was involved in the planning and development of LCCT and klia2, formulation of National Airport Master Plan (NAMP), the study and preparation for Airbus A380 world's largest passenger aircraft operation, and other airports development works at Kota Kinabalu, Kuching, Penang, Labuan, Kuala Terengganu, Sandakan & others. He was also instrumental in airport certification program, value management, knowledge management and various studies for operations excellence. His other experience includes pioneering event engineering operation management for MotoGP and Formula1, Overseas Ventures studies in Jeddah, Delhi, Karachi, Islamabad and Ling Ling in China.

Muhammad Fawzy Ahmad

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

Muhammad Fawzy, 45, is a business graduate from Temple University Philadelphia, USA. He brings to the Group over 20 years of experience in retail management and brand development from both the local and international markets. He was also instrumental in the development of the first airport-wide shopping campaign for KLIA during his stint as the Retail Brand Director for an International Brand Agency. Prior to joining MAHB in May 2011, he was the Director of Bank Negara's Museum and Art Gallery.

Ahmad Tarmizi Mohd Hashim

General Manager, Malaysia Airports Consultancy Services Sdn. Bhd.

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

Mohd Nasir Ismail

General Manager, MAB Agriculture-Horticulture Sdn. Bhd.

Mohd Nasir holds a Bachelor of Science Degree in Engineering (Mechanical) from Plymouth Polytechnic, United Kingdom. Prior to joining MAHB in 1998, he has held several positions at Sime Darby Plantations including a senior post with PT-Sime Indo Agro, based in Indonesia. He brings to the Group 30 years of plantation and agriculture experience.

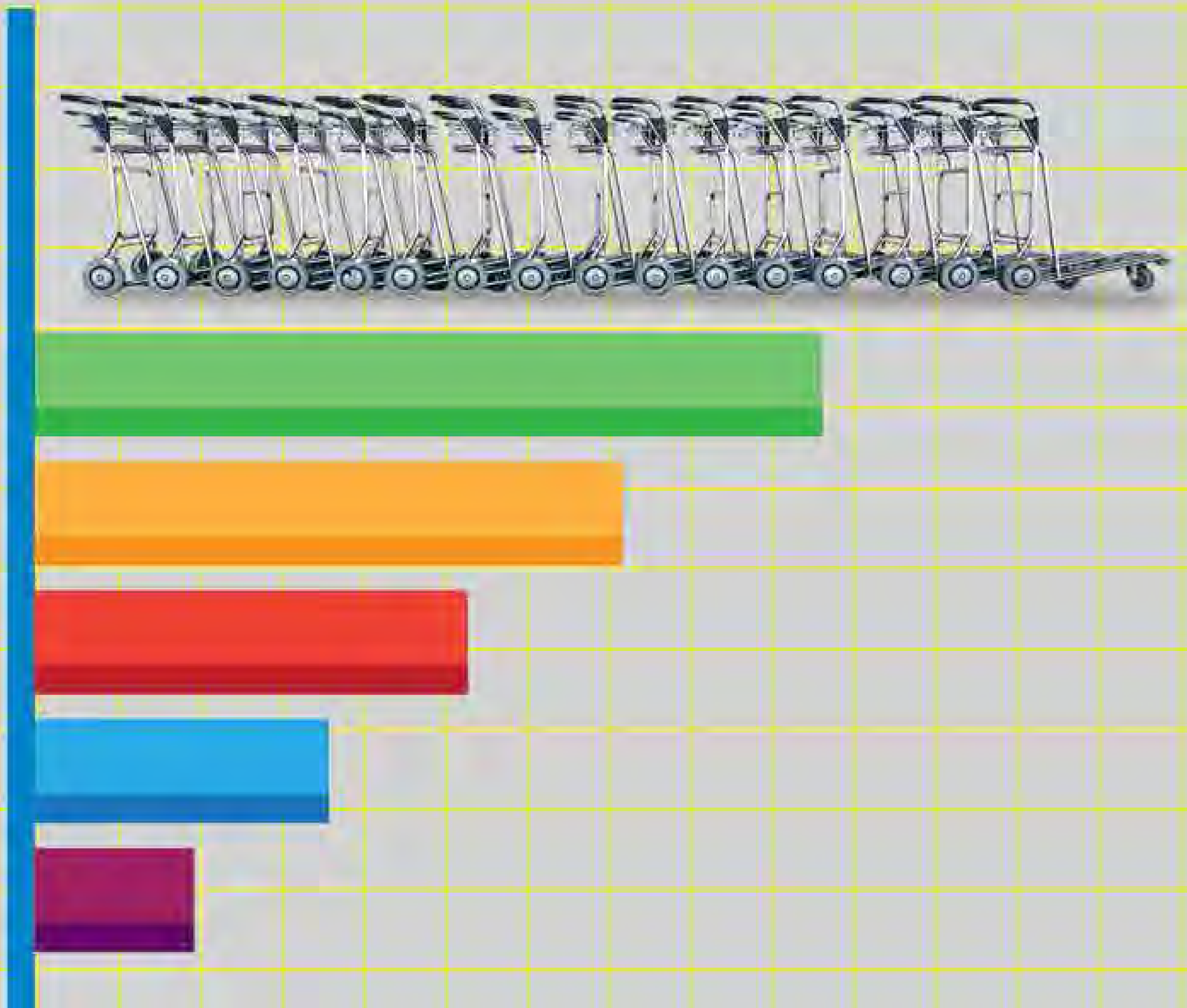
Brian Iskandar Zulkarim

General Manager, Urusan Teknologi Wawasan Sdn. Bhd.

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

Growth Momentum in delivering Service Excellence

Our Service Excellence blueprint has been established and we will continue to maintain top quality service levels, benchmarked against the best airports worldwide. We work closely with various industry partners to lead in airport innovation, providing joyful experiences and world-class service standards to all our customers.




KLIA

CORPORATE PROFILE

Malaysia Airports is an airport company with a diverse airport portfolio that ranges from operating and managing 5 international gateways, 16 domestic airports to 18 short take-off and landing ports (STOLports) that serve the rural and remote areas in Malaysia. Malaysia Airports Holdings Berhad was established in 1992 to focus on the operations, management and maintenance of airports in Malaysia. It was incorporated as a public listed company in the Main Board of Bursa Malaysia Securities Berhad in 1999, which made it the first airport operator in Asia and the sixth worldwide to be listed in a stock exchange.

Our core activities include the management, operation, maintenance and development of airports, both in aeronautical and in non-aeronautical component. Aeronautically, Malaysia Airports' revenue base comes from the collection of passenger service charge (PSC), aircraft landing and parking fees, and other ancillary charges to airlines. Non-aeronautical revenue base is mainly derived from non-airport operations business and commercial activities, which includes duty free and retail operations, hotel operations, free commercial zone operations, commercial space leases and management of parking facilities in our airports nationwide.

No other airport company in the world matches Malaysia Airports' business model and diverse portfolio. This uniqueness has transformed Malaysia Airports into a holistic global airport company that provides comprehensive scope of services and skills. The unique feature of Malaysia Airports is formed by its vastly diversified airport portfolio, in which each airport is characterised by different operating requirements. While these airports serve the same purpose of providing connectivity, their operating requirements vary from the different commercial offering and growth prospects resulting in mixed financial performance.

Over the years, we have been steadfast in growing our commercial activities that is essential in delivering strong returns to shareholders whilst enabling aviation charges to remain competitive and in turn driving further airport growth. This has allowed us to cross-subsidise the smaller community airports and STOLports by the larger and more profitable airports around the country. Thus, by providing air travel to these rural and remote areas that has no proper road access we fulfil a very important corporate social responsibility.

Malaysia Airports also has a proven track record in managing overseas international airports and has gained global recognition for airport management. Since 1995, we have been expanding our expertise in overseas airports and managing a total of 6 international airports to date in Cambodia, Kazakhstan, Maldives, India and Turkey.

Awards and accolades we received are testament to our success and achievements in the global industry. Among the most prestigious awards received by Malaysia Airports was the IATA's Eagle Awards for Best Airport in 2009, recognising its outstanding performance in customer satisfaction, cost-efficiency and continuous improvements. Malaysia Airports was also awarded an A+ Distinction Award in Malaysian Corporate Governance Index Awards in 2011 by the Minority Shareholder Watchdog Group (MSWG). Our leadership in the aviation industry was also recognised in the inaugural award of 'Exceptional Service to Aviation' 2012 by Pacific Asia Travel Association (PATA). Our achievements today are contributed by our skilled, motivated and engaged people, underpinned by a culture of excellence and values. In 2013, we were conferred the Employer of Choice Silver Award in the Malaysia HR Award 2013 in recognition of our good HR standard and practices, which has attracted the right talents that is essential to achieving a sustainable and profitable growth.

KL INTERNATIONAL AIRPORT

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

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

The airport is located in Sepang, Selangor, at the west corridor of Peninsular Malaysia. It is situated at the border of Selangor and Negeri Sembilan, approximately 50 km from the capital city, Kuala Lumpur. KLIA is accessible via a network of highways and expressways that links the airport to the rest of Peninsular Malaysia. Public transportation to the airport is also easily available. These include taxis, limousines, express buses and high-speed trains. Passengers can travel directly from the KL City Air Terminal (KL CAT) in KL Sentral to KLIA via Express Rail Link's (ERL) high-speed trains, the KLIA Ekspres and the KLIA Transit. At KL CAT, departing passengers can check-in their luggage, obtain their boarding passes and proceed to board the train for KLIA while immigration clearance will be completed at the airport. Travel time is 28 minutes on the KLIA Ekspres and 37 minutes on the KLIA Transit.

KLIA is a standing proof of the Group's excellent expertise in airport management and this is proven by various awards and accolades under its belt. 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 the Top 5 Best Airport Worldwide in the 2008 Skytrax World Airport Awards and the 2010 ACI-ASQ. KLIA maintained its superb streak in service excellence when it won the Best Airport Immigration Service (Southeast Asia) award consecutively in 2010 and 2011, and again in 2013, as well as the Best Airport Staff (Asia) in 2012 in the Skytrax World Airport Awards.

KLIA is well-positioned as a key aviation hub for Southeast Asia. It boasts the flexibility to combine short-haul and long-haul connections with facilities that integrate full-service and low-cost airlines' operations, and geographic centrality with adequate catchment areas within four to five hours of radius flight time from KLIA.

We look beyond the present and into the future by setting the pace with Next Generation Hub, a concept to transform KLIA as the ultimate hub where the worlds of full-service and low-cost airlines are unified. While KLIA Next Generation Hub is created to promote airlines interconnectivity at KLIA, the world's first purpose-built mega terminal dedicated for low-cost airlines, *klia2*, is set to be the standard bearer for other future terminal of its kind in the world.

LCCT-KLIA AND klia2

March 2013 marks the 7th year of LCCT-KLIA operation as the nation's low-cost carrier terminal since opening in 2006. It was built with an initial capacity of 10 million passengers annually and has been expanded to accommodate up to 15 million passengers annually. The terminal is located about 11km from KLIA's main terminal. In November 2006, LCCT-KLIA was voted CAPA Low Cost Carrier of The Year in the CAPA Aviation Awards for Excellence, recognising Malaysia Airports' excellent airport services in low-cost terminal and further proving the Group's consistent drive to deliver the best in all its endeavours.

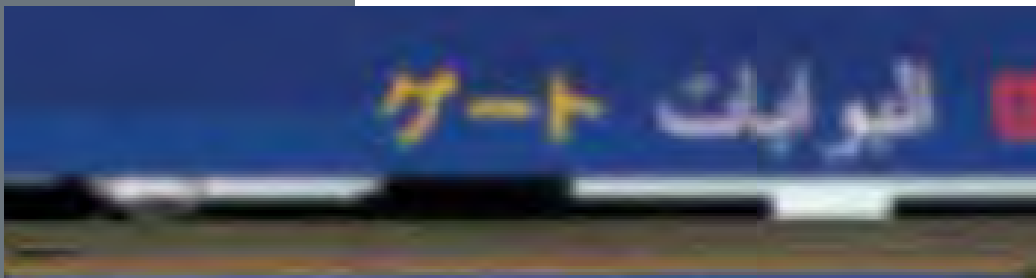
Setting the benchmark in the aviation industry, Malaysia Airports is ready to redefine the travel experience for passengers in the region with its Next Generation Hub concept. The purpose-built mega terminal dedicated for low-cost carriers, klia2, will replace LCCT-KLIA that was meant to be a temporary facility. klia2 is built with the capacity to accommodate up to 45 million passengers annually and designed to allow expansion for future air travel growth trends and airlines' operational models. klia2 is developed with robustness that will no doubt be able to cater the ever evolving and dynamic global aviation industry. State-of-the-art and modern infrastructure, world-

class airport services, easy travelling processes and comfortable atmosphere at klia2 will ensure passengers' travelling needs are met. The new terminal is designed with flexibility to serve future variance of low-cost carrier models as well as capacity growth. At this juncture, Malaysia Airports is well ahead of its competitors.

klia2 will be located less than 2 kilometres away from KLIA, and will be connected to KLIA via ERL's high-speed train, creating a highly touted feature of seamless connectivity between full service and low-cost airlines. A skybridge will link the main terminal building and the satellite building at klia2, making it the first airport in Asia with a skybridge that will give the added advantage of greater aircraft manoeuvrability while providing a spectacular view of the airside to passengers crossing it. The terminal design will meet the requirements of LEED (Leadership in Energy and Environmental Design) Green Building Certification and Environmentally Responsible Interior Design (ERID), in line with Malaysia Airports' objective to create a green airport.

About 35,200 sq. metres of the terminal gross floor area of over 257,000 sq. metres is dedicated for retail, F&B and service spaces with multitude offerings for the benefit of both passengers and visitors. In line with the commercial strategies outlined in our 5-year Business Plan 'Runway To Success', klia2 will revolutionise the retail experience with various commercial offerings that offer travellers and visitors alike a diverse range of shopping and dining experiences. klia2 will also serve as a multi-modal transportation hub that provides facilities such as high-speed train, taxis and busses, extending the convenience to the passengers as well as the surrounding community. A new runway and air traffic control tower complements the terminal facilities for overall efficiencies of aircraft operations. In many ways, the new terminal will continue to support the low-cost travel sector's phenomenal growth that was initially facilitated by the opening of LCCT-KLIA.

CORPORATE INFORMATION



BOARD OF DIRECTORS

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

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

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

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

Jeremy bin Nasrulhaq
(Senior Independent Non-Executive)

Datuk Seri Yam Kong Choy
(Independent Non-Executive)

Datuk Zalekha binti Hassan
(Independent Non-Executive)

Rosli bin Abdullah
(Independent Non-Executive)

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

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

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

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

COMPANY SECRETARY

Sabarina Laila binti Dato' Mohd Hashim
(LS 0004324)

CORPORATE INFORMATION

REGISTERED OFFICE

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Tel: 603-7495 8000
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STOCK EXCHANGE LISTING

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

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Citibank Berhad

GROUP CORPORATE STRUCTURE

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

100% MAHB

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

- 4 international airports (Pulau Pinang, Langkawi, Kuching and Kota Kinabalu)
- 16 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.

30% MA (Sepang)

MFMA Development Sdn Bhd (1053024-K)
Intended principal activity is to undertake the development, operation and maintenance of a Factory Outlet Mall and its complementary components known as "Mitsui Outlet Park at KLIA".

100% MAHB

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

100% MACS

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

49% MACS

Malaysia Airports Consultancy Services Middle East LLC (62645)
Facilities maintenance services at airports.

100% MAHB

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

100% MAHB

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

100% MA (Niaga)

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

100% MA (Niaga)

Malaysia Airports (Mauritius) Private Limited (59049 C1/GBL)
Investment holding.

100% MAHB

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

100% MA (Properties)

K.L. Airport Hotel Sdn Bhd (330863-D)
Owner of the hotel known as Sama-Sama Hotel, KLIA.

51% KLAH

Sama-Sama Hospitality Management Sdn Bhd (1029991-A)
Provision of hospitality services in hotel management planning, development, operation, marketing and branding of hotels, Food & Beverage and other related services.

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 Fuelling 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 of Information and Communication Technology business ventures.

100% MA (Tech)
Malaysia Airports MSC Sdn Bhd (516854-V)
To acquire and carry on business of airport and related services and activities including navigation and air traffic control, in connection therewith to act as agents of, or in connection with other companies or persons engaged in similar business.

100% MAHB
MAHB (Mauritius) Private Limited (64825 C1/GBL)
Investment holding management.

100% MAHB
Malaysia Airports Capital Berhad (906593-U)
Investment holding management.

100% MAHB
Malaysia Airports Capital (Labuan) Limited (LL07679)
Investment holding management.

100% MAHB
Malaysia Airports (Labuan) Private Limited (LL05298)
Investment holding management.

23% MA (Labuan)
GMR Malè International Airport Private Limited (C0490/2010)
Operation, maintenance, expansion, rehabilitation and modernisation of the Malè International Airport.

100% MAHB
MA Construction (Labuan) Private Limited (LL08348)
Investment holding management.

20% MAHB
Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. (656447)
Operation, management and development and provision of airport related services.

30% MAHB
Segi Astana Sdn Bhd (916663-H)
Development, management and operations of property.

23% MAHB
Airport Cooling Energy Supply Sdn Bhd (923025-D)
Development, management and operations of chilled water plant.

20% MAHB
LGM Airport Operations Trade and Tourism Inc. (689548)
Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.

MALAYSIA AIRPORTS HOLDINGS BERHAD
(487092-W)

100% MAHB
Malaysia Airports Sdn Bhd
(230646-U)

100% MAHB
Malaysia Airports (Sepang) Sdn Bhd
(320480-D)

30% MA (S)
MFMA Development Sdn Bhd
(1053024-K)

100% MAHB
Malaysia Airports Consultancy Services Sdn Bhd
(375245-X)

100% MACS
Urusan Teknologi Wawasan Sdn Bhd
(459878-D)

49% MACS
Malaysia Airports Consultancy Services Middle East LLC
(62645)

100% MAHB
Malaysia Airports (Properties) Sdn Bhd
(484656-H)

100% MA (P)
K.L. Airport Hotel Sdn Bhd
(330863-D)

51% KLAH
Sama-Sama Hospitality Management Sdn Bhd
(1029991-A)

100% MA (P)
MAB Agriculture-Horticulture Sdn Bhd
(467902-D)

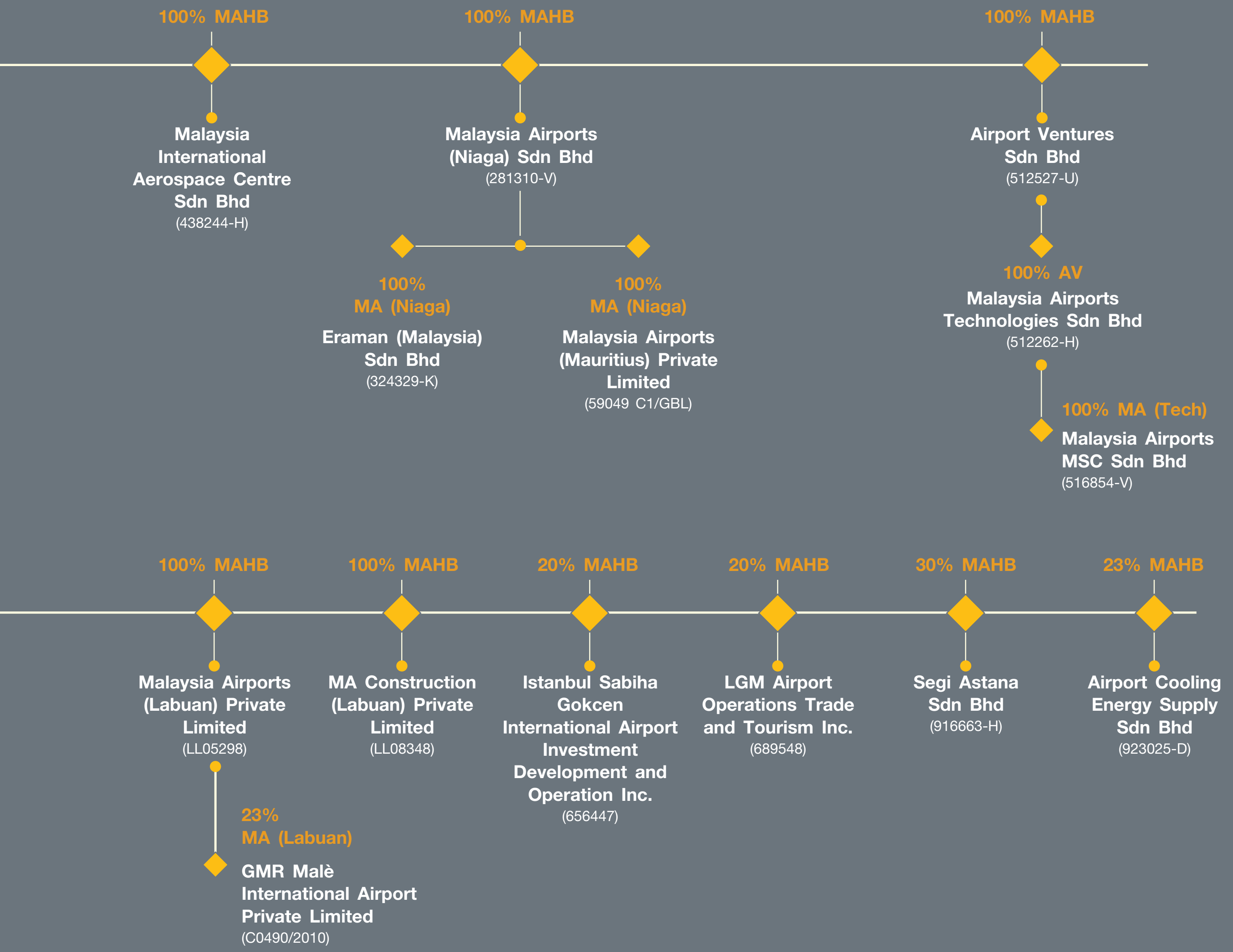
20% MA (P)
Kuala Lumpur Aviation Fuelling System Sdn Bhd
(395396-X)

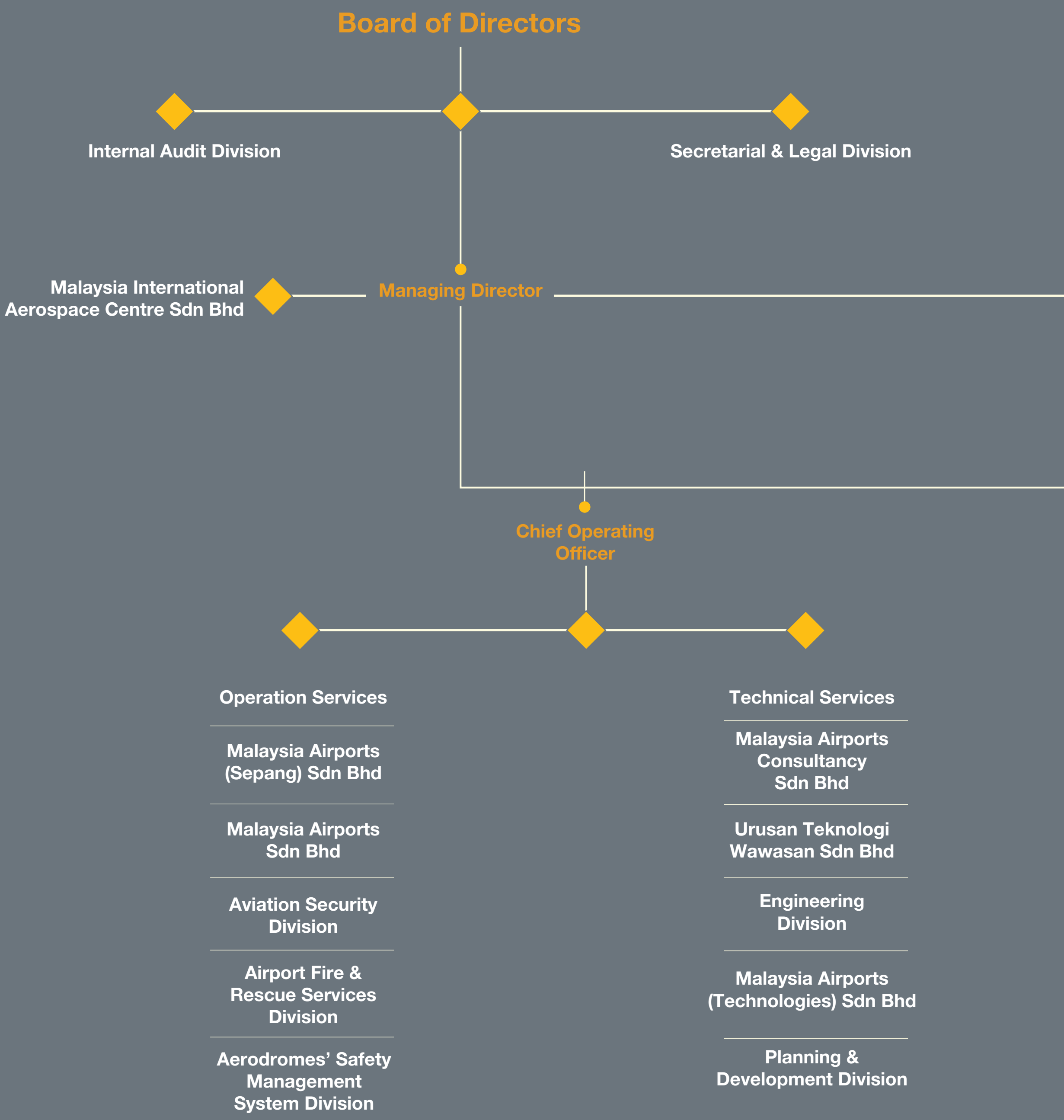
100% MAHB
MAHB (Mauritius) Private Limited
(64825 C1/GBL)

100% MAHB
Malaysia Airports Capital Berhad
(906593-U)

100% MAHB
Malaysia Airports Capital (Labuan) Limited
(LL07679)

Group Corporate Structure




Board of Directors
Internal Audit Division
Secretarial & Legal Division
Malaysia International Aerospace Centre Sdn Bhd
Managing Director
Chief Operating Officer
Operation Services
Malaysia Airports (Sepang) Sdn Bhd
Malaysia Airports Sdn Bhd
Aviation Security Division
Airport Fire & Rescue Services Division
Aerodromes' Safety Management System Division
Technical Services
Malaysia Airports Consultancy Sdn Bhd
Urusan Teknologi Wawasan Sdn Bhd
Engineering Division
Malaysia Airports (Technologies) Sdn Bhd
Planning & Development Division

Group Organisational Structure

- Corporate Communications Division
- Human Resources Division

Chief Commercial Officer

- Commercial Services Division
- Land Development Division
- Malaysia Airports (Niaga) Sdn Bhd
- K.L Airport Hotel Sdn Bhd
- MAB Agriculture-Horticulture Sdn Bhd
- Malaysia Airports (Properties) Sdn Bhd

Chief Financial Officer

- Finance Division
- Procurement & Contract Division

Planning

- Corporate Planning Division
- Airline Marketing Division
- Overseas Ventures Division
- IT Division
- Research & Planning Division
- Transformation Management Office
- Risk Management Division
- Corporate Quality Management Division

Calendar of Events 2013

10 JANUARY

BRAND NEW SOCCER FIELD LAUNCHED

A new soccer field was launched, located in front of Corporate Office's main gate. A soccer match between the management and Kelab Sukan Malaysia Airports (KESUMA) was held to mark the launching of the field.

15 JANUARY

MALAYSIA AIRPORTS LAUNCHED SAMA-SAMA AIRPORT HOTEL BRAND

Malaysia Airports' new airport hotel brand, Sama-Sama, at the KL International Airport hotel was launched, marking Malaysia Airports' entry into the airport hotel sector and positions it as the region's first dedicated operator of airside and landside airport hotels, reinforcing Malaysia Airport's credentials and reputation as a world-class airport operator.

15 JANUARY

3 ICONIC BRAND NOW AT KLIA

Lonely Planet, a name synonymous with travel guides and adventure, together with LS travel retail (a company of Lagardère Services) has created the hugely successful retail concept and opened its first Asia concept store at KLIA, bringing three of the most iconic names in adventure and travel luxury merchandise – Lonely Planet, Billabong and Longchamp.

14 FEBRUARY

MALAYSIA AIRPORTS ORGANISED ITS SECOND ANNUAL GREEN DAY PROGRAMME

The second annual "Green Day" programme was launched, it was a two-pronged employee engagement activity which aimed to stimulate environmental awareness and also to enhance camaraderie among its staff. Through this programme, Malaysia Airports shares, instils and stimulates its belief and commitment in environmental preservation with all the staff.

28 FEBRUARY

MALAYSIA AIRPORTS UNVEILED TOUCH CAMPAIGN AMBASSADORS

Malaysia Airports presented its TOUCH Campaign Ambassadors – Khairul Faris b. Shafiei from Maxis and Miko Ng from Gold City. The TOUCH Campaign seeks to inculcate and cultivate world class customer service practices amongst KLIA and LCCT-KLIA frontliners through structured service standards and guidelines, assessment and recognition.

14 MARCH

MORE AVIATION AND RESCUE PERSONNEL RECRUITED

In line with the evolving requirement of aviation security and also to ensure that the passengers' safety is always at the level best, Malaysia Airports recruited 74 new aviation safety and rescue (AFRS) personnel. These new recruits successfully completed their six months Basic Fire Fighting Training.

24 MARCH

MALAYSIA AIRPORTS COMPLETED AIRPORT COMMERCIAL MODEL EXERCISE FOR LANGKAWI INTERNATIONAL AIRPORT

Malaysia Airports marked the completion of its Airport Commercial Model (ACM) for Langkawi International Airport under its Runway to Success Strategic Plan. Malaysia Airports has re-modelled Langkawi International Airport as a world-class leisure airport, introducing new concepts and brands to appeal to the cross section of international tourists who frequent the island resort annually.

24 MARCH

NEW FIRE ENGINES AND ISMS CERTIFICATE FOR LANGKAWI INTERNATIONAL AIRPORT

Malaysia Airports continued to enhance the capability of its airport fire and rescue services with the inclusion of four new fire engines to be stationed at Langkawi International Airport. The airport also received Information Security Management System (ISO/IEC 27001:2005) certification from SIRIM QAS International Sdn. Bhd., the first airport in Malaysia to be certified as having security system to protect its internal information.

28 MARCH

CONTRIBUTION TO TABUNG WIRA LAHAD DATU MEDIA PRIMA

After holding its 14th Annual General Meeting, Malaysia Airports presented a RM10,000.00 cheque to Tabung Wira Lahad Datu Media Prima in honoring the services of the fallen and injured patriots of Malaysia in the line of duty defending the sovereignty of the country.

13 APRIL

MALAYSIA AIRPORTS FORMED PARTNERSHIP WITH PERSATUAN BOMBA SUKARELA KUDAT FOR THE PROVISON OF AIRPORT FIRE AND RESCUE SERVICE (AFRS) AT KUDAT STOLPORT

Malaysia Airports roped in the help of Persatuan Bomba Sukarela (PBS) Kudat for the provision of Airport Fire and Rescue Service (AFRS) purposes at Kudat STOLport with the signing of a Memorandum of Understanding (MoU) between the two parties. Malaysia Airports also signed similar MoU at Marudi STOLport later in October.

16 APRIL

MALAYSIA AIRPORTS STRENGTHENED SECURITY WITH 504 NEW RECRUITS

Malaysia Airports continued to enhance its effort to strengthen its Auxiliary Police at all airports under its management by adding another 504 new aviation security recruits, in line with the current requirement.

25 APRIL

AIR FRANCE LAUNCHED ITS PARIS-KUALA LUMPUR ROUTE

Air France operated three weekly flights from Kuala Lumpur to Paris-Charles de Gaulle airport (France). This destination was operated by Boeing 777-200 aircraft with a total capacity of 246 seats, equipped with 4 seats in La Première, 48 seats in Business, 24 seats in Premium Economy and 170 seats in Economy.

25 APRIL

TURKISH AIRLINES FLEW TO KLIA

Europe's best airline, Turkish Airlines, added Kuala Lumpur to its growing network. Beginning 25th April 2013, roundtrip flights between Istanbul and Kuala Lumpur were operated three times per week on Mondays, Thursdays and Saturdays.

29 APRIL

MALAYSIA AIRPORTS LAUNCHED UPGRADING WORKS FOR KOTA BHARU AIRPORT

Towards further enhancement of the services and facilities level at Sultan Ismail Petra Airport, Kota Bharu, Malaysia Airports launched the upgrading project for the airport. The upgrading works will provide much better comfort for passengers and airports users.

2 MAY

MALAYSIA AIRPORTS WELCOMED BACK PHILIPPINE AIRLINES TO KUALA LUMPUR

KLIA welcomed back Philippine Airlines (PAL), the national flag carrier of Philippine after seven years absence. PAL offered four flights weekly for the Manila – Kuala Lumpur vice versa route, flying every Monday, Tuesday, Thursday and Saturday.

4 MAY

MALAYSIA AIRPORTS SUPPORTED GOVERNMENT TO UPGRADE SANDAKAN AIRPORT

Malaysia Airports continued its commitment in supporting the Federal Government's effort towards further developing aviation industry in Sabah by contributing additional RM10 million for upgrading of Sandakan Airport.

8 MAY

ITUF CAMPAIGN WINNERS ANNOUNCED AND LAUNCH OF NEW MOBILE APP

Malaysia Airports announced the Grand Prize winner and final batch of the six monthly Indulger prize winners of its 2012/2013 Indulge Till You Fly (ITUF) Campaign. Malaysia Airports also launched a new mobile app which provided location directory of outlets at KLIA, available for download from iTunes and Play Store.

21 MAY

NEW LOOK IPOH AIRPORT LAUNCHED

The redeveloped Sultan Azlan Shah Airport in Ipoh was officiated by the Regent of Perak, Raja Nazrin Shah. The airport has the capacity to accommodate bigger aircraft with the runway extended to 2,000m.

20 JUNE

T.O.U.C.H. CAMPAIGN CULMINATED WITH REWARDS TO OUTSTANDING FRONTLINERS AND CONCESSIONAIRES

Malaysia Airports' award-winning customer service campaign – T.O.U.C.H. – culminated in a recognition ceremony to celebrate the success of its best-performing frontliners and concessionaires. The frontliner who demonstrated the T.O.U.C.H. attributes consistently combined with the number of champion pins and public nominations won the top three prizes in the Campaign finale.

21 JUNE

MALAYSIA AIRPORTS CONTINUED TO PROMOTE ACADEMIC EXCELLENCE THROUGH BEYOND BORDERS PROGRAMME

Malaysia Airports was looking forward to extend the success of the Beyond Borders programme to its newly adopted schools in the third series of the educational corporate responsibility programme. With the adoption of nine new schools in 2013, a total of 30 schools have been adopted so far nationwide.

1 JULY

KLIA – 15 YEARS AND GOING STRONG

KLIA celebrated its 15th anniversary and the airport will continue to play a major role towards the development of the nation. Since its opening in 1998, KLIA has enjoyed many accomplishments on both the domestic and international front, strengthening its position as one of the well-known airports around the globe.

1 JULY

REBRANDING OF KLIA AIRSIDE TRANSIT HOTEL TO SAMA-SAMA EXPRESS KLIA

Malaysia Airports took its Airport Hotel brand 'Sama-Sama' a step further with the rebranding of its Airside Transit Hotel in KLIA which is called Sama-Sama Express KLIA. The rebranding of this airside hotel was in tandem with Malaysia Airports move to consolidate both its air side and land side hotels, and creating a new brand identity for all the hotels it owns.

4 JULY

MALAYSIA AIRPORTS COLLABORATED WITH YAYASAN SARAWAK ON FACILITIES MANAGEMENT EXPERTISE

Malaysia Airports entered into a Memorandum of Understanding (MoU) with Yayasan Sarawak on the provision of Facilities Management and its related services. The agreement marked a beginning of a unified effort between both parties in strengthening co-operation in the fields of managing buildings, facilities and infrastructures.

5 JULY

ACTING MINISTER OF TRANSPORT VISITED KLIA2

The Acting Minister of Transport made an official visit to klia2 to witness the construction progress and address members of the media on latest development of klia2.

9 JULY

SHOP AROUND THE WORLD WITH MALAYSIA AIRPORTS

Malaysia Airports' launched its latest Indulge Till You Fly Campaign (ITUF), a special campaign created to reward travellers handsomely for shopping and dining at its five international airports. The Grand Prize winner will be rewarded with RM1 million shopping spree and the shopping experience of a lifetime to Hong Kong, Tokyo, New York, London, Paris, Dubai and Kuala Lumpur.

15 JULY

KLIA WELCOMED MAIDEN FLIGHT OF REGENT AIRWAYS FROM BANGLADESH

Malaysia Airports welcomed Regent Airways' inaugural flight from Bangladesh. Regent Airways operated four flights weekly, flying on the Dhaka-Kuala Lumpur vice versa route on Mondays, Wednesdays, Fridays and Saturdays.

16 JULY

ERAMAN BAZAAR AT KOTA KINABALU INTERNATIONAL AIRPORT

Eraman organised a bazaar in conjunction with the Ramadhan month, at Kota Kinabalu International Airport. The bazaar offered a wide range of casual wear for men and women, handbags, shoes and accessories to welcome Aidilfitri.

24 JULY & 1 AUGUST

MALAYSIA AIRPORTS BERBUKA PUASA WITH MEDIA

Malaysia Airports celebrated the holy month of Ramadhan with media by organising 'Buka Puasa with Media' with all the Putrajaya media bureaus on 24 July and also Astro Awani on 1 August. This was part of Malaysia Airports effort to maintain its rapport and networking with members of the media.

21 AUGUST

MALAYSIA AIRPORTS AND MITSUI FUDOSAN ENTERED INTO A JOINT VENTURE AGREEMENT TO DEVELOP THE LARGEST OUTLET PROJECT IN SOUTHEAST ASIA

Malaysia Airports and Mitsui Fudosan Co., Ltd. entered into a joint venture agreement and formed a joint venture company called MFMA Development Sdn Bhd (MFMA) for the development of the largest factory outlet project to be tentatively called "Mitsui Outlet Park KL International Airport (KLIA)".

24 AUGUST

CERIA AIDILFITRI FOR STAFF AND FAMILIES

Malaysia Airports continued to stimulate its staff relations through Ceria Aidilfitri, which presented a platform for the staff and families to congregate and enhance relationship under one roof. This event was also part of Malaysia Airports' effort to exercise its employee's engagement activities.

3 SEPTEMBER

IRAQI AIRWAYS BACK TO KLIA

Malaysia Airports welcomed back Iraqi Airways after a period of 34 years, offering two flights weekly on Baghdad – Kuala Lumpur route. Iraqi Airways operated to Kuala Lumpur on Tuesdays and Saturdays, using Boeing 777 type of aircraft.

9 SEPTEMBER

MALAYSIA AIRPORTS HELD APPRECIATION NIGHT FOR KLIA2 RETAILERS

More than 400 guests comprising klia2 and gateway@klia2 concessionaires, management and staff of Malaysia Airports and WCT Holdings Berhad attended the 1960s-themed appreciation dinner. The event was to thanked business partners for their unwavering support and patience.

12 SEPTEMBER

5TH CONCESSIONAIRE CONFERENCE HELD

Themed 'Togetherness: Power of Partnership', the Concessionaires Conference aimed to reinforce the spirit of togetherness amongst Malaysia Airports, concessionaires and passengers, a move that was expected to help the stakeholders to meet new expectations and tackle growing competition.

24 SEPTEMBER

MALAYSIA AIRPORTS HONOURED LOYAL SERVING STAFF

Staff who have served the Company for 20 years and above were recognised with Loyal Service Award. 233 staff nationwide received the award from Chairman Malaysia Airports in form of Bank Simpanan Nasional's Premium Saving Certificate.

27 SEPTEMBER

ABSOLUT NOW AT KLIA

Pernod Ricard Asia Travel Retail and Eraman Malaysia celebrated the official opening of the world's first Absolut brand store KLIA with the launch of Absolut Hibiskus. The launch of Absolut Hibiskus provided an opportunity to demonstrate the potential of the store to build and strengthen brand image and consumer brand recognition.

30 SEPTEMBER

INDULGE & WIN WINNERS ANNOUNCED

The winners of Malaysia Airports' Indulge & Win Contest each won RM10,000 in shopping vouchers. The contest was part of the airport operator's annual ITUF Campaign. Monthly indulger prizes are awarded each month from July 2013 till February 2014, the duration of the ITUF Campaign.

4 OCTOBER

TABUNG PAHLAWAN LAUNCHED AT KLIA

Malaysia Airports launched the Tabung Pahlawan 2013 at KLIA in supporting the effort by Ministry of Defence and Persatuan Bekas Tentera Malaysia towards contributions to the army veteran's aid.

7 OCTOBER

KLIA'S THIRD RUNWAY READY

KLIA third runway was successfully tested and completed with the landing of first commercial aircraft Malindo Air Boeing 737-900ER on runway, witnessed by the Acting Minister of Transport and other dignitaries.

16 OCTOBER

KLIA2 GAINED MOMENTUM TOWARDS OPENING

Malaysia Airports held a ceremony to accord recognition to commercial business partners who have shown admirable support and commitment towards the klia2 retail brand identity.

19 OCTOBER

11TH EDITION OF MEDIA EXPLORE HUNT

50 teams from various media organisations took part in the 11th edition of Malaysia Airports Media Explore Hunt, pitting their brains and brawn in a motor hunt event which took all teams to Bukit Gambang Resort City, Kuantan.

19 OCTOBER

FIRST DREAMLINER LANDED AT KLIA

Royal Brunei Airlines made history as its 787 Dreamliner, flight BI 871 touched down and officially became the first Dreamliner to land in KLIA.

26 OCTOBER

MALAYSIA AIRPORTS STAFF WENT BOLLYWOOD

Nearly 2,000 staff from KL and Selangor went Bollywood in Malaysia Airports' Appreciation Dinner held at Putrajaya International Convention Centre. Raja Azizi Raja Soh was named Malaysia Airports Employee of the Year at the same event.

28 OCTOBER

KLIA AWARDS 2012 ACKNOWLEDGED THE OUTSTANDING PERFORMERS IN MALAYSIAN AVIATION INDUSTRY

Malaysia Airports held its KLIA awards presentation to honour partners with exceptional performance for the year 2012. The prestigious KLIA Awards is the ideal platform for Malaysia Airports to reward its partners with outstanding performances and services.

7 NOVEMBER

MALAYSIA AIRPORTS ASSISTED SURROUNDING COMMUNITY THROUGH CR DAY

Malaysia Airports organised its Corporate Responsibility (CR) Day with noble activity by contributing to two less fortunate families living within the Sepang district.

13 NOVEMBER

INAUGURAL MALAYSIA AIRPORTS' INVITATIONAL SOCCER TOURNAMENT

Four adopted schools from the past and present Beyond Borders' programme took part in the inaugural invitational soccer tournament held at Corporate Office soccer field. SK Labu Ulu emerged champion in this inaugural edition.

14 NOVEMBER

2 AIRPORTS RECEIVED AERODROME CERTIFICATION AND 6 AIRPORTS RECEIVED SMS CERTIFICATION FROM DCA

Two more airports under Malaysia Airports' management have received Aerodrome Certification and another six certified airports received the Safety Management System (SMS) certifications after successfully under going stringent audit by the Department of Civil Aviation (DCA).

25 NOVEMBER

HOLIDAY ADVENTURE AWAITS WINNER OF SPEND & WIN CONTEST

Eraman joined forces with CIMB Bank to launch one of the most exciting contests in Malaysia. The Spend & Win contest offered a total of RM300,000 lucrative prizes with a 15-day trip for two to Spain and Portugal which includes return airline tickets, accommodation plus shopping vouchers of up to RM20,000 offered as the grand prize.

19 DECEMBER

BETTER BENEFIT FOR MALAYSIA AIRPORTS' WORKFORCE

Malaysia Airports workforce will enjoy a better benefit with the signing of Collective Agreements between the Company with the workers' unions. The new collective agreement took effect from 1 January 2014 until 31 December 2016.

29 DECEMBER

BACK TO SCHOOL SURPRISE FOR KIDS

32 children from Rumah Anak Yatim Baitul Fitrah, Rawang received some year-end festive season goodies in the form of brand new school supplies for the new schooling year, as part of the "Kembali Ke Sekolah" (Back To School) programme, a CSR initiative undertaken by Malaysia Airports in partnership with SINAR fm.

29 DECEMBER

CHILDREN'S WISHES CAME TRUE AT WONDERLAND KLIA

15 children from Rumah Charis, Kuala Lumpur had their wishes granted at KLIA when they each received the gift they wished for courtesy of Malaysia Airports and MIXfm. The gifts were specially bought for the children by Malaysia Airports and MIXfm as part of a joint CSR initiative under Malaysia Airports' Make A Wish Come True At Wonderland KLIA campaign.

2013 Awards

- Singapore-based Crescentrating's has ranked KLIA as the No. 1 in the Top Halal Friendly Airports for Crescentrating's Halal Friendly Travel (CRaHFT) Ranking 2013 for the second year running.
- Malaysia Airports walked away with the Gold Award for Excellence in Public Relations Internal and the Silver Award for Public Relations Corporate Communications for the TOUCH Campaign in the Marketing Excellence Awards 2013.
- KLIA maintained its superb streak in service excellence when it was voted the World's Best Immigration Service in the 2013 Skytrax World Airport Award.
- Malaysia Airports Holdings Bhd's Chief Financial Officer Faizal Mansor, was name "Best CFO" in FinanceAsia's 13th annual poll of Asia's top companies. Malaysia Airports is also listed at the 9th place as the "most committed to a strong dividend policy" in the same poll.
- KL International Airport (KLIA) continues to be one of the traveller's favourite airports when the airport maintained its third spot in the Top 10 Airports Worldwide category of the Smart Travel Asia 2013 Best in Travel Poll.
- Malaysia Airports' Indulge Till You Fly Campaign 2012/2013 came up tops under the Best of Country (Malaysia) Trade Campaign.
- Malaysia Airports Holdings Berhad was conferred the Silver Award in the Employer of Choice award category in the Malaysia HR Award 2013.
- Malaysia Airports' Managing Director, Tan Sri Bashir Ahmad was conferred the Lifetime Achievement Award at the recent Malaysia Business Awards (MBA) 2013 gala dinner organised by the ASEAN Business Advisory Council Malaysia.
- Malaysia Airports continues to demonstrate excellent customer service level when KLIA won the Gold Award for 'Anugerah Tandas Bersih – 1Malaysia' in Public Stops Restroom (Tandas Kegunaan Awam Hentian Awam) category.

PAST AWARDS & ACCOLADES

YEAR 1998

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

YEAR 1999

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

YEAR 2000

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

YEAR 2001

- KLIA was the 2nd best airport in worldwide survey by Skytrax Research, a British based air travel industry research company.
- KLIA was one of the recipients of the National Special Landscape Awards 2001, presented by the Prime Minister, Datuk Seri Dr Mahathir Mohamad.
- KLIA was the 3rd Best Airport in the World in the Business Traveller Awards 2001, conducted by Business Traveller Asia Pacific magazine.
- Malaysia Airports Management & Technical Services Sdn Bhd (MAMTS) received its MS ISO9002:1994 certificate for its cleaning service consultancy at KLIA.
- Malaysia Airports Technologies Sdn Bhd (formerly known as TAMS.Com) received its MS ISO 9001:2000 certificate for the management, operations and maintenance of Total Airport Management System (TAMS) at KLIA.
- KLIA was among the top 10 best performing airports in the Asia Pacific Region in 2001, based on the review by Association of Asia Pacific Airlines (AAPA).
- KLIA emerged as the 4th top best airport category, based on a survey by Conde Nast. KLIA was also chosen as the cleanest as well as the best architecture airport.
- The Pan Pacific Kuala Lumpur International Airport Hotel was awarded the Best Airport Hotel in Asia by Business Asia Magazine and Bloomberg Television.

YEAR 2002

- KLIA won the 3rd best airport in Asia, based on the 16th Asian Freight Industry Awards 2002 (AFIA), organised by Cargonews Asia publication.
- The Pan Pacific Kuala Lumpur International Airport Hotel was awarded the Best Airport Hotel in Asia by Business Asia Magazine and Bloomberg Television.
- KLIA won the 3rd position for the Best Airport category in the Telegraph Travel Awards, an annual poll especially for the readers of The Daily Telegraph and The Sunday Telegraph in Britain.
- KLIA was voted 2nd by airlines around the world as the Highly Commended Airport for Marketing Efforts in the 10-15 mppa airport category during the Routes Conference held from 23-24 September 2002 in Athens, Greece.
- KLIA was selected 3rd in the Favourite Airport category for the 2nd annual TIME Readers' Travel Choice Awards survey.
- KLIA was among the top 10 airports in the 2002 Airport of the Year survey organised by Skytrax Research.
- KLIA was in the top 5 for the World's Best Airports category in the Business Traveller magazine "Asia Pacific Readers" Poll 2002.
- The Pan Pacific Kuala Lumpur International Airport Hotel was awarded 2nd Best Airport Hotel in Asia Pacific based on Business Traveller magazine Asia Pacific Readers' Poll 2002.

YEAR 2003

- KLIA was voted Best Emerging Airport in Asia in the category for handling less than 500,000 tonnes of cargo annually at the Asian Freight & Supply Chain Awards 2003 (AFSCAs).
- KLIA was among the top 5 airports in the world in terms of Overall Passenger Satisfaction in a survey by International Air Transport Association (IATA) Global Airport Monitor.
- KLIA was among the top 10 airports in the 2003 Airport of the Year survey organised by Skytrax Research.

- KLIA was runner-up for Best Airport in the world (15-25 mppa) and Asia Pacific (less than 25mppa) in the Airport World Global Service Excellence Award.
- KLIA was 2nd for the Best Airport Category in the Conde Nast Readers' Travel Award 2003. KLIA was also the best in the Cleanliness and Design/Layout categories.
- KLIA received a special Airport Marketing Award in recognition of consistent marketing activities during SARS period at the 9th World Route Development Forum, in Edinburgh, Scotland.
- KLIA was the 3rd best airport in the world in the Asia Pacific Readers Poll 2003 organised by Business Traveller Asia Pacific magazine.
- KLIA was selected 2nd runner-up in the Favourite Airport Category for the 3rd annual TIME Readers' Travel Choice Awards survey.
- Malaysia Airports was awarded top three airports authorities in Asia Pacific Region in the Most Supportive Approach to Travel Retail at the Annual Raven Fox Travel – Retail Excellence Award 2003 in Cannes, France.
- The Pan Pacific Kuala Lumpur International Airport Hotel was awarded Best Airport Hotel in Asia by Business Asia magazine and CNBC Asia.

YEAR 2004

- KLIA received the Gold Award for the Advertising Award by Air Transport World (ATW) magazine. The award was based on the Integrated for Ease advertising campaign, which was created for the marketing of KLIA.
- KLIA was ranked 5th in the Airport of the Year 2004 survey organised by Skytrax Research.
- KLIA voted 3rd Best Airport Worldwide in a survey by AETRA, a customer satisfaction benchmarking program. Previously, the survey was known as IATA Global Airport Monitor.
- KLIA received the Aerodrome Certification from the Department of Civil Aviation (DCA). It is a new mandatory requirement by the International Civil Aviation Organisation (ICAO) which requires all international airports open for public use to provide uniform safety conditions for all aircraft.
- KLIA was the first airport in the Asia Pacific Region and the first Travel and Tourism organisation in Malaysia to be Green Globe 21 certified, which required the commitment to continual identification, control and improvement of the environmental and social impacts of the airport's operations.
- Malaysia Airports Training Centre, Penang, received the MS ISO 9001:2000 Quality Management System from SIRIM Berhad for provision of aviation security and fire rescue services training.
- Eraman was the first airport retailer to achieve International Superbrands Status by Superbrands International.
- Eraman received MS ISO 9001:2000 Quality Management System from SIRIM Berhad under the provision of front line services for airport retail operation.
- In the 5th ASEAN Energy Award, KLIA was 1st runner-up for the ASEAN Energy Efficiency and Conservation (EE&C) Best Practices Competition for Energy Efficient Buildings (New and Existing Buildings).
- KLIA received the Creativity and Innovation Award 2004 organised by Malaysia Design Creativity Innovation (MDTC).
- KLIA was 3rd in the Favourite Asian Airport category for the TIME Readers' Choice Awards survey.
- KLIA was 2nd in the Best Airport category of the Telegraph Travel Award 2004, the most significant study of the travel tastes and habits of British consumers, based on the annual poll of selected readers of The Daily Telegraph and The Sunday Telegraph.
- Malaysia Airports 2003 Annual Report received the Certificate of Merit in the National Annual Corporate Report Awards 2004 (NACRA).
- The Pan Pacific Kuala Lumpur International Airport Hotel was awarded Best Airport Hotel in Asia by Business Asia magazine and Bloomberg.

YEAR 2005

- The Free Commercial Zone (FCZ) at KLIA received the MS ISO 9001:2000 Quality Management Systems for the scope of management of FCZ covering issuance of licences and monitoring of the movement of cargo in and out of FCZ.
- Malaysia Airports Management & Technical Services received the MS ISO 9001:2000 Quality Management Systems for the scope of provision of technical advisory and consultancy services in the management of airport cleaning services, monitoring of the quality of airport cleaning services and project management consultancy.
- Kuching International Airport received the MS ISO 9001:2000 for Airport Management, Operations and Maintenance of Airport Covering Fire and Rescue Services, Aviation Security, Engineering and General Operations.
- Kuching International Airport received the Aerodrome Certification from the Department of Civil Aviation (DCA), being the second airport in Malaysia, after KLIA, to receive the prestigious certification.
- Penang International Airport received the Aerodrome Certification from the Department of Civil Aviation (DCA).
- Penang International Airport received the MS ISO 9001:2000 from SIRIM for Airport Management, Operations and Maintenance of Airport Covering Fire and Rescue Services, Aviation Security, Engineering and General Operations.

- KLIA was selected as one of the Top 10 Airports in the 2005 World Airport Awards survey organised by Skytrax Research.
- KLIA was ranked 2nd Best Airport (15-25 mppa) category in the 2004 AETRA Airport Customer Satisfaction Survey.
- The Pan Pacific Kuala Lumpur International Airport Hotel was voted The Best Airport Hotel in Asia 2005 by Business Asia Magazine.
- Malaysia Airports 2004 Annual Report received the Certificate of Merit in the National Annual Corporate Report Awards 2005 (NACRA).
- KLIA was voted as 2nd runner-up in the Favourite Asian Airport category in the fifth annual TIME Readers' Travel Choice Awards.

YEAR 2006

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

YEAR 2007

- KLIA was awarded The Brand Laureate, for Best Brands Transportation Airport 2006-2007.
- KLIA was selected as The Most Outstanding Establishment in the Tourist, Hotel, Restaurant and Catering Field for the year 2007 by the Trade Leaders Club, Madrid.
- KLIA was selected as World's Best Airport (15-25 mppa) in the Airports Council International-Airport Service Quality (ACI-ASQ) Awards 2006, the second year KLIA won this award.
- KLIA won 3rd place for the Best Airport Worldwide and Best Airport Asia Pacific in the ACI-ASQ Awards 2006.
- The Pan Pacific Kuala Lumpur International Airport Hotel was named the Best Airport Hotel in Asia for 2006 by Business Asia magazine, for the sixth consecutive time.
- KLIA was voted as the 3rd Best Airport Worldwide in the SmartTravelAsia.Com BEST IN TRAVEL POLL 2007.
- Malaysia Airports received the Company of the Year Award from the Chartered Institute of Logistics and Transport, Malaysia (CILT).
- KLIA was the first to be presented an Airport Service Quality (ASQ) Assured certificate by ACI, following a successful audit of its airport passenger service quality management system.

YEAR 2008

- KLIA voted as the World's Best Airport (15-25 mppa) in the Airports Council International-Airport Service Quality (ACI-ASQ) Awards 2007 for the third consecutive year.
- KLIA voted 2nd placing for the Best Airport Worldwide and Best Airport Asia Pacific in the ACI-ASQ Awards 2007.
- The Pan Pacific Kuala Lumpur International Airport Hotel was named the Best Airport Hotel in Asia for 2007 by Business Asia magazine, the seventh time the hotel won this accolade since the award was introduced in 2000.
- KLIA was awarded The Brand Laureate Best Brands Transportation Airports 2007 – 2008.
- KLIA voted 4th in the Skytrax 2008 World Airport Awards.
- The Pan Pacific Kuala Lumpur International Airport Hotel won the "Asia's Leading Airport Hotel" at the 2008 World Travel Awards for Asia held in Shanghai, China.
- The Pan Pacific Kuala Lumpur International Airport Hotel was voted World's Leading Airport Hotel in the 2008 World Travel Awards.
- Malaysia Airports received Certificate of Merit in the National Award for Management Accounting (NAfMA) 2008, organised by CIMA Malaysia.
- Malaysia Airports 2007 Annual Report received the Certificate of Merit in the National Annual Corporate Report Awards 2008 (NACRA).

YEAR 2009

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

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

YEAR 2010

- Malaysia Airports was the recipient of Airport Investment Company of the Year while KLIA received the Asia Pacific Airport of the Year (Above 15 mppa) in the 2010 Frost & Sullivan Asia Pacific Aerospace & Defense Awards.
- Malaysia Airports bagged two awards in the The StarBiz-ICR Malaysia Corporate Responsibility Awards 2009, for the Community and Environment categories.
- Malaysia Airports won the inaugural Corporate Nationhood Initiative Award in the Business Times' CEO of the Year 2009.
- 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 Southeast Asia category.
- KLIA was awarded The Brand Laureate 2009-2010 (the Grammy Awards for branding) for Corporate Branding – Best Brands in Transportation – Airport for the fourth consecutive times.
- The Pan Pacific Kuala Lumpur International Airport Hotel was named Asia's Leading Airport Hotel and World's Leading Airport Hotel in the prestigious World Travel Awards 2009.
- The Pan Pacific Kuala Lumpur International Airport Hotel won the APBF BrandLaureate Award 2009 – 2010 in the Best Brands in Airport Hotel category for the second year in a row.

YEAR 2011

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

YEAR 2012

- Malaysia Airports is one of the finalists in the Air Cargo Award of Excellence for the category Airports Asia 400,000 to 999,999 tonnes, for achieving Air Cargo Excellence and the superior overall rating as determined by the readers of Air Cargo World Magazine.
- KLIA won the 'Best Airport Staff Asia Award 2012' in the Skytrax, 2012 World Airport Awards as voted by customers from all over the world.
- Malaysia Airports was recognised for its leadership with the inaugural award for 'Exceptional Service to Aviation' by Pacific Asia Travel Association (PATA).
- Malaysia Airports received 'Lifetime Achievement Award' in Global Leadership Awards 2012, conferred to Tan Sri Bashir Ahmad, the Managing Director of Malaysia Airports.
- Malaysia Airports won 'Anugerah Peratus Prestasi Kutipan Terbaik 2011', by the Lembaga Zakat Selangor (LZS).
- Best CFO for Investor Relations – Faizal Mansor, Malaysia Investor Relations Awards 2012.

Malaysian Airports Location & Overseas Airports Managed By MAHB

OVERSEAS AIRPORTS MANAGED BY THE GROUP AND THEIR LOCATIONS

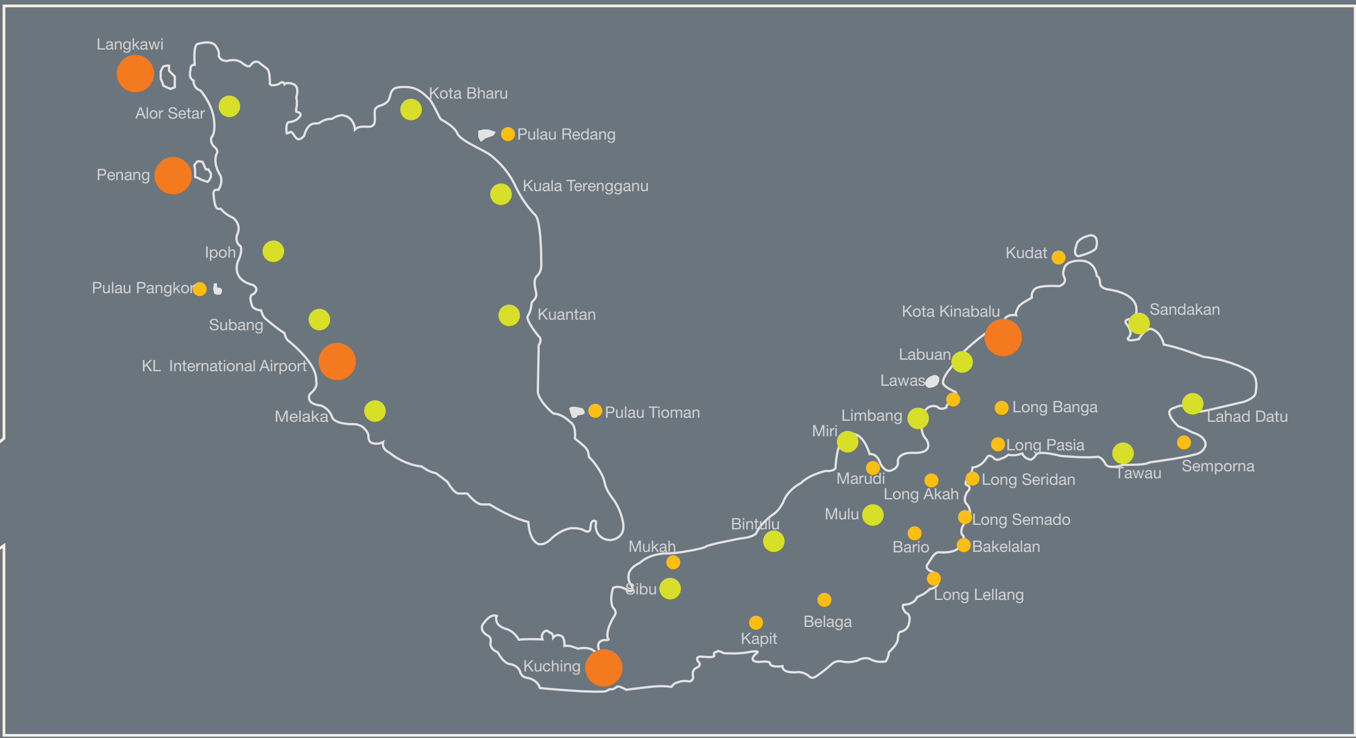
Cambodia
- Siem Reap International Airport (1995-2005)
- Phnom Penh International Airport (1995-2005)

Kazakhstan
- Astana International Airport (2007-2009)

Maldives
- Ibrahim Nasir International Airport, Male (2010-2012)

India
- Indira Gandhi International Airport, New Delhi (2007-Present)
- Rajiv Gandhi International Airport, Hyderabad (2003-Present)

Turkey
- Sabiha Gokcen International Airport, Istanbul (2008-Present)



MALAYSIAN AIRPORTS OPERATED BY THE GROUP AND THEIR LOCATIONS

International

Peninsular Malaysia
- KL International Airport
- Langkawi International Airport
- Penang International Airport

Sabah
- Kota Kinabalu International Airport

Sarawak
- Kuching International Airport

Domestic

Peninsular Malaysia
- Sultan Abdul Halim Airport, Alor Setar
- Sultan Ismail Petra Airport, Kota Bharu
- Sultan Mahmud Airport, Kuala Terengganu
- Sultan Ahmad Shah Airport, Kuantan
- Sultan Azlan Shah Airport, Ipoh
- Skypark Terminal Sultan Abdul Aziz Shah Airport, Subang
- Melaka Airport

Sabah
- Sandakan Airport
- Labuan Airport
- Tawau Airport
- Lahad Datu Airport

Sarawak
- Miri Airport
- Bintulu Airport
- Sibu Airport
- Limbang Airport
- Mulu Airport

Short Take-Off And Landing Ports (STOLports)

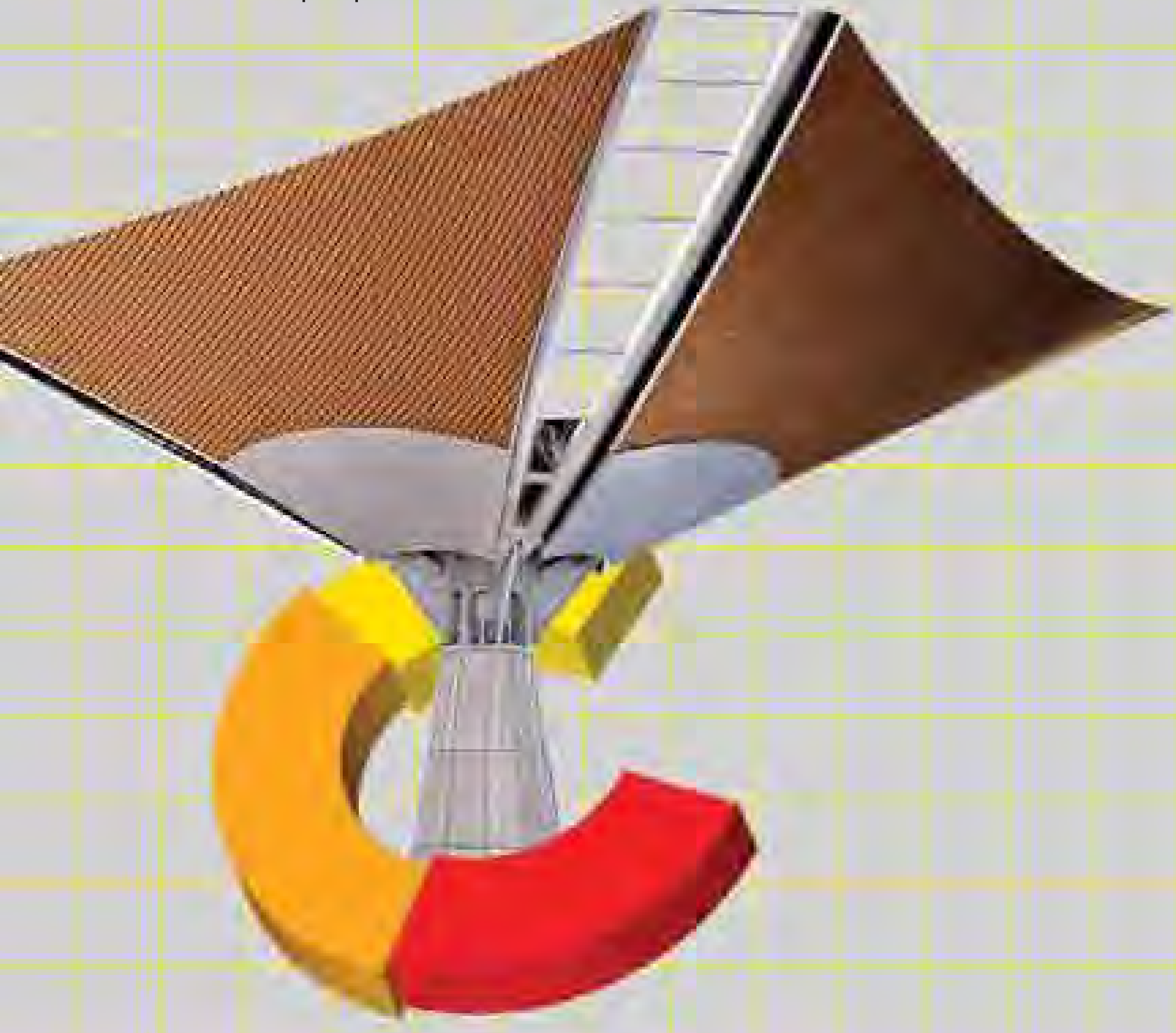
Peninsular Malaysia
- Pulau Redang
- Pulau Pangkor
- Pulau Tioman

Sabah
- Kudat
- Long Pasia
- Semporna

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

Growth Momentum in establishing our Brand DNA

Our bold strategy and renewed vigour to drive quality has prompted us to re-assess and re-invent the way in which we conduct ourselves as an organisation. We have instilled a Friendly & Firm, Business Driven & Responsible, Progressive & Practical culture that will transform the brand perception from the inside out, creating a significant impact that is apparent from a business performance and customer service perspective.



STATEMENT ON CORPORATE GOVERNANCE

Introduction

In our quest to achieve our Company's vision and mission, we are committed to continuing our efforts to bring the Company to greater heights in order to become a dynamic and reliable airport operator which is profitable in the highly competitive global aviation market. We are also committed to striving for the highest level of governance in the Company, and to endeavour to exceed the expectations of all our shareholders and stakeholders. The Board of Directors strongly believes that adopting and operating in accordance with high standards of corporate governance are the most essential elements for sustainable long-term performance and economic value creation for our shareholders as well as other stakeholders.

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

Good corporate governance practices, however, should extend beyond mere statement of compliance. It should aim at achieving the highest standards of conduct, business integrity, ethics, accountability and professionalism across all the Group's activities. The Board acknowledges the importance of corporate governance in enhancing stakeholders' value, increasing investors' confidence, establishing customers' trust and building a competitive organisation to support the Group's corporate mission and vision. The commitment of the Board, Management and staff of MAHB Group in ensuring the interests of investors and all other stakeholders are well taken care of, is affirmed by the award and recognition that MAHB had received, namely, a Distinction Award (rated A+) under the inaugural Malaysian Corporate Governance ("MCG") Index 2011 by the Minority Shareholder Watchdog Group ("MSWG"). The Index, an initiative by MSWG, creates awareness and encourages best corporate governance (CG) practices among public listed companies (PLCs) in Malaysia. The Index rates and ranks PLCs on many different levels which include, among others, compliance with CG best practices, quality of disclosures, financial sustainability, and corporate responsibility efforts. MAHB had also been given special recognition under the category of "the Companies with 30% Women on its Board" by MSWG in the MCG Index 2011. In 2012 and 2013, MAHB was also recognised as one of the Top 20 Companies amongst the top 500 PLCs assessed in Malaysia, based on the Malaysia-ASEAN Corporate Governance Scorecard ("Scorecard"). The Index was switched to the Scorecard as a means of assessing the status of PLCs' adoption and compliance with CG recommended principles and best practices.

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

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

Business Direction

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

THE BOARD OF DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD

The Board

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

Board Charter

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

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

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

A summary of the current Board Charter is published on the Company's website at *www.malaysiaairports.com.my*.

"Consequently, particular attention is paid to the composition and balance of the Board to ensure that it has wide experience of the sector and regulatory environment in which MAHB Group operates, added with appropriate financial and risk management skills."

Directors' Code of Ethics

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

The Balance and Composition of the Board

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

The Board currently comprises five (5) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors and one (1) Managing Director, the composition of which is in compliance with paragraph 15.02 of Bursa Malaysia Listing Requirements. The directors' biographies are enclosed from pages 92 to 104 of this Annual Report.

Having a Non-Independent Non-Executive Chairman on the Board, the Board endeavours and has taken steps to achieve a Board that comprise a majority of Independent Directors. The Board aims to achieve a high proportion of Independent Non-Executive Directors in order to ensure balance of power and authority on the Board.

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

Name	Designation	Remark
Datuk Seri Yam Kong Choy	Independent Non-Executive	Appointed with effect from 1 December 2013
Datuk Alias bin Haji Ahmad	Independent Non-Executive	Resigned with effect from 31 December 2013
Datuk Siti Maslamah binti Osman	Independent Non-Executive	Resigned with effect from 31 December 2013
Dato' Syed Faisal Albar bin Syed A.R Albar	Non-Independent Non-Executive	Resigned with effect from 31 December 2013
Datuk Zalekha binti Hassan	Independent Non-Executive	Appointed with effect from 1 January 2014
Rosli bin Abdullah	Independent Non-Executive	Appointed with effect from 1 January 2014

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

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

The Board Diversity

The Board acknowledges the need to enhance board diversity, as it is essential to the efficient functioning of the Board and indicates good governance practices.

The Board shall endeavour to attain diversification in terms of experience, skills, expertise, competencies and gender to enable the Company to maximise its business and governance performance. The Board encourages female candidates to take up board positions. The Board aims to appoint additional female representation on the Board as soon as practicable in order to reach at least 30% female representation on the Board in the near term.

Currently, there are three (3) women Directors on the Board of MAHB, comprising a Non-Independent Non-Executive Director namely Puan Eshah binti Meor Suleiman; an Independent Non-Executive Director namely Datuk Zalekha binti Hassan and a Non-Independent Non-Executive Alternate Director namely Puan Norazura binti Tadzim.

Senior Independent Non-Executive Director

In line with best practices on Corporate Governance, Encik Jeremy bin Nasrulhaq has been appointed as the Senior Independent Non-Executive Director on 22 March 2013. Following his appointment, he has taken up the role of the Chairman of Board Nomination & Remuneration Committee.

The Senior Independent Non-Executive Director will serve as a point of contact for shareholders and other stakeholders to voice their concerns. The creation of the said position will provide a sounding board for the Chairman and will also serve as an intermediary for other directors when necessary.

The Senior Independent Non-Executive Director is accessible to whom concerns of shareholders and stakeholders may be conveyed. Shareholders and other interested parties may contact Encik Jeremy to address any concerns in writing to the Company's registered address or electronic mail to *jeremy@malaysiaairports.com.my*.

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 Directors and 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 restriction on external appointments in the Board Charter.

The Board is in compliance with the Bursa Malaysia Listing Requirements on the number of directorships in other PLCs. The Board is informed of changes to the directorships held by their peers as and when notified by the directors and is satisfied that the current external directorships held by the Board members will not impair their ability to contribute to the Company and that the Directors are able to devote sufficient time to the Company in discharging their roles and responsibilities effectively. The Chairman will be notified before the members accept any new directorship.

Independence of Non-Executive Directors

The Board considers all the four (4) Independent Non-Executive Directors, namely Jeremy bin Nasrulhaq, Datuk Seri Yam Kong Choy, Datuk Zalekha binti Hassan and Rosli bin Abdullah to be independent based on the definition as set out under the Bursa Malaysia Listing Requirements. The Board is satisfied that the four (4) Independent Non-Executive Directors represent the interest of the minority shareholders by virtue of their roles and responsibilities.

The Board reviews the issue of directors' independence on an annual basis and has concluded that each of them continues to demonstrate behaviours that reflect their independence, which are in accordance with the definition under the Bursa Malaysia Listing Requirements therein.

The Board took note of the Code's recommendation on the tenure of an independent director for a cumulative term of 9 years. With regard thereto, Datuk Alias bin Haji Ahmad and Datuk Siti Maslamah binti Osman, who have exceeded the cumulative term of 9 years by December 2013, have resigned as Independent Non-Executive Directors of the Company with effect from 31 December 2013. The Board recognises their immense role/contribution throughout their entire tenure, particularly towards the development of klia2 project in upholding the integrity of Company's procurement procedures and processes as well as the review and auditing of klia2 project.

The Roles of the Executive Director and Non-Executive Directors

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

The Executive Director is responsible for the following:-

(a) Implementation of the overall design of the performance management scheme, particularly developing the strategy, defining the Key Performance Indicators and cascading them through the organisation;

(b) Review of the performance of the businesses, taking corrective actions and reporting them to the Board; and

(c) Review of the performance of the Senior Management and delivering meaningful rewards and compensation.

On the other hand, the Non-Executive Directors are responsible for the following:-

(a) Providing independent judgement on the Group's Strategy and Policies;

(b) Overseeing that the internal control systems and the risk management processes are appropriate and effective;

(c) Setting the appropriate targets/objectives and reviewing the performance of the Company and the Executive Director; and

(d) Setting the right remuneration of the Executive Director, and evaluating the effectiveness of the Company's succession planning programme.

The Board opined that the quality of its directors, each of whom possesses an impeccable background and offers relevant experience, ensures that they are able to challenge and help develop and drive the Group's vision and strategy, scrutinise performance and controls in ensuring that the governance standards are continuously upheld. The Chairman will always ensure that the board's decisions are based on consensus, and any concerns expressed by any director, will accordingly be recorded in the minutes of meetings by the Company Secretary.

The Chairman and Managing Director

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

Chairman

The Chairman's roles and responsibilities are as follows:-

(a) Ensure orderly conduct and working of the Board, where healthy debates on issues being deliberated are encouraged to reflect any level of scepticism and independence;

(b) Ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of the majority;

(c) Ensure that the Board agrees on the strategy formulated by the Company and monitors its implementation;

(d) Exemplify the highest standards of corporate governance practices and ensure that these practices are regularly communicated to the stakeholders;

(e) Ensure the appropriateness and effectiveness of the succession planning programme at the Board and Senior Management levels;

(f) Ensure a healthy working relationship with the Managing Director and provide the necessary support and advice as appropriate; and

(g) Determine the agenda for the Board meetings in consultation with the Managing Director and the Company Secretary and ensure effective time management to allow the Board to have a rich and deep discussion.

Managing Director

The Managing Director's roles and responsibilities are as follows:-

(a) Implementing the policies and decisions of the Board, overseeing the operation, as well as coordinating the development and implementation of business and corporate strategies;

(b) Developing and translating the strategies into a set of manageable goals and priorities;

(c) Setting the overall policy and direction of the business operations, investment and other activities based on effective risk management controls;

(d) Ensuring that the financial results are accurate and not misleading;

(e) Ensuring that the financial management practice is carried out at the highest level of integrity and transparency for the benefit of the shareholders;

(f) Ensuring that the business and affairs of the Company are carried out in an ethical manner and in full compliance with the relevant laws and regulations;

(g) Ensuring that whilst the ultimate objective is to maximise the shareholders return, the social and environmental factors are not being neglected;

(h) Developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts etc; and

(i) Providing the leadership and represent the Company with major customers and industry organisations together with the involvement of the Chairman.

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

Induction and Continuous Professional Development

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

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

The list of the various training programmes during the financial year 2013, are as follows:-

(a) 2013 National Conference on Internal Auditing by Institute of Internal Auditors Malaysia ("IIAM");

(b) MIA International Accountants Conference by Malaysian Institute of Accountants ("MIA");

(c) Pre-Conference Workshop of Risk Management: Fraud Risk Management Awareness;

(d) Risk Management Conference: Managing Risk in the 3rd Millennia;

(e) TFWA Asia Pacific Conference and Exhibition held at Marina Bay Sands, Singapore by Tax Free World Association, France;

(f) TFWA World Conference and Exhibition held at Cannes, France by Tax Free World Association, France;

(g) Audit Committee Conference 2013: Powering for Effectiveness jointly organised by IIAM and MIA;

(h) Treasury Transformation Programme Leadership Retreat by Ministry of Finance;

(i) Corporate Fraud & Forensic Investigation Conference by Asian World Summit;

(j) Business Talk themed "Ethical Investing: Future Outlook and Opportunities" by Bank Negara Malaysia;

(k) Corporate Governance Symposium 2013: Corporate Governance InVogue organised by MeLearn Global;

(l) Khazanah Megatrends Forum 2013: "Growth with Inclusion in an Age of Paradox: Same Game, New Players" by Khazanah Nasional Berhad;

(m) The 20th Annual GAD 2013 – Global Airport Development Conference held at Le Méridien Nice, France organised by The International Centre for Business Information (ICBI);

(n) Financial Institutions Directors Education (FIDE) Core Program (Module A and Module B) by The Iclif Leadership and Governance Centre; and

(o) Talk on "Project and Claims Management: The Executive Management Perspective".

From time to time, the Company would conduct several in-house training programmes in regards to various tasks/discipline in relation to aviation/airport industry in order to aid the Board of Directors in discharging his/her duties.

In 2013, the Board of Directors had visited the Istanbul Sabiha Gokcen International Airport ("ISGIA") in Istanbul, Turkey, where MAHB currently provides airport operation and technical services for the development, operation, maintenance and management of the said airport. The airport visit enabled the Directors to comprehend and learn first-hand experience of airport operations at ISGIA.

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

Board Performance Evaluation

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

The annual performance evaluation of the Board was primarily based on the answers to a detailed questionnaire. The questionnaire covers topics that include, amongst others, the roles and responsibilities and influence of the Board, Board structure, independence of the independent director, conduct of Board/Board Committees meetings, decision-making, output, etc. Similar topics were covered in respect of the questionnaire for each of the Board Committees. Thereafter, the results of these questionnaires, were documented, and collectively formed the basis of a report to be tabled at the Board Nomination & Remuneration Committee ("BNRC") meeting, subsequently for onward submission to the Board of Directors' meeting for deliberation thereof, whereby the Board had evaluated their performance and formulate a "moving forward initiatives", to enhance the effectiveness of the Board.

The Board is passionate about conducting such performance evaluation, as this enables the Board performance to be properly gauged and to have a continual improvement process.

Whistleblowing Programme

In order to improve the overall organisational effectiveness and to uphold the integrity of the Company in the eyes of the public, whilst at the same time being an entity that serves the interest of the nation, the Company has instituted the whistleblowing programme which acts as a formal internal communication channel, where the staff can communicate concerns in cases where the Company's business conduct is deemed to be contrary to the Company's common values. The categories of concern may cover the following:-

(a) Commission of fraud, bribery and/or corruption;

(b) Unauthorised use of Company's money, properties and/or facilities;

(c) Exposure of Company's properties, facilities and/or staff to the risks of safety and security;

(d) Abuse of position;

(e) Involvement in unlawful act;

(f) Failure to meet Professional Standards;

(g) Negligence/malpractice;

(h) Disclosure of Company's information without proper authorisation; and

(i) Breach of Code of Ethics.

All concerns should be addressed to the Whistleblowing Independent Committee ("WIC"). Effective on 1 January 2013, the Board Audit Committee was tasked with overseeing the WIC, whereby an independent member of the Board Audit Committee shall be the Chairman of WIC. Upon the resignation of Datuk Alias bin Haji Ahmad as Director of MAHB Board on 31 December 2013, Encik Jeremy bin Nasrulhaq was appointed as the Chairman of WIC with effect from 22 January 2014 to promote transparency and independence.

The WIC will assess all concerns reported and act accordingly in accordance to its terms of reference. Subsequently, the WIC will submit a report to the Board Audit Committee on a quarterly basis. All details pertaining to the name and position of the whistleblower will be kept strictly confidential throughout the investigation proceedings.

During the year, a total of ten (10) 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 MAHB, and to use their best endeavours to attend meetings.

The Board meetings as well as Board Committee meetings are scheduled in advance before the end of each financial year so as to enable the Directors to plan accordingly and fit the year's meetings into their schedules. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During the year 2013, twenty one (21) Board meetings were held, of which nine (9) were Special Board meetings. All the directors had proportionately attended more than 50% of the Board meetings held for the financial year 2013, in compliance with the Bursa Malaysia Listing Requirements.

The following table sets out the number of Board meetings held during the financial year 2013 and the attendance of respective Directors. Directors who were unable to attend the Board meetings would review the relevant Board papers and thereafter convey their comments to the Chairman or the Company Secretary prior to the proceeding of the meetings. Alternatively, the alternate director will attend the meetings on behalf of the principal director.

Directors	Number of Board Meetings attended/ held (during the Directors' tenure)	Percentage
Non-Independent Non-Executive		
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah	21 out of 21	100%
Datuk Seri Long See Wool	16 out of 21	76%
Mohd Izani bin Ghani	19 out of 21	90%
Eshah binti Meor Suleiman	18 out of 21	86%
Dato' Syed Faisal Albar bin Syed A.R Albar	19 out of 21	90%
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	20 out of 21	95%
Chua Kok Ching *(Alternate Director to Datuk Seri Long See Wool)*	5 out of 5	100%
Norazura binti Tadzim *(Alternate Director to Eshah binti Meor Suleiman)*	2 out of 2	100%
Independent Non-Executive		
Datuk Siti Maslamah binti Osman	20 out of 21	95%
Datuk Alias bin Haji Ahmad	20 out of 21	95%
Jeremy bin Nasrulhaq	21 out of 21	100%
Datuk Seri Yam Kong Choy*	1 out of 1	100%
Non-Independent Executive		
Tan Sri Bashir Ahmad bin Abdul Majid	21 out of 21	100%

Note:-
* *Appointed as Director with effect from 1 December 2013*

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

Matters Reserved to the Board

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

(a) Approval of the overall strategy, vision, values, and governance framework of the Group;

(b) Approval of the Company's Annual Report and Quarterly Financial Statements;

(c) Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;

(d) Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets, and capital expenditure over a specified amount;

(e) Approval of the Company's long term financial plan and the annual capital expenditure programme;

(f) Approval of any significant change in the accounting policies and practices;

(g) Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;

(h) Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;

(i) Appointment, re-appointment or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Articles of Association;

(j) Appointment or removal of the company secretary;

(k) Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;

(l) Approval of the division of responsibilities between the Chairman and Managing Director; and

(m) Approval for the establishment of the Board Committees, their terms of reference (i.e. membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions.

Quality of Information

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

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

The format and structure of the Board papers are in such a way that they contain the right amount of details and are clear and concise. Furthermore, an executive summary to the Board papers will be prepared to enable the directors to comprehend on the subject matters within the first few minutes of reading. The minutes of each Board meeting are circulated together with the Board papers to all Directors for their perusal before confirmation of the minutes.

The summary of the minutes of meetings is also enclosed to ensure that decisions, requests and requirements were recorded accurately and could be tracked and monitored upfront for clarity and ease of reference, as well as for the Board's comfort that actions are being followed up. The Board may, if required, and in the best interest of time, refrain from considering any last minute agenda items during the proceedings of the Board meetings, unless the matter is of genuine and exceptional circumstances.

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

Access to Information and Advice

The directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable them to discharge their duties. They also have full and unrestricted access to the advice and services of the Senior Management and the Company Secretary of the Group.

Ensure Timely and High Quality Disclosure

Corporate Disclosure Policy

MAHB is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by MAHB.

MAHB's practice is to release all price sensitive information to Bursa Malaysia in a timely manner as required under the Bursa Malaysia Listing Requirements and to the market and community generally through MAHB's media releases, social media platforms (namely, Twitter and Facebook), corporate website and other appropriate channels. Each Division in MAHB is required to inform the Company Secretary on any potential price sensitive information concerning MAHB as soon as this becomes known.

Leverage on Information Technology for Effective Dissemination of Information

MAHB employs wide range of communication approaches such as direct communication and publication of all relevant Group information on the website at *www.malaysiaairports.com.my*.

MAHB utilises its corporate website, Twitter and Facebook as a means of providing information to its shareholders/ stakeholders and the broader investment community. MAHB discloses information on the latest news and happenings via media releases, featured in a section called News Centre in the website. Staff will also be informed of any important news and to be issued via internal communications platform (namely, K Office email). In addition, MAHB has dedicated a section on the website to MAHB's investors where presentations, annual reports, quarterly reports, annual financial statements, announcements, share and financial information can be viewed. The details of Investor Relations are disclosed on page 174 of this Annual Report.

Company Secretary

Sabarina Laila binti Dato' Mohd Hashim, the Company Secretary for the Group, is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best practices on corporate governance. The Company Secretary is also responsible for advising the directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Apart from playing an active role as the advisor to the directors, the duties of the Company Secretary also include, amongst others, attending all Board and Board Committee meetings, ensuring that the proceedings of Board meetings and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory obligations, as well as obligations arising from Bursa Malaysia Listing Requirements or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and resignation of directors are in accordance with the relevant legislations, the Board Performance Evaluation is properly executed, the Board succession planning programme is put in place, review of Board Charter periodically, handling company share transactions, such as issuance of new shares, arranging for payment of dividends, ensuring that Board initiatives are achieved, liaising with external auditors, lawyers, tax advisors, bankers and shareholders as well as to promote high standard of corporate governance.

Independent Professional Advice

The Board allows the directors, in furtherance of their duties, to obtain independent professional advice from external consultants, at the Company's expenses. Copies of any reports, advice and recommendations provided by the independent professional adviser to a respective director, would be forwarded by the said director to the Company Secretary, who will, where appropriate, circulate them to other directors to ensure that they are kept informed of pertinent issues, which may have an impact on the Group's sustainability. However, there was no such advice sought by any director during the year.

Appointment to the Board

There is a formal and transparent procedure for the appointment of new directors to the Board, the primary responsibility of which is delegated to the BNRC, with the membership comprising exclusively, non-executive directors, the majority of whom are independent. This composition of only non-executive directors in the Committee ensures that any decisions made are impartial and in the best interest of the Group, without any element of fear or favour.

The BNRC is responsible for identifying and determining clear criteria for the selection and appointment of new directors. The BNRC is also responsible for the review, evaluation and recommendation of suitable candidates for appointment as directors based on criteria set (namely, amongst others, skills set, experience, competency, gender, etc) and on the needs of the Board and the present composition of the Board, pertaining to balance of skills, knowledge and experience of the Board and future strategic direction. The BNRC is also responsible for assessing and ensuring, amongst others, that the candidate possesses technical competencies, a strong sense of professionalism and integrity, organisational and strategic awareness, and the ability to add value, as well as adherence to the highest standards of business conduct. The potential candidates, upon such review and evaluation, will be recommended to the Board for appointment.

The BNRC is also responsible for evaluating the findings of the Board Performance Evaluation for the Board and the relevant Board Committees. Each Director's ability and capability will be individually self assessed by them, and any weaknesses identified will be discussed, and thereafter a plan will be formulated to address the gap.

The BNRC, upon analysing the result of the annual Board Performance Evaluation, is satisfied that the size of the Board is sufficiently appropriate and that there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board. The BNRC is also satisfied that all the Board members are suitably qualified to maintain their positions as Directors of the Board and members of the Committees in view of their respective academic and professional qualifications, experience and qualities.

Re-election of Directors

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

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

At the Fifteenth Annual General Meeting, Datuk Seri Yam Kong Choy, Datuk Zalekha binti Hassan and Rosli bin Abdullah will stand for re-election in accordance with Article 129, whilst Datuk Seri Long See Wool and Mohd Izani bin Ghani shall retire in accordance with Article 131 of the Company's Articles of Association and being eligible, have offered themselves for re-election.

The Board has determined that the performance of the above directors who are subject to re-election, have continued to exemplify and demonstrate the highest commitment towards strengthening the effectiveness of the governance framework. Hence, the Board unanimously recommend that the shareholders vote in favour of the re-election of the above directors at the Company's Fifteenth Annual General Meeting.

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

Promoting Sustainability

The Board believes sustainability is integral to the long-term success of the MAHB Group. MAHB manages its business responsibly by managing the economic, social and environmental aspects of its operations. The Company produces an annual sustainability report to communicate its sustainability endeavours to stakeholders. Together with the annual report, which highlights the financial aspects of the business, both reports provide a clear, comprehensive and transparent representation of the Company's performance annually.

Further information on the MAHB Group's sustainability activities can be found in MAHB's *Sustainability Report 2013*, a separate report published in conjunction with this Annual Report. The sustainability report is also available to the public on the Company's official website.

DIRECTORS' REMUNERATION

The BNRC is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Directors, Managing Director, and to deliberate the remuneration package for the Senior Management of the Group. The component parts of the remuneration are structured as such, so as to link rewards to corporate and individual performance, in line with the "Enhancing Business and Performance Management" Programme developed by the Group with the assistance and in consultation with the external consultants.

The Managing Director's remuneration comprises basic salary and other customary benefits which are competitive that reflect his performance for the year, whilst the non-executive directors' remuneration package, comprises monthly fees and emoluments as well as benefits-in-kind, which reflect the individual's roles and responsibilities. The calibre of the non-executive directors serving the Company is essential in upholding the standards of Corporate Governance. The Board remuneration structure is reviewed by benchmarking the Chairman and the directors' remuneration against peer companies, locally and regionally. The Board hopes the alignment of the remuneration package offered to the non-executive directors of the Company will continue to attract and retain directors of such calibre to provide the necessary skills and experiences required for the effective management and operations of the Group.

The Chairman and Non-Executive Directors received the following fees in respect of the financial year 2013:-

	Fee	Chairman	Non-Executive Director
1.	Directors' Fee	RM10,000/month *(from January to March 2013)* RM15,000/month *(from April to December 2013)*	RM3,000/month *(from January to March 2013)* RM9,000/month *(from April to December 2013)*
2.	Meeting Allowance		
2.1	– *Board Meeting*	RM5,000/meeting	RM3,000/meeting
2.2	– *Board Committee Meeting*	RM4,000/meeting	RM2,000/meeting
2.3	– *Subsidiary Meeting*	RM1,500/meeting	RM1,000/meeting

The details of the total remuneration of directors for the financial year 2013 are as summarised below:-

Category	Salary, Bonus and Other Emoluments (RM)	Directors' Fees (RM)	Directors' Other Emoluments^ (RM)	Benefits-in-Kind^^ (RM)	Total (RM)
Non-Executive Directors					
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah	–	165,000	325,840	24,038	514,878
Datuk Seri Long See Wool	–	90,000	66,000	12,799	168,799
Chua Kok Ching *(Alternate Director to Datuk Seri Long See Wool)*	–	–	47,000	–	47,000
Mohd Izani bin Ghani	–	**90,000	**86,000	12,799	188,799
Eshah binti Meor Suleiman	–	90,000	89,000	10,000	189,000
Norazura binti Tadzim *(Alternate Director to Eshah binti Meor Suleiman)*	–	–	29,000	–	29,000
Dato' Syed Faisal Albar bin Syed A.R Albar	–	93,000	80,000	15,067	188,067
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	–	93,000	66,000	12,199	171,199
Datuk Siti Maslamah binti Osman	–	90,000	111,000	12,150	213,150
Datuk Alias bin Haji Ahmad	–	90,000	139,500	10,000	239,500
Jeremy bin Nasrulhaq	–	90,000	130,000	12,799	232,799
Datuk Seri Yam Kong Choy	–	9,000	–	–	9,000
Total	–	900,000	1,169,340	121,851	2,191,191
Executive Director*					
Tan Sri Bashir Ahmad bin Abdul Majid	847,023	–	–	19,579	1,866,602
Total	847,023	–	–	19,579	1,866,602
Grand Total	**847,023**	**900,000**	**1,169,340**	**141,430**	**4,057,793**

* *Being the Managing Director.*
** *The amount of fee paid to Khazanah Nasional Berhad, the immediate holding company, in respect of services rendered to the Company by Mohd Izani bin Ghani.*
^ *Directors' Other Emoluments comprise of meeting allowance, car allowance and entertainment allowance.*
^^ *Benefits-in-kind comprise of car, petrol, driver, telecommunication devices, club membership, tablet PC and Directors' gift.*

The number of directors of the Company whose total remuneration falls within the specified bands during the financial year 2013 is tabulated, as follows:-

	Number of Directors			Number of Directors	
	2013	2012		2013	2012
Executive Director:			*Non-Executive Director:*		
RM1,400,001 – RM1,450,000	–	–	Less than RM50,000	3	2
RM1,450,001 – RM1,500,000	–	1	RM50,001 – RM100,000	–	8
RM1,500,001 – RM1,550,000	–	–	RM100,001 – RM150,000	–	–
RM1,550,001 – RM1,600,000	–	–	RM150,001 – RM200,000	5	–
RM1,600,001 – RM1,650,000	–	–	RM200,001 – RM250,000	3	–
RM1,650,001 – RM1,700,000	–	–	RM250,001 – RM300,000	–	–
RM1,700,001 – RM1,750,000	–	–	RM300,001 – RM350,000	–	1
RM1,750,001 – RM1,800,000	–	–	RM350,001 – RM400,000	–	–
RM1,800,001 – RM1,850,000	–	–	RM400,001 – RM450,000	–	–
RM1,850,001 – RM1,900,000	1	–	RM450,001 – RM500,000	–	–
RM1,900,001 – RM1,950,000	–	–	RM500,001 – RM550,000	1	–
RM1,950,001 – RM2,000,000	–	–			

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 ("TOR"), to assist the Board in discharging its responsibilities:-

Board Committee	Key Functions	Composition
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.	The BAC 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.
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 review matters relating to employees of MAHB Group, limiting to Collective Agreement for Non-Executives, Terms and Conditions of Executives and staff bonus and annual increment. Determine criteria for Board/Board Committees' membership, structure, responsibilities and effectiveness, and to formulate/review policies and procedures on human resource matters with regard to recruitment, appointment, promotion and transfer of senior management.	The BNRC shall have at least three (3) members, all of whom shall be non-executive directors with the majority being independent directors. The Senior Independent Director shall be the Chairman of BNRC in compliance with the Recommendation in the Code.

Board Committee	Key Functions	Composition
Board Finance and Investment Committee ("BF&IC")	Review and monitor the financial performance of the Group, including the budgets, and monitor investment policy and portfolio of the Group.	The BF&IC 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.
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.	The BRMC comprises at least four (4) members, made up of independent non-executive directors and non-independent non-executive directors.
Board Procurement Committee ("BPC")	Approve procurement value above RM5 million up to RM200 million, review and approve procurement policies and procedures, oversee and monitor the overall implementation of the Red Book, ensuring efficiency and effectiveness of procurement process, and support of national development objectives.	The BPC comprises at least three (3) members, made up of both independent non-executive directors and non-independent non-executive directors.

The details of the TOR of each Board Committee are available at *www.malaysiaairports.com.my*. The summary of the TOR and activities carried out by the BAC are set out under the Board Audit Committee Report from pages 186 to 188 of this Annual Report.

Each Board Committee review its TOR at least once in every two (2) years to assess its relevancy and clarity, whilst BAC will review its TOR on annual basis.

The Chairman and members of each Board Committee shall be appointed by the Board. As a matter of good practice, the Chairmen of the various Board Committees will report the outcome of the Board Committee meetings to the Board, and such reports and also the minutes of Committee meetings would be noted in the minutes of the Board meetings.

The Special Board Procurement Committee ("SBPC") was formed to expedite the deliberation of all procurement matters pertaining to the construction of klia2 project. The minutes of SBPC meetings would also be noted in the minutes of the Board meetings.

BNRC

The BNRC carried its duties and responsibilities in accordance with its TOR. During the year, the main activities undertaken by the BNRC were, amongst others, as follows:-

- Reviewed the Corporate Scorecard achievement and the performance of the Senior Management;
- Reviewed and endorsed the Board Assessment Template for selection and appointment of new/future Directors;
- Reviewed the Terms of Reference of BNRC;
- Reviewed the findings of Board Performance Evaluation and determined Board initiatives;
- Reviewed the terms and conditions of service of the Managing Director;
- Reviewed the succession planning for the Managing Director position;
- Reviewed and evaluated the appointment of new Directors on the Board;
- Reviewed and evaluated the curriculum vitae of potential candidates for future appointment as directors;
- Reviewed Director's meeting allowances;

- Reviewed the composition of the Board and Board Committees;
- Reviewed the independence of independent directors and their tenure;
- Reviewed talent assessment for employees and salary structure of Senior Management;
- Reviewed the renewal of the employment contract of Senior Management;
- Reviewed the appointment of new General Managers;
- Reviewed the succession plan for Senior Management;
- Reviewed the appointment of Senior Management on the boards of subsidiaries and associate companies;
- Reviewed the Collective Agreement for Non-Executives, Terms and Conditions of employment of Executives;
- Reviewed the compensation structure and practices for Non-Executives and Executives;
- Reviewed of the minimum compulsory retirement age of 60 years for employees;
- Reviewed the Minimum Retirement Age Act 2012; and
- Reviewed Directors' Training.

The composition of the Board Committees and the attendance of members at Board Committee meetings held during the financial year 2013 are detailed below:-

Composition of the Board Committees

Director	BAC	BNRC	BF&IC	BRMC	BPC	SBPC
Non-Independent Non-Executive						
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah			C	C	C	C
Datuk Seri Long See Wool				M	M	M
Mohd Izani bin Ghani [1]	M	M	M			
Eshah binti Meor Suleiman		M			M	M
Dato' Syed Faisal Albar bin Syed A.R Albar [2]	M			M		
Independent Non-Executive						
Datuk Siti Maslamah binti Osman [3]	C	M	M			
Datuk Alias bin Haji Ahmad [4]	M	M		M	M	M
Jeremy bin Nasrulhaq [5]	M	C	M			
Datuk Seri Yam Kong Choy [6]	M		M	M		
Datuk Zalekha binti Hassan [7]		M			M	M
Rosli bin Abdullah [8]	C	M		M		

Notes:- C: Chairman, M: Member

Attendance at the Board Committee Meetings

Director	BAC	BNRC	BF&IC	BRMC	BPC	SBPC
Non-Independent Non-Executive						
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah			5/5	4/4	8/8	10/10
Datuk Seri Long See Wool				1/4	2/8	3/10
Chua Kok Ching *(Alternate Director to Datuk Seri Long See Wool)*				3/4	6/8	7/10
Mohd Izani bin Ghani [1]	–	7/8	5/5			
Eshah binti Meor Suleiman		8/8			6/8	3/10
Norazura binti Tadzim *(Alternate Director to Eshah binti Meor Suleiman)*					2/8	6/10
Dato' Syed Faisal Albar bin Syed A.R Albar [2]	6/7			3/4		
Independent Non-Executive						
Datuk Siti Maslamah binti Osman [3]	7/7	7/8	5/5			
Datuk Alias bin Haji Ahmad [4]	4/7	8/8		4/4	8/8	10/10
Jeremy bin Nasrulhaq [5]	7/7	8/8	5/5			
Datuk Seri Yam Kong Choy [6]	–		–	–		

Notes:-

1. *Appointed as a member of the Board Audit Committee with effect from 22 January 2014*
2. *Ceased as a member of the Board Audit Committee and Board Risk Management Committee with effect from 31 December 2013*
3. *Ceased as Chairman of the Board Audit Committee and member of the Board Nomination & Remuneration Committee and Board Finance & Investment Committee with effect from 31 December 2013*
4. *Ceased as Chairman of the Board Nomination & Remuneration Committee with effect from 22 March 2013 and member of the Board Nomination & Remuneration Committee, Board Audit Committee, Board Risk Management Committee and Board Procurement Committee with effect from 31 December 2013*
5. *Appointed as Chairman of the Board Nomination & Remuneration Committee with effect from 22 March 2013*
6. *Appointed as a member of the Board Finance & Investment Committee, Board Audit Committee and Board Risk Management Committee with effect from 1 December 2013, 1 January 2014 and 22 January 2014, respectively*
7. *Appointed as a member of the Board Procurement Committee and Board Nomination & Remuneration Committee with effect from 1 January 2014 and 22 January 2014, respectively*
8. *Appointed as Chairman of the Board Audit Committee with effect from 1 January 2014 and appointed as a member of the Board Nomination & Remuneration Committee and Board Risk Management Committee with effect from 22 January 2014*

SHAREHOLDERS

Relations with Major Shareholders and Stakeholders

The Stakeholder Management Committee, led by the Managing Director and the Chief Financial Officer of the Company and including, where appropriate, other members of senior management, will regularly hold meetings with the Company's major shareholders, namely Khazanah Nasional Berhad and its major stakeholders (which involve, the Ministry of Finance, Ministry of Transport, and Airlines, amongst others) to discuss the company's strategy, financial performance and specific major investment activities.

Relations with Institutional Shareholders

The investor relations team is responsible for managing the day-to-day communications with institutional shareholders through briefings to fund managers, institutional investors and investment analysts, normally held after the release of the Group's quarterly results to Bursa Malaysia. Press conferences are also held to brief the members of the media, and to highlight any significant events undertaken by the Group. All non-executive directors have always been invited to the briefings, should they wish to.

Relations with Private Shareholders

Each year, shareholders will receive the annual report of the Company. The shareholders can also access up-to-date information on the Group's latest activities such as financial performance, group background and future events throughout the year on the Company's official website at *www.malaysiaairports.com.my*, which has since been revamped with a new outlook to satisfy the discerning taste of our shareholders.

The Board acknowledges the importance of shareholders to be informed in prompt and timely manner of all material business matters affecting the Company. All announcements of quarterly financial results, change in the composition of the Board, etc are disclosed to Bursa Malaysia within statutory timelines, with clear, accurate and sufficient information to enable shareholders and investors to make informed decisions. Likewise, all formal queries by Bursa Malaysia and other regulatory authorities are expeditiously responded to.

Related Party Transactions

The Group has established appropriate procedures to ensure it complies with Bursa Malaysia Listing Requirements with regard to related party transactions.

The Group did not seek any mandate of its shareholders pertaining to related party transactions during the financial year under review.

Investor Relations

MAHB recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. Our Investor Relations Policy aims to build long-term relationships with our shareholders and potential investors through appropriate channels for the management and disclosure of information. We provide these investors with sufficient business, operations and financial information on the Group enabling them to make informed investment decisions.

MAHB holds analyst presentations in each quarter in 2013 in conjunction with the Group's quarterly financial results. The briefings include the corporate overview, review of business operations and financial performance, headline key performance indicators achievements and the business outlook for the Group.

In addition, MAHB organises regular one-on-one meetings with investment analysts and fund managers throughout the year. The analysts and fund managers briefings will continue to be held regularly in 2014.

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

Dividend Policy

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

Annual General Meeting

The Annual General Meeting ("AGM") will take place at the Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, and formal notification is sent to the shareholders at least 21 days in advance.

The Board believes that the AGM is an important forum to engage with shareholders, which allows the shareholders to gain direct access to the Board as well as the Company's External Auditors, to channel their queries, grievances or even opinion on how to further enhance the Company's performance.

A brief presentation on the financial performance of the Company and the activities of the Group throughout the year will normally be presented to the shareholders during the AGM to allow the shareholders to better understand the Company's performance and the Group's latest activities. The Board therefore, encourages shareholders to attend and participate in the AGM.

The Board will regularly maintain a good dialogue with shareholders by proactively organising meetings, presentations and events, so as to better understand the views of the shareholders on a range of issues from strategy to corporate governance.

The Board also encourages poll voting particularly on substantive resolutions. As a practice by the Company, during the proceedings of AGM, the Chairman shall inform the shareholders of their right to demand for a poll voting at the commencement of the AGM and other general meetings.

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 109 of this Annual Report.

Contact Details

Tel: 603-8777 7004
Fax: 603-8777 7776
E-mail: *faizalmansor@malaysiaairports.com.my*

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly financial results announcement to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Board Audit Committee assists the Board by reviewing the information to be disclosed to ensure completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation of the Financial Reporting Standards ("FRS") approved by the Malaysian Accounting Standards Board, and has adopted the relevant FRSs applicable for the Group's financial year 2013.

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 213 to 239 of this Annual Report.

Statement of Risk Management & Internal Control

The Statement of Risk Management & Internal Control as set out from pages 178 to 185 of this Annual Report provides an overview of the system/process of risk management and internal controls within the Group.

Relationship with External Auditors

The Audit Committee and the Board place great emphasis on the objectivity and independence of the Group's external auditors, Ernst & Young, in providing the relevant reports to shareholders. In order to ensure full disclosure of matters, Ernst & Young are regularly invited to attend the Committee's meetings as well as the Annual General Meeting. The Board Audit Committee also has discussions with the external auditors and internal auditors at least twice in a year, without the presence of the Managing Director and Management, to discuss the adequacy of controls and any judgemental areas.

In order to ensure that the external auditors' independence and objectivity are not compromised by the provision of non-audit services, the Board Audit Committee's practice is to exclude them from providing services on 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 state of 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 197 of this Annual Report.

This Statement on Corporate Governance is made available on the Company's official website at *www.malaysiaairports.com.my* under the section "*Investor Relations – Investor Briefings*".

The Statement was duly reviewed and approved by the Board of Directors of MAHB on 13 February 2014.

On behalf of the Board

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

Chairman

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 2013.

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 2013.

3. Status of Utilisation of Proceeds raised from Corporate Proposal

The status of utilisation of proceeds raised from the Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme with a combined aggregate limit of up to RM2.5 billion as at 24 January 2014 is as follows:-

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation	
				Amount (RM'000)	%
To part finance the construction of klia2 and/or to refinance MAHB's borrowings/ financings which were utilised for Shariah-compliant purposes and/or for MAHB's Shariah-compliant general corporate purposes	500,000	500,000	–	–	–

4. Material Contracts

There were no material contracts nor any contracts entered into by the Company and/or its subsidiaries involving interests of directors and/or major shareholders either subsisting as at 31 December 2013 or entered into since the end of the previous financial year ended 31 December 2012.

5. Non-Audit Fees

The amount of non-audit fees paid to the External Auditors, apart from the audit fees, during the financial year ended 31 December 2013, is a follows:-

External Auditors	Report	Total Paid (RM)
Ernst & Young	Professional services and advisory work for Project	458,145
Total		458,145

6. Profit Guarantee

There was no profit guarantee given by the Company during the financial year 2013.

7. Share Buy-Back

There was no share buy-back exercised by the Company during the financial year 2013.

8. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

A Sponsored Level 1 ADR Programme, has been declared effective by the US Securities Exchange Commission on 4 November 2013 and opened to accept deposits of MAHB shares on 19 November 2013.

Deutsche Bank Trust Company Americas has been appointed as the depository bank for the ADR Programme with Deutsche Bank (Malaysia) Berhad as the sole custodian of MAHB's shares in Malaysia for the ADR Programme.

The total number of shares that can be held through the ADR Programme shall not exceed five percent (5%) of the total issued and paid-up capital of MAHB at any point in time. As at 31 December 2013, there has been no ADRs sold under the ADR Programme.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code of Corporate Governance (the Code) requires the Board of Directors (Board) to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. Pursuant to Para 15.26(b) of Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements and Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies, the Board is pleased to present the Statement on Risk Management and Internal Control (the Statement) which outlines the governance policies, key elements, nature and scope of risk management and internal control of the Group during the financial year under review.

RESPONSIBILITY AND ACCOUNTABILITY

The Board is ultimately responsible for the Group's system of risk management and internal control which includes the establishment of an appropriate control environment and review of its adequacy and integrity on a regular basis to ensure its effectiveness. The Board and Management are responsible and accountable for maintaining a sound system of risk management and internal control encompassing governance, risk management, financial, organisational, market, reputational, operational and compliance controls. The Board is committed to safeguard shareholders' investment, Group's assets and other stakeholders' interests.

The guidelines on the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers further emphasises the need for maintaining a sound system of risk management and internal control. The revised guidelines require the Chief Executive Officer (CEO) or the Managing Director (MD) and Chief Financial Officer (CFO) to provide assurance to the board stating whether the company's risk management and internal control system is operating adequately and effectively.

PURPOSE OF RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

In accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers, the Board confirms that there is an ongoing process for identifying, evaluating and managing risks faced by the Group.

This process has been in place for the year under review and up to the date of issuance of the annual report and financial statements. However, in view of the limitations in any system of risk management and internal control, the Board acknowledges that this system is designed to manage rather than eliminate the risks completely. As such, risk management and internal controls can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The system of risk management and internal control is based on an ongoing process designed to identify the principal risks impeding the achievement of the organisation's goals and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process is regularly reviewed by the Board, taking into account changes in the regulatory and business environment to ensure the adequacy and integrity of the system of risk management and internal controls.

RISK MANAGEMENT

The Board is ultimately responsible for the management of risks. The Board, through the Board Risk Management Committee (BRMC), maintains overall responsibility for risk oversight and has established and approved the Risk Management Policy Statement governing our approach to risk management. The Enterprise Risk Management (ERM) roadmap for Malaysia Airports was initiated in 2006 with the endorsement of the ERM framework by the BRMC. In 2009, the ISO 31000 Risk Management framework was adopted which reiterated the importance of the risk assessment process – identifying, analysing and evaluating the whole spectrum of risks encompassing but not limited to operational, strategic, financial, market and reputational risks.

To facilitate the risk management process, Malaysia Airports uses a web based risk management information system known as Malaysia Airports risk scorecard (MArs). The objectives of MArs are to capture risk information i.e. their causes and consequences, the current controls in place, its effectiveness as well as further actions to mitigate these risks. It also identifies the risk and control owners for each risk. MArs has been further customised for easier adaptability and upgraded to meet other standards such as Environmental and Sustainability. It is also being currently used as a base for DCA's audits on Airside Safety Management System (SMS).

The respective risk owners needed to provide assurance at least twice a year that the risks have been reviewed, updated and action plans are implemented within the agreed timeline to mitigate risks to an acceptable level. This is done via a signing-off process in June and December yearly. Starting in July 2013, the frequency of the assurance has been increased to four times a year i.e. sign-off at the end of every quarter following the Board's directive.

We truly believe that Risk Management is everyone's responsibility and as such, good risk management practice needs to be embedded into and across the organisation. The Risk Management Policy Statement is signed by the Chairman and disseminated to all airports and divisions. Management also reviews the Corporate Risk Profile with the results being communicated to the Board via the Board Risk Management Committee.

The Standard Operating Procedures (SOP) and Policy on Project Risk Assessment was endorsed and communicated in 2012. The Project Risk Registers are reviewed and updated on a more regular basis due to the dynamic nature of projects with participation from relevant internal and external stakeholders. Risk Assessments are also being used as part of Value Management Process and Risk Scorecards are now being introduced as supporting documentation for the Budget Process.

Malaysia Airports' Enterprise Risk Management (ERM) Framework is also complemented by the Business Continuity Management (BCM) Framework which aims to ensure continuity of mission critical activities/processes within the approved Recovery Time Objective following a crisis or disaster. All five international airports have developed their BCM Plans and 2013 sees the start of roll-out of BCM initiative to domestic airports with Kuala Terengganu Airport being the first of the domestic airports.

However, we do realise that corporate resiliency is not dependent solely on the plans but it needs the people to drive and implement the plans when the need arises. Hence much effort and attention is placed on training and awareness programmes. Apart from the mandatory drills and tabletop exercises required to meet the various standards and guidelines, numerous training programmes/workshops and desktop exercises are constantly carried out to further enhance understanding and to obtain the various stakeholders' buy-ins.

In our effort to ensure that sound risk management culture is embedded across the organisation, the Risk Management Awards is continued as a platform to recognise individuals, line management and airports which have shown good risk management practices.

2013 also saw the introduction of awareness sessions on Fraud Risk Management which is in line with Risk Management Division's 3-year workplan.

Malaysia Airports' commitment and passion in the implementation of Enterprise Risk Management (ERM) and Business Continuity Management (BCM) throughout the organisation have now begun to reap its rewards and obtained international recognition and accolades.

Under our ERM initiatives Malaysia Airports has been shortlisted for "Risk Management Solution of the year" by the Institute of Risk Management (IRM), U.K for their Global Risk Awards 2014.

This is for our fully web enabled risk management solution known as Malaysia Airports risk scorecard (MArs). MArs is used to automate the development and management of Risk Registers throughout the organisation including but not limited to Divisions, Airports and Projects. It is used to identify and analyse hazards and risk including tracking and monitoring of the mitigating actions.

Under our BCM initiatives, we have been shortlisted as finalist for two categories for Awards of Excellence by Disaster Recovery Institute International, the oldest and largest global education and certification organisation specialising in Business Continuity Management. The categories are:

1. Programme Leader of the Year (Public Sector which includes Government-Link-Organisations)
2. Best Certified Business Continuity Professional (CBCP)

Malaysia Airports won the Best Certified Business Continuity Professional (CBCP) award for significant BCM related achievements as well as for positive contributions to the community and industry since 2010.

REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The Board's evaluation of the effectiveness of internal controls in the Group is based on criteria developed under the COSO (Committee of the Sponsoring Organisations of the Treadway Commission) Internal Control – Integrated Framework; a generally accepted framework for internal control widely recognised as the standard against which the Group measures the effectiveness of its system of internal control. The internal control system is intertwined with the Group's operating activities and exists for fundamental business reasons.

The Board's review of internal control effectiveness is based on information from:

- Key management within the organisation with the responsibility for the development and maintenance of the risk management and internal control framework;
- The work of the Internal Auditors, who submit regular reports to the Board Audit Committee which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of risk management and internal control together with recommendations for improvement;
- Comments made by the External Auditors in their Management Letter and other reports.
- Under the COSO Internal Control – Integrated Framework, internal control assessment is segregated into five interrelated components as follows:

A. CONTROL ENVIRONMENT

Control environment is the organisational structure and culture created by Management and employees to sustain organisational support for effective internal control. It is the foundation for all other components of internal control, providing discipline and structure. Management's commitment to establishing and maintaining effective internal control is cascaded down and permeates the Group control environment, aiding in the successful implementation of internal controls. Key activities include:

i. Board and Audit Committee

- The various Board Committees, namely the Board Audit Committee, the Board Nomination and Remuneration Committee, Board Procurement Committee, Board Finance and Investment Committee, Board Risk Management Committee, are all governed by clearly defined terms of references.
- The Board Audit Committee, comprising only Non-Executive Directors and a majority of independent Directors, has wide ranging in-depth experience, knowledge and expertise. Its members continue to meet and have full and unimpeded access to both the Internal and External Auditors during the financial year.
- Special Board Procurement Committee, the extension of the Board Procurement Committee is established for the approval and oversight of klia2 project.

ii. Strategic Theme and Objectives

- In charting the Group's business direction, MAHB has developed a 5-year business plan entitled "Malaysia Airports Runway to Success (2010-2014)" where three key strategic thrusts were identified to support the achievement of the Group's objectives, which are as follows:-
  - Traffic Growth, where the 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, where the objective is to maintain top quality service levels, benchmarked against the best airports worldwide.
  - Commercial Development, where the objective is to achieve Group EBITDA and ROE in excess of RM1 billion and 10% respectively by 2014, with commercial development as the main driver.
- The Executive Committee (ExCo) provides clear direction and guidance for the implementation of these key strategies and action plans, and is assisted by the Corporate Planning Division in monitoring and aligning the overall delivery of the action plans/ initiatives towards meeting the business objectives and strategies through its regular conduct of Strategy Alignment Workshops.

iii. Organisation Structure

- The current organisational structure for the Group incorporates the company's 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 is also benchmarked against other international airport operators so that the company would remain competitive.

iv. Assurance Letter

- Annual disclosures are made by the head of subsidiaries and functions on the overall effectiveness, reliability and adequacy of their respective companies'/divisions' systems of risk management and internal controls via an assurance letter.

v. Brand Culture

- Internalisation of MAHB Group's brand essence of 'Friendly and Firm', 'Business Driven and Responsible', and 'Progressive and Practical' serves as a foundation of the Group's culture.
- Behavioural statements called Individual Commitment (IC) are defined to give all staff a clear understanding of the behaviour sets that support our brand essence or DNA.

vi. Code of Ethics

- The Group Code of Ethics is a standard of conduct applicable to all employees of MAHB in dealing with fellow employees and is extended to third parties such as 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 adhere to one standard Code.
- The Policies on Sexual Harassment, Disciplinary and Fraud have been established and awareness training programme has been conducted throughout the Group. The Declaration of Assets is performed every three years by all MAHB employees to keep track of any changes of individually or jointly owned asset value.

vii. Procurement Code of Ethics

- It outlines the principles and specific requirements related to the procurement process. It supports the Procurement 3Ps and complements the MAHB Code of Ethics, which provides guidelines on dealing with stakeholders.

viii. Competency-Based Development Framework

- Top-down target setting process, with targets cascading from the Managing Director based on a Corporate Scorecard approved by the Board, aligns strategic focus and direction. As part of the implementation of the system, Senior Management are placed on contract compensation scheme.

- KPIs have been implemented to assess and reward all staff of the Group. Competency based Human Resource processes, covering annual and semi-annual performance appraisals, career development, succession planning and structured training programmes, are implemented for all staff, to ensure staff are competent and adequately trained in carrying out their duties.

B. RISK ASSESSMENT

Risk assessment is the identification and analysis of risks which may impede the achievement of the Group's objectives, forming a basis for determining how risk is managed in terms of probability and severity. Key activities involved within this area are:

i. Enterprise Risk Management (ERM)

- The Risk Management Division is responsible for the overall coordination of the ERM Framework for Malaysia Airports. The Division works closely with the Risk Coordinators across the Group to ensure that the framework is embedded into business processes. Risk Registers are developed at all levels of the Group and appropriate Management Action Plans are in place to mitigate these risks. At Group level, a Corporate Risk Profile is established which outlines the significant risks faced by the Group covering strategic, operational and financial risks. The company has a structured Business Continuity Management framework for the Group.
- Group Internal Audit complements the role of the Risk Management Division by independently reviewing risk profiles, risk management strategies and the adequacy and effectiveness of the controls identified and implemented in response to the risks identified at every audit engagement.

C. CONTROL ACTIVITIES

Control activities are policies and procedures that help to ensure Management's directives are carried out. Relevant activities within MAHB Group include:

i. Assignment of Authority and Responsibility

- The Group Approval Limits of Authority ("GALOA") that has been deliberated and challenged by GALOA Committee and approved by the Board are applicable to the whole Group, covering areas of risk management, human resources, procurement & contract, commercial, investment & business ventures and finance/accounts. Revisions and additions are made to the GALOA when deemed necessary. This authority facilitates quality and timely decision-making.
- Clear accountability and responsibility for key business processes have been established through related SOPs.

ii. Policy and Procedures

- The accounting policies approved by the Board are adopted by the whole Group. The accounting policies are updated with the changes of the relevant accounting standards based on the standards issued by the Malaysian Accounting Standard Board ("MASB").
- Procurement Limits of Authority, also known as the 3Ps (Procurement Policy, Procedures and Guidelines) was established and enhanced regularly to safeguard the procurement processes of the Group.
- Value Management (VM) Manual was prepared for the purpose of clarifying MAHB policies on value management, outlines the VM Methodology framework.
- Continuous documentation and review of SOP was undertaken for all business units. All five international airports, fifteen domestic airports and key functions at subsidiary levels have been certified to MS ISO 9001:2008 Quality Management System. Moving towards a culture of total quality management system for the Group, related functions at Head Office, all airports and key functions at subsidiary levels have been certified to MS ISO 9001:2008 Quality Management System. With the inclusion of MS ISO 14001 Environmental Management System (EMS) and OHSAS 18001 Occupational, Health and Safety Management System (OHSAS), all five international airports, five domestic airports (Miri, Labuan, Bintulu, Alor Setar and Kuala Terengganu), UTW and IT Division have been fully certified under the Integrated Management System.
- All five international airports and eleven domestic airports have been awarded the Aerodrome Certification by the Department of Civil Aviation, as required under Airport Standards Directive 103 (ASD 103) of International Civil Aviation Organisation ("ICAO"). This certificate is a requirement to ensure safety, regulatory and efficiency of aerodromes.

iii. Safety Management System

- MAHB has adopted the Safety Management System (SMS) as a systematic and comprehensive approach to reduce threats to aviation safety and prevent similar incidents from occurring in other airports within the Group. Initiatives are led by the Aerodrome Safety Management System (ASMS) Office. All five international airports and eleven 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, led by Airport Fire and Rescue Services 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.

- The Runway Safety Team (RST) is a key element to an aerodrome runway safety programme. It ensures that a strong focus is maintained on runway safety. Runway Safety Team is a multidisciplinary approach that requires collaboration among DCA Air Traffic Controllers, Pilots of Airlines and Aerodrome Operators. The establishment of the RST is intended to facilitate effective local implementation of the recommendations contained in the ICAO action plans for the prevention of Runway Incursions and Runway Excursions and proactive management on related runway safety issues. Aerodrome Safety Management System (ASMS) Office shall provide guidance and knowledge of runway safety management concepts and ICAO Standards. The ASMS Office monitors and guide the establishment of RST for all SMS certified airports. For International Airports, KLIA has established the RST in 2012 while Kota Kinabalu, Penang, Kuching and Langkawi's RST was established in 2013. For Domestic Airports, RSTs for Ipoh, Miri, Terengganu, Tawau and Kota Bharu was established in 2013. These will be monitored by the National Runway Safety Team chaired by the Department of Civil Aviation's Airport Standards Division.

iv. Continuous Improvement Initiatives

- The continuous Improvement Initiatives are on-going exercise to drive Malaysia Airports in achieving greater performance in its targets and future aspirations while building future sustainability. The deliverables of the initiatives, among others, include higher cost savings and revenue enhancement, realigning towards MAHB's strategic plans while integrating and synergising people, processes, systems and structure in the company. It also focuses on delivering shareholders' financial expectations. Among the initiatives are:

  – Business Process Improvement (i.e to streamline the group internal control, amongst others, are the integration of commercial business processes and systems)
  – Cross-Functional Transformation (i.e. Human Resources, Operations, IT and Commercial)
  – Lean Management
  – World-Class Maintenance (Engineering and Airport Fire & Rescue Services (AFRS)

v. Whistleblowing Programme

- The company has a Whistleblowing Programme (Internal Audit is the Secretariat) with the objective of providing the staff with a mechanism to raise their concerns responsibly, regarding malpractices and irregularities affecting the company whilst keeping the identity of the whistleblower confidential. The program is expected to improve the overall organisational effectiveness, while upholding Malaysia Airports' integrity in the eyes of the public and as an entity serving the national interests.
- As an oversight of the Whistleblowing Programme, an independent member of the BAC shall be the Chairman of the Whistleblowing Independent Committee and shall report to the BAC.

vi. MAHB Information Security

- IT Division (formerly known as MA Technologies Sdn Bhd) was the second company in Malaysia to be certified ISO/IEC 27001:2005 (Information Security Management System) since 2005. The biggest highlight was the achievement obtained in 2010 when MA Technologies was awarded the Information Security Organisation of The Year at Malaysia Cyber Security Awards.
- This was followed by Procurement & Contract Division in 2012, the first non-IT related division in MAHB, to acquire the certification and thereafter, Langkawi International Airport in 2013 which became the first airport in Malaysia to be ISMS certified. The ISMS certification process is also being carried out for MAHB's Human Resources Services Division, MA Sepang's Airport Operations Control Centre (AOCC), Security Operations Centre (SOC), Flight Operations Centre (FOC) and Engineering Control Centre (ECC), Penang International Airport and also Malaysia Airports Consulting Services Sdn Bhd (MACS), a Subsidiary of Malaysia Airports Holdings Berhad.

vii. Insurance and Physical Safeguards

- Adequate insurance and physical safeguards on major assets are in place to ensure that Group assets are sufficiently covered against any mishap that could result in material loss.
- Malaysia Airports (Properties) Sdn Bhd is the governing body that ensures the safeguarding of assets for the Group.

D. INFORMATION AND COMMUNICATION

Information and Communication support all other control components by communicating control responsibilities to employees and by providing information in a form and time frame that allows people to carry out their responsibilities. Relevant key activities within the Group include:

i. Communication Policy

- MAHB Group is committed to open and effective communication as an essential component of its culture in order to motivate the workforce to deliver high quality service and exceptional value to customers and other stakeholders as well as to anticipate their feedback. Among the communication tools established are MAHB portal and K-Office (employees), Convergence magazine, Airlink portion in KLlifestye magazine, Facebook, Twitter, YouTube, Mobile Apps, KLIATV, Websites and Annual Reports (stakeholders, shareholders and general public).
- Its purpose is to ensure that communication across the Group and beyond is well coordinated, effectively and strategically managed and meets the diverse needs of the organisation.
- A Corporate Communication Policy is in place to guide the overall communication practices within the organisation as well as with external parties and media.
- Crisis Communication policy is specifically detailed down as part of Airport Emergency Plan (AEP) requirement, which is also included and referenced in the company's Corporate Communication Policy. It is enhanced and updated when required to ensure all information are correct and able to address any issues and stakeholders involved. The Plan has been audited and endorsed by external party to ensure that it meets the regulatory requirement and DCA.

E. MONITORING

Monitoring the effectiveness of internal controls is embedded in the normal course of the business. Periodic assessments are being integrated as part of Management's continuous monitoring of internal controls. Systematic processes available to address deficiencies include:

i. Management Committees

- Two Top Level Committees have been established, namely Executive Committee (ExCo) and Management Committee (MC), each with clear demarcation of roles in managing the Group's strategic and operational matters more effectively.
- The ExCo comprising of the Managing Director, Chief Operating Officer, Chief Financial Officer, Senior General Manager Commercial, Senior General Manager Planning, Senior General Manager Operations and Senior General Manager Human Resource shall deliberate and decide on all matters pertaining to the running and managing of the company and its group of companies, including but not limited to policy, strategy and operational issues.
- The MC, comprising of the Managing Director, Chief Operating Officer, Chief Financial Officer, Senior General Managers and General Managers, is the forum for discussing/deliberating/coordinating the operational issues affecting the company.
- At Group level, the Internal Audit Management Committee (IAMC) is established to review all audit findings before being tabled at the Board Audit Committee. The IAMC is chaired by the Managing Director or his designated representative and it is also attended by the heads of the respective audit areas. The current status of the audit findings and any new decisions are agreed at this meeting.
- A new Committee was also established in 2013 namely the Corporate Risk Management Committee (CRMC) in response to Bursa Malaysia's Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The CRMC is chaired by the Managing Director with the Chief Operating Officer being the deputy chairman. It is attended by Chief Financial Officer, SGM Operations, SGM Planning, GM MASB, GM Engineering, GM Finance, GM Corporate Planning, GM AVSEC, GM AFRS, GM ITD, GM Procurement & Contract, GM Planning & Development, SM Commercial Services, SM Risk Management and GM Internal Audit as an Invitee. The function of the CRMC is to assist the Board Risk Management Committee in fulfilling its fiduciary responsibilities relating to the Company's risk management practice. The CRMC also assist in providing assurance to the board that the company's risk management and internal control system is operating adequately and effectively.
- 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
  - Value Management related Committees (Approval, Procurement Activities and System & Procedure)
  - SMS-Safety Action Group Committee
  - ASQ Working Group Committee

ii. Group Internal Audit

- The Internal Audit Division carried out ongoing reviews of the internal control system of the Group. It also assists to promote effective risk management at the lines of business. The audits conducted were in the areas of finance/accounts, operations, management, projects, information systems and investigation in accordance with the approved Risk Based Audit Plan. The Internal Audit Division also undertook special reviews as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme. Periodic follow-up reviews are conducted to monitor the status of internal control issues raised. The Internal Audit Division continued review of Self Audits i.e. Internal Control Questionnaire (ICQ) at airports and Control-Self Assessment (CSA) at HQ function. Both the ICQ and CSA provide Management with an easy to use and effective tool to review and improve the control system.
- Based on the External Quality Assessment conducted by the Institute of Internal Auditors Malaysia in 2013, the Internal Audit Division achieved overall Conformance to the International Standards for the Professional Practice of Internal Auditing. The Internal Audit's practices and conduct are governed by its Internal Audit Charter. The Internal Audit Division reports directly to the Board Audit Committee. The Key Performance Indicators (KPIs) of the Head of the Internal Audit Division are approved by the Board Audit Committee.
- Due to the magnitude of the klia2 construction, Board Audit Committee had tasked the Internal Audit Division to carry out ongoing reviews of the internal control system involved. A dedicated Internal Audit Manager functionally reports to the Internal Audit Division and administratively to the General Manager of klia2 project. A quarterly report is tabled to the Board Audit Committee on the status review of klia2 project.

iii. Other Internal Assurance Providers (IAP)

- Besides the Internal Audit Division, there are eleven (11) other IAP functions established under various divisions such as Airport Fire & Rescue Services (AFRS), Aviation Security (AVSEC), Corporate Quality Management (CQM) Division, Malaysia Airports Consultancy Services (MACS), Engineering Division, IT Division (IT Quality Assurance), Operations MASB, Planning & Development Division (Airport Standard Unit), Risk Management Division, Aerodrome Safety Management System (ASMS) and Safety, Health & Environment (SHE), Human Resources.

ASSURANCE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

The Managing Director and Chief Financial Officer assure that with regard to risk management and internal compliance and control systems of the Company for the year ended 31 December 2013:-

i. The statements made with respect to the integrity of financial statements and notes thereto is founded on a sound system of risk management and internal compliance and control systems which, in all material respects, implement the policies adopted by the Board of Directors.

ii. The risk management and internal compliance and control systems to the extent they relate to financial reporting are operating effectively and efficiently in all material respects.

The Managing Director and the Chief Financial Officer further attest that nothing has come to their attention for the period under review that would indicate any material change to the statements in (i) and (ii) above.

CONCLUSION BY THE BOARD OF DIRECTORS

The Board considers the system of risk management and internal controls described in this statement to be adequate and the risks to be at an acceptable level within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the risk management and internal controls framework. For the financial year under review, the Board is satisfied that the system of risk management and internal controls is adequate and has not resulted in any material loss, contingency or uncertainty. MAHB's risk management and internal control system does not apply to its associate companies, which fall within the control of their majority shareholders. Nonetheless, MAHB's interests are served through representation on the Board of Directors and Senior Management secondment to the associate companies as well as through the review of management accounts received. These provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of MAHB Group for the year ended 31 December 2013. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of the risk management and internal controls.

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

JEREMY BIN NASRULHAQ
Senior Independent Non-Executive Director

DATO' SYED FAISAL ALBAR BIN SYED A.R ALBAR
Non-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 2013, the BAC met seven (7) times including one (1) Special BAC meeting, with the following record of attendance:

Name of Director	Attendance
Datuk Siti Maslamah binti Osman	7/7
Datuk Alias bin Haji Ahmad	4/7
Jeremy bin Nasrulhaq	7/7
Dato' Syed Faisal Albar bin Syed A.R Albar	6/7

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

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

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

SUMMARY OF THE TERMS OF REFERENCE

Constitution: The authority and function of the BAC extends to MAHB and all its subsidiaries, joint ventures and associates within the Group.

Establishment of Objectives: Assist the Board of Directors in fulfilling its fiduciary responsibilities relating to the company's accounting policies, financial reporting practices and business ethics policies by assessing the Group's processes relating to internal controls, risk management and governance towards safeguarding the rights and interest of the Shareholders.

Membership: Comprise of at least four (4) Non-Executive Directors from among the MAHB Board of Directors, with a majority must be Independent Directors and at least one member must be a member of the Malaysian Institute of Accountants, or if he is not, then he must comply with para 15.09 (1)(c) of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

Authority: As empowered by the Board of Directors, the BAC shall have the authority to investigate any matter within its terms of reference, full and unrestricted access to any information, records, properties and personnel within the Group, direct communication channels with the External Auditors, Internal Auditors and Whistleblowing Independent Committee.

Function and Duties: The functions and duties of the BAC shall be to consider the appointment or resignation/dismissal of the External Auditors and the audit fees, review the nature and scope of the audit, the annual audit plan, the quarterly and year-end financial statements of the Group prior to submission to the Board and the External Auditor's Management Letter and management's response. The BAC shall oversee the Internal Audit functions on the adequacy of the plan, scope, functions, competency and resources, receive report on the results of audits and key audit findings or other matters, and discuss internal audit observations on risk and internal controls within the organisation. The BAC shall review any related party transactions that may arise within the Group. The BAC shall promptly report to BMSB on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the BMSB. As an oversight of the Whistleblowing Programme, an independent member of the BAC shall be the Chairman of the Whistleblowing Independent Committee and shall report to the BAC.

Meetings: The BAC Meetings shall be held at least six (6) times during the financial year, with a quorum of three (3) members of which there must be a majority of independent members.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The BAC carried out its duties in accordance with its terms of reference during the financial year ended 31 December 2013.

The main activities undertaken by the BAC were as follows:

Internal Audit

- Reviewed and approved the Internal Audit Division ("IAD")'s Annual Internal Audit Plan, budget and staffing requirements to ensure adequacy of resources, competencies and coverage on key risk areas.
- Reviewed the Internal Audit Reports and Special Audit Reports to ensure that the Management addresses and resolves the issues highlighted in the audit reports.
- Reviewed follow-up reports by the Internal Auditors on the status of actions taken by the Management on recommendations suggested in the audit reports.
- Reviewed follow-up reports by the Internal Auditors on External Auditors' findings as set out in the Management Letter and status of actions taken by the Management on issues raised by the External Auditors.
- Evaluated the performance of the IAD and recommended improvements.

External Audit

- Reviewed the External Auditor's scope of work and audit plans for the financial year.
- Reviewed with the External Auditors their Management Letter together with the management response.
- Evaluated the performance of the External Auditors and made recommendations to the Board on the appointment and audit fees.

Financial Results

- Reviewed the quarterly financial results of the Group before recommending to the Board of Directors.
- Reviewed the audited results of MAHB Group with the External Auditors before recommending to the Board of Directors.
- Ensured compliance to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, applicable accounting standards in Malaysia, provisions of Companies Act 1965 and other legal and regulatory requirements.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group is carried out by the IAD that reports directly to the BAC. The principal role of the IAD is to undertake independent, regular and systematic review of the systems of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The IAD adopts a risk-based approach in its audit plan and examination.

It is the responsibility of the IAD to provide the BAC with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

A structured risk assessment is used to examine all auditable areas and its inherent risks. Audits are prioritised according to the assessment of the potential risk exposure. During the financial year, the IAD issued a total of fifty seven (57) reports. The areas of coverage include human resource (payroll, benefits, manpower planning), airport operations, repair and maintenance, procurement, engineering, commercial, cash management, property plant & equipment, contract management, inventory management, document control, hotel management, legal services, retail operations, airport consultancy, risk management & system, aeronautical charges system, gate allocation system, email & communication system, projects including klia2, investigations and special reviews on specific areas as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme.

The Internal Audit reports arising from these assignments were issued to the Management for their response and corrective actions. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. The Internal Audit reports are then presented at the Internal Audit Management Committee, chaired by the Managing Director or his representative, to discuss the current status of audit issues before being tabled at the BAC.

In ensuring audit work performed by the Internal Auditors is in line with The Institute of Internal Auditors standards, an external quality assessment by a qualified independent reviewer was carried out in 2013. 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 2013 is RM1.85 million.

STATEMENT OF DIRECTORS' RESPONSIBILITY

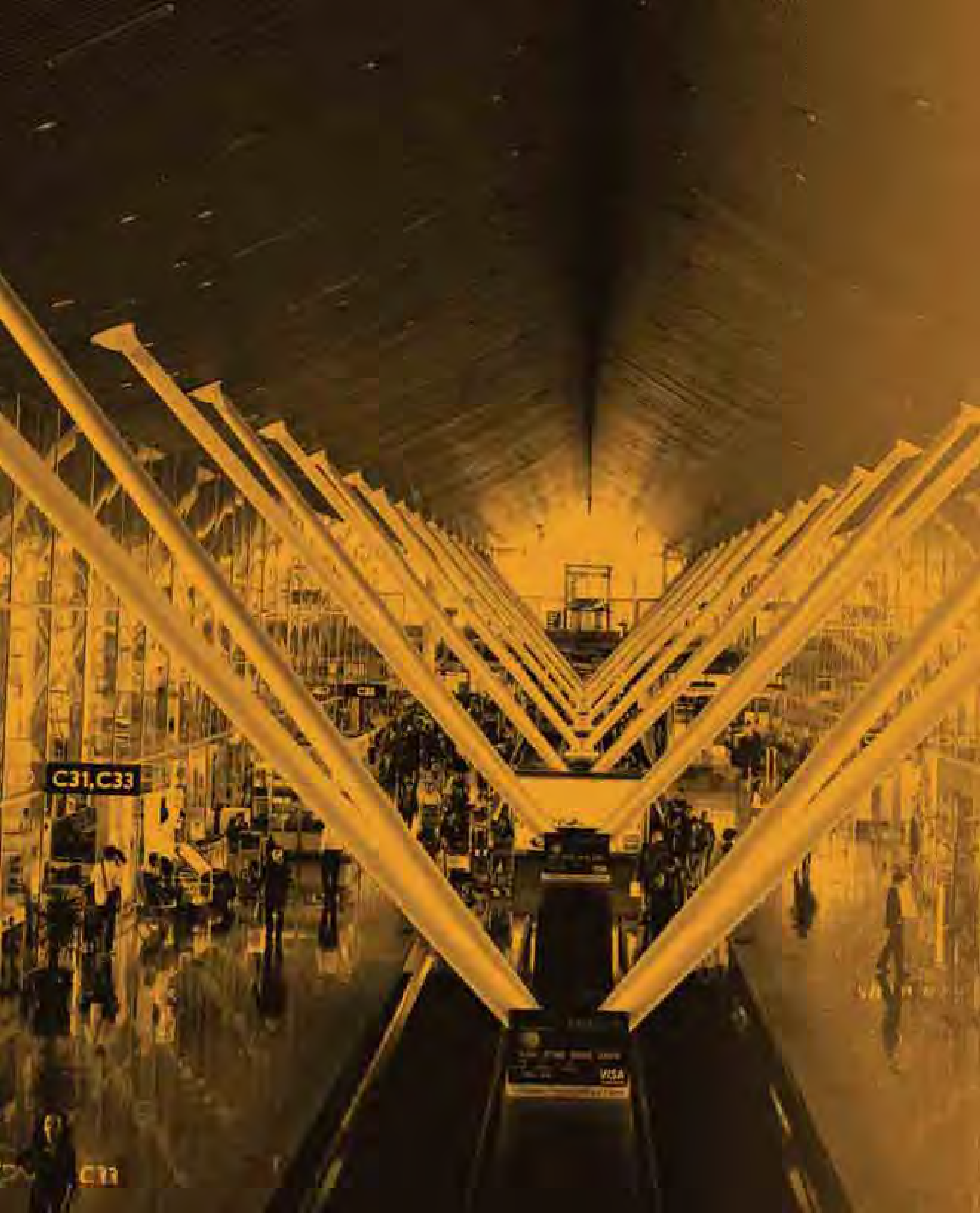
In respect of the preparation of the Financial Statements for the financial year ended 31 December 2013.

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 2013 set out from pages 190 to 310, 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 13 February 2014.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FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

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	377,687	112,665
Loss from discontinued operation, net of tax	(140)	–
Profit net of tax	377,547	112,665
Profit attributable to:		
Owners of the parent	377,483	112,665

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

SHARE CAPITAL

On 21 January 2013, the Company increased its paid up share capital to RM1,217,088,046 by the issuance of 7,088,046 new ordinary shares of RM1 each, at a total premium of RM26,438,000 less RM740,000 share issuance expense arising from the Dividend Reinvestment Plan ("DRP") relating to electable portion (for those shareholders electing for the re-investment) of the single-tier interim dividend of 6.0%, on 1,210,000,000 ordinary shares for the financial year ended 31 December 2012, as disclosed in Note 27.

SHARE CAPITAL (CONT'D.)

On 14 May 2013, the Company further increased its paid up share capital to RM1,232,443,879 by the issuance of 15,355,833 new ordinary shares of RM1 each, at a total premium of RM63,574,000 less RM310,000 share issuance expense arising from the DRP relating to electable portion (for those shareholders electing for the re-investment) of the single-tier final dividend of 7.63%, on 1,217,088,046 ordinary shares for the financial year ended 31 December 2012, as disclosed in Note 27.

DIVIDENDS

The amount of dividends declared or paid by the Company since 31 December 2012 were as follows:

	RM'000
In respect of the financial year ended 31 December 2012 as reported in the directors' report of that year:	
Single-tier final dividend of 7.63%, on 1,217,088,046 ordinary shares, declared on 28 March 2013 and paid on 13 May 2013 and partially reinvested on 14 May 2013	92,864
In respect of the financial year ended 31 December 2013:	
Single-tier interim dividend of 6.00%, on 1,232,443,879 ordinary shares, declared on 8 November 2013 and paid on 30 January 2014 and partially reinvested on 4 February 2014	73,946
	166,810

At the forthcoming Annual General Meeting, a final dividend in respect of the final year ended 31 December 2013, of up to 6.35% on 1,240,546,352 ordinary shares on single-tier basis, with a total quantum of RM78,775,000, will be proposed for shareholders' approval ("Proposed Final Dividend"). On 23 December 2013, the Company has announced the proposed private placement of up to 10% of the total issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later ("Proposed Private Placement"). Bursa Malaysia Securities Berhad had vide its letter dated 5 February 2014, approved the application for the listing of and quotation for up to 124,054,635 new MAHB shares to be issued pursuant to the Proposed Private Placement ("Placement Shares"). In the event none of the Placement Shares are issued by the books closure date ("BCD") for the Proposed Final Dividend, the final dividend would be 6.35 sen per ordinary share. In the event all the Placement Shares have been issued by the BCD for the Proposed Final Dividend, the final dividend would be 5.78 sen per ordinary share. The actual amount of final dividend per ordinary share would be dependent on the actual number of Placement Shares issued by the Company by the BCD for the Proposed Final Dividend.

The proposed final dividend may consist of an electable portion which can be elected to be reinvested in new ordinary shares in accordance with the Dividend Reinvestment Plan ("DRP") as disclosed in Note 27 to the financial statements, subject to the relevant regulatory approvals as well as shareholders' approval of (i) the final dividend and (ii) the renewal of authority for the issuance and allotment of new ordinary shares of RM1.00 each in the Company for the purpose of the DRP at the forthcoming Annual General Meeting. The Board on the 13 February 2014 has approved that the DRP shall apply to the proposed final dividend and that the entire proposed final dividend can be elected to be reinvested in new shares. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah
Tan Sri Bashir Ahmad bin Abdul Majid
Datuk Siti Maslamah binti Osman (resigned on 31 December 2013)
Datuk Alias bin Haji Ahmad (resigned on 31 December 2013)
Jeremy bin Nasrulhaq
Datuk Seri Yam Kong Choy (appointed on 1 December 2013)
Datuk Zalekha binti Hassan (appointed on 1 January 2014)
Rosli bin Abdullah (appointed on 1 January 2014)
Datuk Seri Long See Wool
Chua Kok Ching [alternate director to Datuk Seri Long See Wool]
Mohd Izani bin Ghani
Eshah binti Meor Suleiman
Norazura binti Tadzim [alternate director to Eshah binti Meor Suleiman]
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin
Dato' Syed Faisal Albar bin Syed A.R. Albar (resigned on 31 December 2013)

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.

DIRECTORS' INTERESTS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENT

Subsequent event is disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 February 2014.

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

Tan Sri Bashir Ahmad bin Abdul Majid

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah and Tan Sri Bashir Ahmad bin Abdul Majid, being two of the directors of Malaysia Airports Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 201 to 309 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 2013 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 310 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 13 February 2014.

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

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 201 to 310 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 13 February 2014.

Faizal Sham bin Abu Mansor

Before me,

PESURUHJAYA SUMPAH
No: W 602
Name: KAPT (B) AFFANDI BIN AHMAD
MALAYSIA

No. 66, Tingkat Bawah
Jalan Putra
50350 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

to the members of Malaysia Airports Holdings Berhad
(Incorporated in Malaysia)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Malaysia Airports Holdings Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2013, and the statements of profit or loss, 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 201 to 310.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of the financial statement that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 17 to the financial statements, being financial statements that have been included in the consolidated financial statement.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 43 on page 310 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/16(J)
Chartered Accountant

Kuala Lumpur, Malaysia
13 February 2014

STATEMENTS OF PROFIT OR LOSS

for the financial year ended 31 December 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Continuing operations					
Revenue	3	**4,098,759**	3,548,062	**1,695,000**	1,365,209
Cost of inventories sold		**(325,287)**	(281,927)	**–**	–
Other income	4	**135,083**	124,955	**148,023**	115,224
Employee benefits expense	5	**(569,917)**	(471,403)	**(111,947)**	(98,934)
Construction costs		**(1,563,883)**	(1,321,744)	**(1,510,316)**	(1,194,191)
Depreciation and amortisation		**(277,862)**	(221,277)	**(16,675)**	(17,145)
Other expenses		**(875,231)**	(668,203)	**(62,064)**	(78,966)
Finance costs	6	**(28,375)**	(19,035)	**(25)**	–
Impairment of investment in associate company	18	**(3,742)**	(68,916)	**–**	–
Share of results of associates	18	**(39,385)**	(17,505)	**–**	–
Share of results of jointly controlled entities	19	**3,008**	(251)	**–**	–
Profit before tax and zakat from continuing operations	7	**553,168**	602,756	**141,996**	91,197
Taxation and zakat	9	**(175,481)**	(208,485)	**(29,331)**	(28,307)
Profit from continuing operations, net of tax		**377,687**	394,271	**112,665**	62,890
Discontinued operation					
(Loss)/Profit from discontinued operation, net of tax	10	**(140)**	189	**–**	–
Profit net of tax		**377,547**	394,460	**112,665**	62,890
Profit attributable to:					
Owners of the parent		**377,483**	394,460	**112,665**	62,890
Non-controlling interests		**64**	–	**–**	–
		377,547	394,460	**112,665**	62,890
Earnings per share attributable to owners of the parent					
(sen per share)					
– basic, for profit from continuing operations	11	**30.80**	33.24		
– basic, for (loss)/profit from discontinued operation		**(0.01)**	0.02		
– basic, for profit for the year		**30.79**	33.26		

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 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Profit net of tax		**377,547**	394,460	**112,665**	62,890
Other comprehensive income:					
Available-for-sale financial assets					
– (Loss)/gain on fair value changes		**(3,747)**	(333)	**(2,841)**	314
Foreign currency translation		**2,633**	(1,173)	**–**	–
Share of other comprehensive income of associates	18	**(1,942)**	4,657	**–**	–
Other comprehensive income for the year, net of tax		**(3,056)**	3,151	**(2,841)**	314
Total comprehensive income for the year		**374,491**	397,611	**109,824**	63,204
Total comprehensive income attributable to:					
Owners of the parent		**374,427**	397,611	**109,824**	63,204
Non-controlling interests		**64**	–	**–**	–
		374,491	397,611	**109,824**	63,204

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

		Group	
	Note	2013 RM'000	2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**326,335**	290,829
Plantation development expenditure	14	**52,822**	50,336
Land use rights	15	**7,518**	7,639
Intangible assets	16	**8,259,114**	6,198,000
Investments in associates	18	**24,779**	20,378
Investment in jointly controlled entities	19	**57,152**	43,326
Available-for-sale investments	20	**349,450**	303,179
Trade and other receivables	22	**364,572**	354,998
Staff loans	23	**37,083**	35,330
Deferred tax assets	24	**6,236**	22,216
		9,485,061	7,326,231
Current assets			
Inventories	25	**122,317**	99,097
Trade and other receivables	22	**570,436**	640,240
Cash and cash equivalents	26	**345,413**	774,166
		1,038,166	1,513,503
Assets of disposal group classified as held for disposal	10	**104**	63
		1,038,270	1,513,566
Total assets		**10,523,331**	8,839,797

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	27	**1,232,444**	1,210,000
Share premium		**1,409,376**	1,320,414
Retained earnings	28	**2,037,431**	1,826,758
Fair value adjustment reserve	29	**(553)**	5,136
Other reserve	30	**2,546**	2,546
Foreign exchange reserve	30	**(2,941)**	(5,574)
		4,678,303	4,359,280
Non-controlling interests		**64**	–
Total equity		**4,678,367**	4,359,280
Non-current liabilities			
Other financial liability	31	**189,256**	176,562
Loans and borrowings	32	**3,600,000**	3,100,000
Trade and other payables	33	**750,099**	250,895
Deferred tax liabilities	24	**135,149**	119,449
		4,674,504	3,646,906
Current liabilities			
Loans and borrowings	32	**200,000**	–
Trade and other payables	33	**917,295**	802,395
Income tax payable		**53,122**	31,156
		1,170,417	833,551
Liabilities of disposal group classified as held for disposal	10	**43**	60
		1,170,460	833,611
Total liabilities		**5,844,964**	4,480,517
Total equity and liabilities		**10,523,331**	8,839,797

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

		Company	
	Note	2013 RM'000	2012 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**87,740**	88,888
Intangible assets	16	**4,583,712**	2,855,420
Investments in subsidiaries	17	**1,777,266**	1,777,266
Investments in associates	18	**166,418**	161,582
Investment in jointly controlled entities	19	**53,718**	42,900
Available-for-sale investments	20	**80,969**	37,910
Trade and other receivables	22	**49,204**	49,204
		6,799,027	5,013,170
Current assets			
Inventories	25	**13**	40
Trade and other receivables	22	**176,161**	585,463
Cash and cash equivalents	26	**95,989**	489,959
		272,163	1,075,462
Total assets		**7,071,190**	6,088,632

STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Note	Company 2013 RM'000	Company 2012 RM'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	27	**1,232,444**	1,210,000
Share premium		**1,409,376**	1,320,414
Retained earnings	28	**84,624**	138,769
Fair value adjustment reserve		**(2,527)**	314
Total equity		**2,723,917**	2,669,497
Non-current liabilities			
Loans and borrowings	32	**3,600,000**	3,100,000
Deferred tax liabilities	24	**52,684**	35,158
Other payable	33	**98,300**	–
		3,750,984	3,135,158
Current liabilities			
Loans and borrowings	32	**200,000**	–
Trade and other payables	33	**396,289**	283,977
		596,289	283,977
Total liabilities		**4,347,273**	3,419,135
Total equity and liabilities		**7,071,190**	6,088,632

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2013

Group	Note	Share capital RM'000 (Note 27)	Share premium RM'000	Fair value adjustment reserve RM'000	Foreign exchange reserve RM'000	Other reserve RM'000	Distributable retained earnings RM'000 (Note 28)	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		<--- Attributable to owners of the parent						--->		
			<--- Non-distributable			--->				
At 1 January 2012		1,100,000	822,744	812	(4,401)	2,546	1,625,168	3,546,869	–	3,546,869
Total comprehensive income		–	–	4,324	(1,173)	–	394,460	397,611	–	397,611
Issuance of new shares via private placement	27	110,000	497,670	–	–	–	–	607,670	–	607,670
Transactions with owners										
Dividends	12	–	–	–	–	–	(192,870)	(192,870)	–	(192,870)
Total transactions with owners		–	–	–	–	–	(192,870)	(192,870)	–	(192,870)
At 31 December 2012		1,210,000	1,320,414	5,136	(5,574)	2,546	1,826,758	4,359,280	–	4,359,280
At 1 January 2013		**1,210,000**	**1,320,414**	**5,136**	**(5,574)**	**2,546**	**1,826,758**	**4,359,280**	**–**	**4,359,280**
Total comprehensive income		**–**	**–**	**(5,689)**	**2,633**	**–**	**377,483**	**374,427**	**64**	**374,491**
Transactions with owners										
Shares issued persuant to Dividend Reinvestment Plan ("DRP")	27	**22,444**	**88,962**	**–**	**–**	**–**	**–**	**111,406**	**–**	**111,406**
Dividends	12	**–**	**–**	**–**	**–**	**–**	**(166,810)**	**(166,810)**	**–**	**(166,810)**
Total transactions with owners		**22,444**	**88,962**	**–**	**–**	**–**	**(166,810)**	**(55,404)**	**–**	**(55,404)**
At 31 December 2013		**1,232,444**	**1,409,376**	**(553)**	**(2,941)**	**2,546**	**2,037,431**	**4,678,303**	**64**	**4,678,367**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2013

Company	Note	Share capital RM'000 (Note 27)	Share premium RM'000	Fair value adjustment reserve RM'000	Distributable retained earnings RM'000 (Note 28)	Total equity RM'000
		<----- Non-distributable		----->		
At 1 January 2012		1,100,000	822,744	–	268,749	2,191,493
Total comprehensive income		–	–	314	62,890	63,204
Issuance of new shares via private placement	27	110,000	497,670	–	–	607,670
Transactions with owners						
Dividends	12	–	–	–	(192,870)	(192,870)
At 31 December 2012		1,210,000	1,320,414	314	138,769	2,669,497
At 1 January 2013		**1,210,000**	**1,320,414**	**314**	**138,769**	**2,669,497**
Total comprehensive income		**–**	**–**	**(2,841)**	**112,665**	**109,824**
Issuance of new shares pursuant to Dividend Reinvestment Plan ("DRP")	27	**22,444**	**88,962**	**–**	**–**	**111,406**
Transactions with owners						
Dividends	12	**–**	**–**	**–**	**(166,810)**	**(166,810)**
At 31 December 2013		**1,232,444**	**1,409,376**	**(2,527)**	**84,624**	**2,723,917**

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 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax and zakat from				
– continuing operations	**553,168**	602,756	**141,996**	91,197
– discontinued operation	**(140)**	189	**–**	–
Adjustments for:				
Interest income	**(16,368)**	(18,511)	**(592)**	(1,097)
Dividend income	**–**	–	**(116,720)**	(117,279)
Interest from late payments	**(4,553)**	(4,478)	**–**	–
Excess fund from liquidation	**–**	(381)	**–**	(381)
Interest expense	**28,375**	19,035	**25**	–
Provision for liabilities (Note 33)	**4,461**	5,980	**839**	1,623
Writeback of provision for liabilities	**(42)**	(271)	**–**	–
Amortisation of:				
– intangible assets	**228,434**	185,198	**–**	–
– plantation development expenditure	**2,745**	2,647	**–**	–
– land use rights	**121**	121	**–**	–
Depreciation of property, plant and equipment:				
– continuing operations	**46,562**	33,311	**16,675**	17,145
– discontinued operation	**–**	1	**–**	–
Amortisation of premium on investments	**29**	55	**–**	–
Impairment of investment in associate	**3,742**	68,916	**–**	–
Net (write-back)/allowance for doubtful debts:				
– continuing operations	**(1,188)**	(1,876)	**6,243**	23,297
– discontinued operation	**–**	(1)	**–**	–
Net bad debt written off:				
– continuing operations	**7,203**	9,267	**3,756**	6,573
– discontinued operation	**–**	51	**–**	–
(Gain)/loss on disposal of:				
– property, plant and equipment	**343**	5,858	**–**	–
– intangible assets	**–**	112	**–**	–
– other investment	**(188)**	(85)	**–**	–
– bonds and medium term notes	**(363)**	(640)	**–**	–
Property, plant and equipment written off:				
– continuing operations	**1,927**	1,531	**20**	–
– discontinued operation	**–**	13	**–**	–
Intangible assets written off	**110**	1,662	**–**	–
Balance carried forward	**854,378**	910,460	**52,242**	21,078

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2013

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Balance brought forward	**854,378**	910,460	**52,242**	21,078
Inventories written off:				
– continuing operations	**1,079**	3,292	**–**	–
– discontinued operation	**–**	40	**–**	–
Investment income	**(14,834)**	(15,471)	**(1,730)**	(9,397)
Profit from construction contract	**(71,981)**	(63,305)	**(67,964)**	(53,739)
Share of results of:				
– Jointly controlled entities	**(3,008)**	251	**–**	–
– Associates	**39,385**	17,505	**–**	–
Operating profit/(loss) before working capital changes	**805,019**	852,772	**(17,452)**	(42,058)
(Increase)/decrease in inventories	**(24,299)**	(23,906)	**27**	–
Decrease/(increase) in receivables	**71,551**	136,229	**46,300**	(79,896)
Increase/(decrease) in payables	**191,346**	(133,624)	**32,766**	39,200
Decrease in concession liabilities	**(27,021)**	(15,234)	**–**	–
Increase/(decrease) in provisions for liabilities	**1,150**	(3,060)	**–**	(14)
Changes in related company balances	**–**	–	**520,854**	199,241
Cash generated from operations	**1,017,746**	813,177	**582,495**	116,473
Taxes and zakat paid	**(126,341)**	(165,488)	**(15,889)**	(6,605)
Retirement benefits paid	**–**	(1,145)	**–**	(60)
Net cash generated from operating activities	**891,405**	646,544	**566,606**	109,808
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of:				
– property, plant and equipment	**(77,628)**	(70,336)	**(15,547)**	(13,069)
– intangible assets	**(1,836,074)**	(1,595,315)	**(1,660,328)**	(1,306,517)
– quoted shares	**(45,612)**	(70,712)	**–**	–
– other investment	**–**	(221)	**(45,900)**	(35,600)
– plantation development expenditure	**(5,231)**	(1,121)	**–**	–
Proceeds from disposals of:				
– property, plant and equipment	**81**	197	**–**	–
– intangible assets	**–**	8	**–**	47,294
– other investments	**5,991**	3,784	**–**	–
Balance carried forward	**(1,958,473)**	(1,733,716)	**(1,721,775)**	(1,307,892)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2013

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Balance brought forward	**(1,958,473)**	(1,733,716)	**(1,721,775)**	(1,307,892)
Advances to associate	**(8,579)**	(27,924)	**(4,836)**	(27,924)
Acquisition of an associate	**(840)**	–	**–**	–
Redemption of bonds	**5,459**	5,909	**–**	–
Investment income received	**14,834**	15,471	**1,730**	9,397
Excess fund from liquidation	**–**	381	**–**	381
Interest received	**5,807**	8,669	**592**	1,097
Dividend received from:				
– an associate	**1,800**	2,400	**–**	–
– subsidiaries	**–**	–	**116,720**	117,279
Net cash used in investing activities	**(1,939,992)**	(1,728,810)	**(1,607,569)**	(1,207,662)
CASH FLOWS FROM FINANCING ACTIVITIES				
Share issuance expenses	**–**	(8,346)	**–**	(8,346)
Proceed from issuance of shares	**–**	110,000	**–**	110,000
Proceed from issuance of share premium	**–**	506,016	**–**	506,016
Drawdown of loans and borrowings	**700,000**	600,000	**700,000**	600,000
Interest paid	**(27,642)**	(9,088)	**–**	–
Dividends paid to shareholders of the Company	**(53,007)**	(120,410)	**(53,007)**	(120,410)
Net cash generated from financing activities	**619,351**	1,078,172	**646,993**	1,087,260
Net decrease in cash and cash equivalents	**(429,236)**	(4,094)	**(393,970)**	(10,594)
Effects of foreign currency translation	**524**	(20)	**–**	–
Cash and cash equivalents at beginning of year	**774,229**	778,343	**489,959**	500,553
Cash and cash equivalents at end of year (Note 26)	**345,517**	774,229	**95,989**	489,959

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION AND OPERATING AGREEMENTS

1.1 Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 17. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 13 February 2014.

1.2 Operating Agreements

On 12 February 2009, the Group signed the following Operating Agreements between the Company with Malaysia Airports (Sepang) Sdn. Bhd. ("MA (Sepang)") and the Government of Malaysia ("GoM") ("Operating Agreement for KLIA") and between the Company with Malaysia Airports Sdn. Bhd. ("MASB") and the GoM ("Operating Agreement for Designated Airports").

The Operating Agreements include the following salient information:

(a) To restate the Group's respective rights and commitments with respect to the operation, management, maintenance and development of KLIA and the Designated Airports, and to terminate all prior rights and commitments arising from the concession agreement and lease agreement for KLIA entered into earlier between the GoM and MA (Sepang) save for rights and commitments expressly excluded in the Operating Agreements for KLIA and the Designated Airports;

(b) The settlement of Residual Payment owing by MA (Sepang) to the GoM in a manner that could not significantly deplete the cash reserves of the Group, and that would take into consideration the Group's financial resources and business plans; and

(c) The GoM shall procure the Federal Lands Commissioner ("FLC") as the registered owner of the Airport Lands ("Lands"), to lease to the Operator these Lands by procuring the execution by FLC of the New Lease Agreement (substantially in the form annexed of the Operating Agreements). The period of the lease under the New Lease Agreement shall be co-terminous with the operating period to the extent that if the Operating Rights are extended pursuant to the terms and conditions of the Operating Agreements or otherwise, the period of such lease shall be accordingly extended on such terms and conditions to be determined by the GoM, the FLC and the Operator for the relevant period.

(d) In consideration of the GoM entering into the Operating Agreements for KLIA and Designated Airports, MA (Sepang) and MASB agree to pay the GoM the User Fee. User Fee is equal to a specified percentage of revenue the Group derive from activities carried out at KLIA and other airports. Until the Balance Residual Payment has been settled, the GoM shall be entitled to receive half of the User Fee whereby another half is paid to the GoM to reduce the Balance of Residual Payment. During the year, the Balance Residual Payment had been fully settled. The accounting policy for User Fee is described in Note 2.4(v).

1. CORPORATE INFORMATION AND OPERATING AGREEMENTS (CONT'D.)

1.2 Operating Agreements (cont'd.)

(e) Under the Operating Agreement, the GoM shall assist Malaysia Airports Holdings Berhad ("MAHB") in bearing its socio-economic obligations by compensating MA (Sepang) and MASB with a marginal cost support sum ("MARCS") as disclosed in Note 2.4(w)(iv) for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.

(f) The Operating Rights are granted by the GoM to further define and augment the rights of MA (Sepang) as a licensed airport operator and manager of KLIA, and MASB as a licensed airport operator and manager of the Designated Airports, and the Operating Rights shall run for a period of twenty five (25) years from 12 February 2009 and may be renewed by the GoM.

(g) Under the Operating Agreements, these rights may be revoked by the GoM for certain prescribed reasons, including any default on the MAHB Group's obligations, any order being made, or a resolution being passed, for the winding-up, liquidation, or receivership of MAHB or its principal subsidiaries, MA (Sepang) or MASB, the execution of any judgement against a substantial portion of the assets of MAHB or MA (Sepang) or MASB, if MAHB, MA (Sepang) or MASB were to make an assignment or enter into an arrangement or composition with its creditors or the licenses held by MA (Sepang) or MASB to operate airports being revoked or suspended by the GoM. The New Operating Agreements permit the GoM to expropriate the rights with three months' written notice if they determine, in their sole discretion, that it is in the national interest or in the interest of national security. Upon the GoM exercising its rights of termination, the GoM shall pay an amount to be determined by an independent valuer appointed by the GoM and the Group.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2012 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

As at 31 December 2013, the Company and Group are in a net current liabilities position of RM324,126,000 and RM132,190,000 respectively arising mainly from the short term loan amounting to RM200,000,000 drawndown during the year for short term working capital requirements, which offered a lower short term interest costs. However, the Group can utilise the available Sukuk from its RM2.5 billion Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme which have longer tenure to refinance the short term loan. The Group is currently assessing the timing of the Sukuk issuance and the prevailing conditions of the capital market to ensure that the Group is able to meet all its obligations within the next 12 months.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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 2013, 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 2013.

Effective for financial periods beginning on or after 1 July 2012

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

Amendments to FRS 101 Presentation of Financial Statements (Improvements to FRSs (2012))
FRS 10 Consolidated Financial Statements
FRS 11 Joint Arrangements
FRS 12 Disclosure of Interests in Other Entities
FRS 13 Fair Value Measurement
FRS 119 Employee Benefits
FRS 127 Separate Financial Statements
FRS 128 Investment in Associate and Joint Ventures
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))
Amendments to FRS 116 Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132 Financial Instruments: Presentation (Improvements to FRSs (2012))
Amendments to FRS 134 Interim Financial Reporting (Improvements to FRSs (2012))
Amendments to FRS 10 Consolidated Financial Statements: Transition Guidance
Amendments to FRS 11 Joint Arrangements: Transition Guidance
Amendments to FRS 12 Disclosure of Interests in Other Entities: Transition Guidance

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application. The nature of changes in accounting policy are described below:

<u>FRS 10 Consolidated Financial Statements</u>

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Changes in accounting policies (cont'd.)

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-Monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with FRSs applicable to the particular assets, liabilities, revenues and expenses.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investment in Associate and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investment in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 101 Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for financial periods beginning on or after 1 January 2014

Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities
Amendments to FRS 136 Impairment of Assets – Recoverable Amount Disclosure for Non-Financial Assets'

Effective for financial periods beginning on or after 1 January 2015

FRS 9 Financial Instruments Activities

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is a fully IFRS-compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than Transitioning Entities (TEs), which may defer adoption in view of potential changes on the horizon which may change current accounting treatments.

TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 – Agreements for the Construction of Real Estate, including their parent, significant investor and venturer. The Group being a TE, will adopt the MFRS Framework with effect from 1 January 2015.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2015.

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 Group and its subsidiaries as at 31 December 2013. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

– Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
– Exposure, or rights, to variable returns from its involvement with the investee, and
– The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

– The contractual arrangement with the other vote holders of the investee
– Rights arising from other contractual arrangements
– The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(iii) Transactions with non-controlling interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

(b) Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Business combination and goodwill (cont'd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of FRS 139, it is measured in accordance with the appropriate FRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Investment in associates and joint ventures (cont'd.)

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(d) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(d) Intangible assets (cont'd.)

(i) Concession rights

As disclosed in Note 1.2, the Group signed Operating Agreements on 12 February 2009 for a period of 25 years ending 2034 and the consideration paid to the GoM is classified as concession rights.

The Group's amortisation policy in respect of the Operating Agreements is determined on the method reflecting the asset's usage based on passengers volume and usage of airport activities over the concession period. The current amortisation used shall reflect the pattern in which the concession's future economic benefits are expected to be consumed by the Group and is applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits.

(ii) Infrastructure and construction assets

Infrastructure and construction assets comprised assets which are constructed by the Group in exchange for the right of the Group to charge users of the public service infrastructure that it has constructed or upgraded and are stated at the fair value of construction services delivered including certain mark-up on the actual costs incurred and are amortised over the respective economic useful lives on a straight line amortisation. The Capital Work in Progress relating to these assets is not amortised until the assets are fully completed and brought to use.

Capital improvements relate to the upgrading and resurfacing of runway.

The amortisation policy of these classes of assets is over the concession period.

(e) Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 21.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Fair value measurement (cont'd.)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Company's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The valuation committee decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the valuation committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the valuation committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The valuation committee, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the valuation committee and the Group's external valuers present the valuation results to the audit committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work-in-progress comprises the construction of buildings, renovation in-progress and other assets which have not been commissioned. Capital work-in-progress is not depreciated.

Capital work-in-progress is capitalised in accordance with FRS 116 Property, Plant and Equipment and is recognised as an asset when:

(i) it is probable that future economic benefits associated with the asset will flow to the enterprise; and
(ii) the cost of the asset to the enterprise can be measured reliably.

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:

Freehold land	Not depreciated
Leasehold land	Over lease period
Buildings and building renovation	4% – 10%
Hotel property	4%
Infrastructure, safety equipment and motor vehicles	4% – 50%
Office, communications and electronic equipment	10% – 50%
Furniture and fittings	10% – 20%
Plant and machinery	10% – 20%
Crockery, glassware, cutlery and linen	20%

All property, plant and equipment located on Government leasehold land are depreciated over the estimated useful life or the remaining concession period which ever is earlier.

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.

In prior year, upon the adoption of IC 12 Service Concession Arrangements, certain classes of property and equipment were reclassified as infrastructure and construction assets within intangibles.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(g) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(h) Inventories

Inventories relating to merchandise goods and food and beverages are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories comprises cost of purchase of goods. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution. Other inventories not to be resold and for consumption purposes are classified as spares and consumables.

(i) Plantation development expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under plantations.

Amortisation of plantation development expenditure is at a rate of 4% per annum.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(j) Replanting expenditure

Replanting expenditure incurred during the year is recognised in the profit or loss. Replanting expenditure represents the total cost incurred from land clearing to the point of harvesting.

(k) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Financial assets (cont'd.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

The Group and the Company do not have any financial assets designated as financial assets at fair value through profit or loss nor held to maturity investments.

(l) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Impairment of financial assets (cont'd.)

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(m) 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.

(n) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Lease assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Leases (cont'd.)

(i) As lessee (cont'd.)

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.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(o) 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.

(p) Income tax and zakat

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(p) Income tax and zakat (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Zakat

Zakat payable by the Group and the Company is a form of contribution according to the principles of Syariah.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(q) 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.

(r) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(s) Concession liabilities

Concession liabilities are in respect of concession contracts and are recognised for the following arrangements:

(i) Annual charges and land usage charges payable to GoM.

(ii) Airport Facilities Agreements relating to chilled water utilities pursuant to the Operating Agreements payable to a service provider at KLIA.

(iii) Privatisation of the Development of a Generation Plant at klia2.

(t) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(u) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(u) Foreign currencies (cont'd.)

(ii) Foreign currency transactions (cont'd.)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

– Assets and liabilities for each statements of financial position presented are translated at the closing rate prevailing at the reporting date;

– Income and expenses for each profit or loss are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

– All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2013 RM	2012 RM
United States Dollar (USD)	**3.28**	3.06
Great Britain Pound (GBP)	**5.42**	4.95
Singapore Dollar (SGD)	**2.59**	2.50
Euro (EUR)	**4.51**	4.04
Switzerland Swiss Franc (CHF)	**3.68**	3.35
China Renminbi (RMB)	**0.54**	0.49
Hong Kong Dollar (HKD)	**0.42**	0.39
Qatar Riyal (QAR)	**0.93**	0.84
South African (ZAR)	**0.30**	0.36

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(v) User Fee

User Fee is payable to the GoM and equal to a specified percentage of all revenue the Group derive from activities at KLIA and other airports that involves the use of airport infrastructure, assets provided by or financed by the GoM or land belonging to the GoM. The User Fee increases over time by approximately 0.25% per annum and is payable on quarterly basis and increases further depending on the capital expenditure borne by the GoM based on the criteria set out in the Operating Agreements. The revenue base used in calculating the User Fee does not include any construction revenue, reimbursements, interest income, recovery of bad debt or inter-company transactions. The amount recognised in the profit or loss represents half of the total User Fee payable to the GoM. The balance is paid to reduce the amount due to GoM as disclosed in Note 33(c). During the year, the amount has been fully settled and subsequently the User Fee has been fully recognised directly in the profit or loss.

(w) 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 are recognised net of service taxes and discounts as and when the services are performed.

Revenue from contracts are recognised by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iv) Marginal Cost Support Sum ("MARCS")

Under the Operating Agreements, the GoM shall assist the Group in bearing its socio-economic obligations by compensating the Group with a marginal cost support sum ("MARCS") for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies.

The MARCS support is recognised in the financial statements throughout the concession year as revenue when recovery is probable and the amount that is recoverable can be measured reliably. Further details are disclosed in Notes 1.2 and 3. There were no MARCS PSC recognised since 2012 as the Group is no longer entitled to claim for MARCS PSC since the Government has approved the revised Passenger Service Charge ("PSC") rates with effect from November 2011. The amount recorded in Note 3 is in relation to MARCS Express Rail Link ("MARCS ERL").

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(w) Revenue recognition (cont'd.)

(v) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised when the services are performed.

(vi) Construction revenue

Construction revenue is recognised by reference to the stage of completion of the construction activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Where the outcome of the Construction cannot be estimated reliably, revenue is recognised to the extent of Construction costs incurred if it is probable that they will be recoverable. Construction costs are recognised as expenses in the year in which they are incurred.

(vii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(x) Disposal groups classified as held for sale and discontinued operation

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.

(y) Concession contracts

A substantial portion of the Group's assets are used within the framework of concession contracts/Operating Agreements granted by the GoM ("the grantor"). The characteristics of the Operating Agreements generally provide, directly or indirectly, for customer involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

In order to fall within the scope of concession contract, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure/assets, to whom it must provide them, and at what price; and
- the grantor controls the significant residual interest in the infrastructure/assets at the end of the term of the arrangement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(y) Concession contracts (cont'd.)

Such assets are not recognised by the Group as property, plant and equipment but as intangible assets as described in Note 2.4(d)(ii). The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the amount recoverable. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service.

Intangible assets resulting from the application of this policy are recorded in the statement of financial position under the heading 'Intangible assets' and are amortised on the method reflecting the asset's usage based on passengers volume and usage of airports activities over the concession period. Under the intangible asset model, revenue includes revenue from the construction of the infrastructure/assets and operating revenue of the infrastructure.

(z) IC Interpretation 12 Service Concession Arrangements

IC Interpretation 12 – Service Concession Arrangements ("IC 12") adopted by the Group applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. Depending on the contractual terms, this interpretation requires the operator to recognise a financial asset if it has an unconditional contractual right to receive cash or an intangible asset if it receives a right (license) to charge users of the public service. Some contractual terms may give rise to both a financial asset and an intangible asset.

The IC 12 considered the nature of the rights conveyed to the operator in a service concession arrangement. It first examined whether the infrastructure used to provide public services could be classified as property, plant and equipment of the operator under FRS 116. It started from the principle that infrastructure used to provide public services should be recognised as property, plant and equipment of the party that controls its use. This principle determines which party should recognise the property, plant and equipment as its own.

The interpretation also concluded that treatment of infrastructure that the operator constructs or acquires or to which the grantor gives the operator access for the purpose of the service arrangement should be determined by whether the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and the grantor control through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

Under IC 12, the operator may provide construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the Operating Agreements. In accordance with FRS 138 Intangible Assets, the operator recognises the intangible asset at its fair value. The fair value of the intangible asset is calculated by including a certain mark-up on the actual cost incurred, estimated to reflect a margin consistent where possible with other similar construction works.

In addition, pursuant to the Airport Facilities Arrangement ("AFA") where the agreement is dependent on a specified asset, the Group recognised an asset and a liability at an amount equal to the value of the underlying asset as determined in the AFA and subsequently the liability shall be reduced as payments are made and an imputed finance charge on the liability recognised using the purchaser's incremental borrowing rate of interest.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Summary of significant accounting policies (cont'd.)

(aa) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.5 Significant accounting judgements and estimates

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Amortisation of concession rights

The carrying amount of the concession asset is amortised over the concession period determined by the method where the amortisation method used shall reflect the pattern which the concession's future economic benefits are expected to be consumed by the Group based on the expected number of passengers and the utilisation of the airports over the concession period. The variable factors in determining the estimated amortisation includes projected total number of passengers for subsequent years to year 2034. The assumptions to arrive at the passenger volume projections and usage of airports also take into consideration the growth rate based on current market and economic conditions. Changes in the expected passenger volume and usage of airports could impact future amortisation charges.

(ii) Amount due from GoM

Management assessed the amount claimable from the GoM together with the future obligations of the Group in respect of User Fee payable to the GoM.

Profit projections are used in determining the future obligations in respect of future User Fee payable for any potential set-off against the amount claimable from GoM as at reporting date. The profit projections by the management are based on various assumptions, amongst others including passenger volume, usage of airports, amortisation of concession asset and projected growth rate.

Further management's key assumptions and judgement on arriving at the initial recognition and the fair value of the amount receivable from the GoM relating to the option of the racing circuit which was recognised as receivables in prior years are as follows:

- The present value of the consideration of the racing circuit option is calculated on the assumption that the amount expected to be received by the Group at the end of the option period in April 2019.
- The consideration of the racing circuit is based on the book value of the circuit as at 31 December 2010 and subsequent to the present value of the amount classified as long term debts (receivable from the GoM).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(a) Critical judgements made in applying accounting policies (cont'd.)

(ii) Amount due from GoM (cont'd.)

– 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 22 and 33.

(iii) Revenue recognition

Significant judgement is applied to determine the accrued revenue for aeronautical and commercial debtors based on passenger movements, the number of airlines and timing of billings.

As at reporting date, the amount of accrued revenue for aeronautical and commercial debtors as disclosed in Note 22 comprised approximately 4% (2012: 3%) of the total revenue.

(iv) Land use rights

The Group has assessed that the previous amount paid was in relation to the rights to occupy the land leased by the Federal Land Commissioner, and accordingly pursuant to Amendments to FRS 117, prepaid land lease payments is classified as land use rights.

(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 24.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iii) Airline incentives

The management determined that the Group's obligation to provide the airlines incentives should be recognised and measured by allocating some of the consideration received or receivable from the sales transactions to award credits and deferring the recognition of revenue.

In deferring the recognition of revenue, management estimated and made certain assumptions on the probability of each airline to have met the conditions imposed by the Group in order to qualify under the incentive programme such as the achievement of the growth rate of the inbound passengers and landing managed by the respective airlines, the probability of non-disputing of billings and settlement of outstanding debts; and the likelihood of the existence of the airlines within the next twelve months from the date of the airlines' incentive entitlement.

Further information on airline incentives are disclosed in Note 33(d).

(iv) Impairment of investments in associates

Investments in associates are for long term basis and the Company determines whether the carrying amounts of its investments in associates are impaired at least on an annual basis at reporting date. This requires an estimation of the value in use of the cash-generating units ("CGU") which is attributable to those investments. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

In respect of the investment in Sabiha Gokcen International Airport ("ISG"), the recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of 17 years projection. The key assumptions used for each of the CGU's value-in-use calculations are as follows:

(a) Gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for market and economic conditions and internal resource efficiency. The average gross margin expected in the projection is approximately 50% (2012: 46%).

(b) Growth rate

The average growth rate used is based on the annual growth rate of 6.6% (2012: 6.6%).

(c) Discount rate

The discount rates used is 5.8% (2012: 7.8%) which approximates the CGU's average cost of funds in ISG.

(d) Sensitivity to changes in the assumptions

Management believes that no reasonably possible changes to the above key assumptions, would cause the carrying amount of investment to materially exceed it's recoverable amount.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant accounting judgements and estimates (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(v) Concession contract and percentage of completion

The Group provides construction services in exchange for the right to operate the airport in accordance with the Operating Agreements. As described in Note 2.4(z) IC 12 Service Concession Arrangement, the Group recognises the revenues and costs in accordance to FRS 111 Construction Contracts by reference to the stage of completion of the construction activity. The date of completion is measured by reference to the Construction costs incurred for work performed to date bear to the estimated total costs for the contract.

(vi) Mark-up rate for the construction

The airport operations right in exchange for the construction services provided is recognised at the fair value of the consideration receivable for the construction services delivered. The fair value of the consideration receivable for the construction services delivered is calculated by including certain mark-up, estimated to reflect a margin consistent with other similar construction work where possible, on the actual costs incurred. Mark-up rate used in calculating the fair value of the consideration receivable estimated by the Group on the current construction projects is 4.5% and 7.5% depending on the nature of work involved as disclosed in Note 16.

(vii) Concession liabilities

As disclosed in Note 2.4(s) & (y), the Group recognised an asset and a liability at an amount equal to the fair value of the underlying asset as determined in the agreement and subsequently the liability shall be reduced when payments are made. The imputed finance charges estimated are as follows:

(i) Annual charges and land usage charges payable to GoM

4.55% per annum over the period of 25 years ending 2034. Had the estimation of the finance charge increase or decrease by 10% of the discount rate used, the net interest charged would be higher by approximately RM417,000 and lower by RM409,000 respectively.

(ii) Airport Facilities Agreement relating to chilled water utilities at KLIA pursuant to the Operating Agreement payable to service provider

5.5% per annum over the period of 20 years ending 2018. Had the estimation of the finance charge increase or decrease by 10% of the discount rate used, the net interest charged would be higher by approximately RM632,000 and lower by RM602,000 respectively.

(iii) Privatisation of the Development of a Generation Plant at klia2

5.5% per annum over the period of 20 years ending 2033. Had the estimation of the finance charge increase or decrease by 10% of the discount rate used, the net interest charged would be higher by approximately RM1,985,000 and lower by RM1,976,000 respectively.

3. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Airport operations:				
– Airport services:				
– Aeronautical	**1,286,950**	1,101,729	**–**	–
Less: airline incentives	**(75,910)**	(65,019)	**–**	–
	1,211,040	1,036,710	**–**	–
– Non-aeronautical	**504,106**	448,943	**–**	–
– Construction revenue*	**1,635,864**	1,385,049	**1,578,280**	1,247,930
– Duty free and non-dutiable goods	**609,960**	536,455	**–**	–
Non-airport operations:				
– Agriculture and horticulture	**30,924**	45,594	**–**	–
– Hotel operations	**66,198**	75,051	**–**	–
– Project and repair maintenance	**40,667**	20,260	**–**	–
Dividend income from subsidiaries	**–**	–	**116,720**	117,279
	4,098,759	3,548,062	**1,695,000**	1,365,209

Included in aeronautical revenue is marginal cost support sum income of RM62,017,000 (2012: RM57,252,000) as disclosed in Note 2.4(w)(iv).

* Construction revenue relates to revenue recognised as required under IC 12 and in accordance with FRS 111 in respect of the construction of klia2 and development of Penang International Airport.

4. OTHER INCOME

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income:				
– Unquoted investment and staff loan	**4,908**	6,987	**592**	1,097
– Other loans and receivables	**11,132**	10,974	**–**	–
– Available-for-sale financial assets	**328**	550	**–**	–
Investment income from:				
Available-for-sale financial assets on equity instruments				
– quoted in Malaysia	**5,104**	12,701	**1,730**	8,281
– unquoted in Malaysia	**8,983**	225	**–**	–
Unquoted short term investment	**747**	2,545	**–**	1,116
Balance carried forward	**31,202**	33,982	**2,322**	10,494

4. OTHER INCOME (CONT'D.)

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Balance brought forward	**31,202**	33,982	**2,322**	10,494
Rental income:				
– Minimum lease payments	**9,311**	9,120	**–**	–
Gain on disposal of bonds and medium-term notes	**551**	725	**–**	–
Net realised foreign exchange gain	**3,891**	3,785	**2,049**	196
Management fee charged to subsidiaries	**–**	–	**141,519**	100,888
Excess fund from liquidation	**–**	381	**–**	381
Interest from late payments	**4,553**	4,478	**–**	–
Recoupment of expenses	**70,047**	61,907	**67**	199
Miscellaneous	**15,528**	10,577	**2,066**	3,066
	135,083	124,955	**148,023**	115,224

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Wages and salaries	**297,511**	268,451	**57,674**	50,380
Bonus	**112,284**	64,200	**21,926**	16,676
Contributions to defined contribution plans	**72,081**	60,226	**14,187**	10,522
Social security contributions	**4,265**	3,901	**537**	498
Short-term accumulating compensated absences	**2,681**	2,220	**839**	1,609
Other employee benefits	**81,095**	72,405	**16,784**	19,249
	569,917	471,403	**111,947**	98,934

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,847,000 (2012: RM1,462,000) and RM1,847,000 (2012: RM1,462,000) respectively as further disclosed in Note 8.

6. FINANCE COSTS

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Interest expense:				
– concession payables and borrowings	**174,468**	120,016	**146,826**	110,928
– financial liabilities	**733**	9,947	**25**	–
Less: Interest expense capitalised in intangible assets (Note 16)*	**(146,826)**	(110,928)	**(146,826)**	(110,928)
Total finance costs	**28,375**	19,035	**25**	–

* The amount is arrived at after netting off interest income of RM3,534,000 (2012: RM5,362,000).

7. PROFIT BEFORE TAX AND ZAKAT FROM CONTINUING OPERATIONS

The following items have been included in arriving at profit before tax and zakat:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	**2,069**	807	**2,042**	796
Auditors' remuneration:				
– statutory	**550**	529	**94**	82
– other services	**458**	1,013	**458**	1,013
User Fee expenses	**237,832**	99,183	**–**	–
Rental expense	**16,837**	16,000	**5,232**	6,069
Depreciation of property, plant and equipment (Note 13)	**46,562**	33,311	**16,675**	17,145
Amortisation of:				
– plantation development expenditure (Note 14)	**2,745**	2,647	**–**	–
– land use rights (Note 15)	**121**	121	**–**	–
– intangibles (Note 16)	**228,434**	185,198	**–**	–
Amortisation of premium on investments	**29**	55	**–**	–
Property, plant and equipment written off	**1,927**	1,531	**20**	–
Intangible assets written off	**110**	1,662	**–**	–
Loss on disposal of intangible assets	**–**	112	**–**	–

7. PROFIT BEFORE TAX AND ZAKAT FROM CONTINUING OPERATIONS (CONT'D.)

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Loss on disposal of property, plant and equipment	**343**	5,858	**–**	–
Net (writeback of)/allowance for doubtful debts	**(1,188)**	(1,876)	**6,243**	23,297
Inventories written off	**1,079**	3,292	**–**	–
Bad debts written off	**7,203**	9,267	**3,756**	6,573
Utility charges	**207,429**	198,416	**1,257**	1,940
Repair and maintenance costs	**178,196**	169,247	**5,132**	6,429
Management fee paid to hotel operator	**293**	2,725	**–**	–
Legal and other professional fees	**33,278**	16,865	**10,337**	5,929

User Fee amounting to RM237,832,000 (2012: RM99,183,000) relates to license and operating rights payable to the GoM which ranges from 9.76% to 10.04% (2012: 9.38% to 9.66%) of gross revenues by the Group from activities carried out at KLIA and other airports excluding construction revenue, reimbursements, interest income, recovery of bad debt or inter-company transactions.

Construction cost is in respect of cost recognised relating to the construction of klia2 and development of Penang International Airport by reference to the stage of completion. Construction cost also includes employee cost of RM18,251,000 (2012: RM10,083,000).

8. DIRECTORS' REMUNERATION

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Executive director's remuneration (Note 5):				
– Other emoluments	**1,847**	1,462	**1,847**	1,462
Non-executive directors' remuneration (Note 7):				
– Fees	**900**	388	**900**	388
– Other emoluments	**1,169**	419	**1,142**	408
	2,069	807	**2,042**	796

8. DIRECTORS' REMUNERATION (CONT'D.)

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total directors' remuneration	**3,916**	2,269	**3,889**	2,258
Estimated money value of benefits-in-kind	**141**	211	**141**	211
Total directors' remuneration including benefits-in-kind	**4,057**	2,480	**4,030**	2,469

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Executive:				
– Salaries and other emoluments	**1,175**	957	**1,175**	957
– Bonus	**403**	293	**403**	293
– Defined contribution plans	**269**	212	**269**	212
– Estimated money value of benefits-in-kind	**20**	17	**20**	17
	1,867	1,479	**1,867**	1,479
Non-executive:				
– Fees	**900**	388	**900**	388
– Allowances	**1,169**	419	**1,142**	408
– Estimated money value of benefits-in-kind	**121**	194	**121**	194
	4,057	2,480	**4,030**	2,469

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	
	2013	**2012**
Executive director:		
RM1,400,001 – RM1,450,000	–	–
RM1,450,001 – RM1,500,000	–	1
RM1,500,001 – RM1,550,000	–	–
RM1,550,001 – RM1,600,000	–	–
RM1,600,001 – RM1,650,000	–	–
RM1,650,001 – RM1,700,000	–	–
RM1,700,001 – RM1,750,000	–	–
RM1,750,001 – RM1,800,000	–	–
RM1,800,001 – RM1,850,000	–	–
RM1,850,001 – RM1,900,000	1	–

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: (cont'd.)

	Number of directors	
	2013	**2012**
Non-executive directors:		
Less than RM50,000	**3**	2
RM50,001 – RM100,000	**–**	8
RM100,001 – RM150,000	**–**	–
RM150,001 – RM200,000	**5**	–
RM200,001 – RM250,000	**3**	–
RM250,001 – RM300,000	**–**	–
RM300,001 – RM350,000	**–**	1
RM350,001 – RM400,000	**–**	–
RM400,001 – RM450,000	**–**	–
RM450,001 – RM500,000	**–**	–
RM500,001 – RM550,000	**1**	–

9. INCOME TAX AND ZAKAT

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Malaysian income tax and zakat:				
Current income tax	**148,453**	154,819	**13,952**	14,052
(Over)/under provision in prior years	**(8,168)**	3,658	**(2,626)**	1,025
	140,285	158,477	**11,326**	15,077
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	**20,840**	32,960	**16,536**	10,915
Under/(over)provision of deferred tax liabilities in prior years	**10,840**	7,250	**990**	(76)
	31,680	40,210	**17,526**	10,839
	171,965	198,687	**28,852**	25,916
Income tax expenses	**171,965**	198,687	**28,852**	25,916
Zakat	**3,516**	9,798	**479**	2,391
Total income tax expense and zakat	**175,481**	208,485	**29,331**	28,307

9. INCOME TAX AND ZAKAT (CONT'D.)

Reconciliation between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	2013 RM'000	2012 RM'000
Group		
Profit/(loss) before tax and zakat from:		
Continuing operations	**553,168**	602,756
Discontinued operation (Note 10)	**(140)**	189
	553,028	602,945
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**138,257**	150,736
Tax effects of share of results of associates and jointly controlled entities	**9,094**	4,440
Income not subject to tax	**(2,635)**	(1,128)
Expenses not deductible for tax purposes	**26,952**	33,695
Utilisation of previously unrecognised unabsorbed capital allowances	**(378)**	(8)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	**–**	44
Deferred tax assets recognised in respect of previous year's tax losses and unabsorbed capital allowances	**(1,997)**	–
(Over)/under provision of income tax in prior years	**(8,168)**	3,658
Under provision of deferred tax in prior years	**10,840**	7,250
Income tax expense for the year	**171,965**	198,687

	2013 RM'000	2012 RM'000
Company		
Profit before tax and zakat	**141,996**	91,197
Taxation at Malaysian statutory tax rate of 25% (2012: 25%)	**35,499**	22,799
Expenses not deductible for tax purposes	**9,402**	13,310
Income not subject to tax	**(14,413)**	(11,142)
(Over)/under provision of income tax in prior years	**(2,626)**	1,025
Under/(over) provision of deferred tax in prior years	**990**	(76)
Income tax expense for the year	**28,852**	25,916

9. INCOME TAX AND ZAKAT (CONT'D.)

Current income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

10. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL

On 16 January 2013, Airport Automotive Workshop Sdn. Bhd. ("AAW") commenced Members' Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. Subsequently, on 16 August 2013, AAW had been fully dissolved.

On 3 September 2013, KLAH issued a notice of termination of the Hotel Management Agreement ("HMA") to SSHM due to the non-participation and withdrawal of a key individual in the management and operations of the JV Company. On 18 September 2013, pursuant to the terms of the Joint Venture Agreement ("JVA"), KLAH issued a written notice of termination to ATOZ Hospitality Services Sdn. Bhd. ("ATOZ"), to terminate the JVA.

Thus, as at 31 December 2013, the assets and liabilities of SSHM have been presented on the consolidated statements of financial position as assets and liabilities held for disposal and results from SSHM is presented separately on the statement of comprehensive income as discontinued operation.

An analysis of the result of the discontinued operation is as follows:

	2013 RM'000
Revenue	**–**
Other income	**–**
Expenses	**(140)**
Loss for the year from discontinued operation	**(140)**

The classes of assets and liabilities classified as held for disposal on the consolidated statement of financial position are as follows:

	2013 RM'000
Asset	
Cash and cash equivalents	**104**
Assets of disposal group classified as held for disposal	**104**
Liability	
Trade and other payables	**43**
Liabilities of disposal group classified as held for disposal	**43**

Prior year assets and liabilities held for disposal were in respect of AAW which completed the liquidation during the year.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2013 RM'000	**2012 RM'000**
Profit from continuing operations attributable to ordinary equity holders of the Company	**377,687**	394,271
(Loss)/profit from discontinued operation attributable to ordinary equity holders of the Company	**(140)**	189
Profit attributable to ordinary equity holders of the Company	**377,547**	394,460

	Group	
	2013	**2012**
Weighted average number of ordinary shares in issue ('000)	**1,226,441**	1,186,257

	Group	
	2013 sen	**2012 sen**
Basic earnings per share for:		
Profit from continuing operations	**30.80**	33.24
(Loss)/profit from discontinued operation	**(0.01)**	0.02
Profit for the year	**30.79**	33.26

On 4 February 2014, the Company further increased its paid up share capital to RM1,240,546,352 by the issuance of 8,102,473 ordinary shares of RM1 each, at a total premium of RM57,203,000 arising from the Dividend Reinvestment Plan relating to electable portion (for those shareholders electing for the re-investment) of the interim dividend of 6.0%, on 1,232,443,879 ordinary shares, declared on 8 November 2013 for the financial year ended 31 December 2013 as disclosed in Note 39. Had this ordinary shares been issued as at 31 December 2013, the diluted earnings per share would be 30.77 sen.

Other than the above, there were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighing factor. The time-weighing factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

12. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Recognised during the year:				
Interim dividend for 2013: on 1,232,443,879 ordinary shares – 6.00% on single-tier (6.00 sen net per ordinary share)	**73,946**	–	**73,946**	–
Final dividend for 2012: on 1,217,088,046 ordinary shares – 7.63% on single-tier (7.63 sen net per ordinary share)	**–**	92,864	**92,864**	–
Interim dividend for 2012: on 1,210,000,000 ordinary shares – 6.00% on single-tier (6.00 sen net per ordinary share)	**–**	72,600	**–**	72,600
Final dividend for 2011: on 1,210,000,000 ordinary shares – 12.85% less 25% taxation, (9.64 sen net per ordinary share)	**–**	–	**–**	116,640
– 0.3% on single-tier (0.30 sen net per ordinary share)	**–**	–	**–**	3,630
Proposed for approval at forthcoming Annual General Meeting (not recognised as liability as at 31 December 2013):				
Final dividend for 2013: on 1,240,546,352 ordinary shares up to 6.35% on single-tier (6.35 sen net per ordinary share)	**78,775**	–	**–**	–
	152,721	165,464	**166,810**	192,870

Proposed final dividend

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2013, of up to 6.35% on 1,240,546,352 ordinary shares on single-tier basis, with a total quantum of RM78,775,000, will be proposed for shareholders' approval ("Proposed Final Dividend"). On 23 December 2013, the Company had announced the proposed private placement of up to 10% of the total issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later ("Proposed Private Placement").

12. DIVIDENDS (CONT'D.)

Proposed final dividend (cont'd.)

Bursa Malaysia Securities Berhad had vide its letter dated 5 February 2014, approved the application for the listing of and quotation for up to 124,054,635 new MAHB shares to be issued pursuant to the Proposed Private Placement ("Placement Shares"). In the event none of the Placement Shares are issued by the books closure date ("BCD") for the Proposed Final Dividend, the final dividend would be 6.35 sen per ordinary share. In the event all the Placement Shares have been issued by the BCD for the Proposed Final Dividend, the final dividend would be 5.78 sen per ordinary share. The actual amount of final dividend per ordinary share would be dependent on the actual number of Placement Shares issued by the Company by the BCD for the Proposed Final Dividend.

Dividend Reinvestment Plan ("DRP")

The Dividend Reinvestment Plan ("DRP") was approved by the Shareholders at the Extraordinary General Meeting held on 30 November 2012. The DRP provides Shareholders an option to elect to reinvest their cash dividend(s) declared by the Company (whether interim, final, special or any other cash dividend) ("Dividend(s)") in new ordinary shares of RM1.00 each in MAHB ("MAHB Shares").

Details of the DRP are disclosed in Note 27.

Dividend paid during financial year

A single-tier interim dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2012 was declared on 23 October 2012. The interim dividend amounting to RM72,600,000 of which RM39,074,000 was paid on 18 January 2013 and the remaining was reinvested on 21 January 2013.

The reinvestment rate subsequent to the completion of the dividend payment was 46.2%.

A single-tier final dividend of 7.63 sen per ordinary share in respect of the financial year ended 31 December 2012 was approved by the Shareholders at its Annual General Meeting held on 28 March 2013. The final dividend amounting to RM92,864,000 of which RM13,935,000 was paid on 13 May 2013 and the remaining was reinvested on 14 May 2013.

The reinvestment rate subsequent to the completion of the dividend payment was 85.0%.

13. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings RM'000	Hotel property RM'000	Safety equipment and motor vehicles RM'000	Office, communication and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
At 31 December 2013							
Cost							
At 1 January 2013	77,215	109,736	5,400	186,316	22,297	97,121	498,085
Additions	–	35	575	10,842	9	66,167	77,628
Disposals	–	(643)	–	–	–	–	(643)
Written off	–	(2,871)	(201)	(131)	–	–	(3,203)
Transfers	41,106	12,916	139	47,637	2,533	(104,331)	–
Reclassified from intangible assets	–	–	–	7,385	–	–	7,385
At 31 December 2013	118,321	119,173	5,913	252,049	24,839	58,957	579,252
Accumulated depreciation and impairment							
At 1 January 2013	17,630	45,812	503	126,726	14,089	2,496	207,256
Charge for the year (Note 7)	2,868	3,821	224	36,503	3,146	–	46,562
Disposals	–	(219)	–	–	–	–	(219)
Written off	–	(965)	(201)	(110)	–	–	(1,276)
Reclassified from intangible assets	–	–	40	554	–	–	594
At 31 December 2013	20,498	48,449	566	163,673	17,235	2,496	252,917
Net carrying amount	97,823	70,724	5,347	88,376	7,604	56,461	326,335

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Property and buildings RM'000	Hotel property RM'000	Safety equipment and motor vehicles RM'000	Office, communication and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
At 31 December 2012							
Cost							
At 1 January 2012	77,955	120,809	2,855	179,540	22,358	45,357	448,874
Additions	106	–	254	3,583	103	66,290	70,336
Disposals	–	(8,825)	–	(8,038)	–	–	(16,863)
Written off	–	(2,248)	–	(3,678)	(612)	–	(6,538)
Transfers	(846)	–	–	14,924	448	(14,526)	–
Reclassified from intangible assets	–	–	2,291	–	–	–	2,291
Assets held for disposal written off	–	–	–	(15)	–	–	(15)
At 31 December 2012	77,215	109,736	5,400	186,316	22,297	97,121	498,085
Accumulated depreciation and impairment							
At 1 January 2012	14,702	45,704	2,672	111,259	11,507	2,496	188,340
Charge for the year							
– Continuing operations (Note 7)	2,928	3,712	87	24,002	2,582	–	33,311
– Discontinued operation (Note 10)	–	–	–	1	–	–	1
Disposals	–	(2,883)	–	(7,925)	–	–	(10,808)
Written off	–	(721)	(3,677)	(609)	–	–	(5,007)
Reclassified from intangible assets	–	–	1,421	–	–	–	1,421
Assets held for disposal written off	–	–	–	(2)	–	–	(2)
At 31 December 2012	17,630	45,812	503	126,726	14,089	2,496	207,256
Net carrying amount	59,585	63,924	4,897	59,590	8,208	94,625	290,829

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Building RM'000	Motor vehicles RM'000	Office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Company					
At 31 December 2013					
Cost					
At 1 January 2013	32,414	2,194	66,818	27,471	128,897
Additions	–	–	5,540	10,007	15,547
Transfers	443	–	8,084	(8,527)	–
Written off	–	–	(113)	–	(113)
At 31 December 2013	32,857	2,194	80,329	28,951	144,331
Accumulated depreciation					
At 1 January 2013	4,451	1,118	34,440	–	40,009
Charge for the year (Note 7)	1,516	137	15,022	–	16,675
Written off	–	–	(93)	–	(93)
At 31 December 2013	5,967	1,255	49,369	–	56,591
Net carrying amount	26,890	939	30,960	28,951	87,740
At 31 December 2012					
Cost					
At 1 January 2012	33,167	1,070	58,186	23,405	115,828
Additions	106	1,124	502	11,337	13,069
Transfers	(859)	–	8,130	(7,271)	–
At 31 December 2012	32,414	2,194	66,818	27,471	128,897
Accumulated depreciation					
At 1 January 2012	3,118	1,060	18,686	–	22,864
Charge for the year (Note 7)	1,333	58	15,754	–	17,145
At 31 December 2012	4,451	1,118	34,440	–	40,009
Net carrying amount	27,963	1,076	32,378	27,471	88,888

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 RM122,016,000 (2012: RM101,374,000) and RM31,539,000 (2012: RM14,279,000) respectively.

14. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2013 RM'000	**2012 RM'000**
Cost		
At 1 January	**73,933**	72,812
Additions	**5,231**	1,121
At 31 December	**79,164**	73,933
Accumulated amortisation		
At 1 January	**23,597**	20,950
Charge for the year (Note 7)	**2,745**	2,647
At 31 December	**26,342**	23,597
Net carrying amount	**52,822**	50,336

15. LAND USE RIGHTS

	Group	
	2013 RM'000	**2012 RM'000**
Net carrying amount		
At 1 January	**7,639**	7,760
Amortisation during the year (Note 7)	**(121)**	(121)
At 31 December	**7,518**	7,639
Analysed as:		
Short term land use rights	**1,667**	1,716
Long term land use rights	**5,851**	5,923
	7,518	7,639

16. INTANGIBLE ASSETS

Group	Concession rights RM'000	Terminal building, plant and infrastructures RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2013				
Cost				
At 1 January 2013	1,982,138	2,328,663	3,171,290	7,482,091
Additions	–	401,580	1,894,869	2,296,449
Written off	–	(3,186)	(15)	(3,201)
Transfers	–	226,980	(226,980)	–
Reclassified to property, plant and equipment	–	(7,385)	–	(7,385)
At 31 December 2013	1,982,138	2,946,652	4,839,164	9,767,954
Accumulated amortisation and impairment				
At 1 January 2013	307,026	977,065	–	1,284,091
Charge for the year (Note 7)	50,444	177,990	–	228,434
Written off	–	(3,091)	–	(3,091)
Reclassified to property, plant and equipment	–	(594)	–	(594)
At 31 December 2013	357,470	1,151,370	–	1,508,840
Net carrying amount	1,624,668	1,795,282	4,839,164	8,259,114

16. INTANGIBLE ASSETS (CONT'D.)

Group	Concession rights RM'000	Terminal building, plant and infrastructures RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2012				
Cost				
At 1 January 2012	1,982,138	2,040,451	1,811,047	5,833,636
Additions	–	57,535	1,601,085	1,658,620
Disposals	–	(683)	–	(683)
Written off	–	(6,876)	(315)	(7,191)
Transfers	–	240,527	(240,527)	–
Reclassified to property, plant and equipment	–	(2,291)	–	(2,291)
At 31 December 2012	1,982,138	2,328,663	3,171,290	7,482,091
Accumulated amortisation and impairment				
At 1 January 2012	263,483	842,923	–	1,106,406
Charge for the year (Note 7)	43,543	141,655	–	185,198
Disposals	–	(563)	–	(563)
Written off	–	(5,529)	–	(5,529)
Reclassified to property, plant and equipment	–	(1,421)	–	(1,421)
At 31 December 2012	307,026	977,065	–	1,284,091
Net carrying amount	1,675,112	1,351,598	3,171,290	6,198,000

16. INTANGIBLE ASSETS (CONT'D.)

Company	Capital work-in-progress RM'000
At 31 December 2013	
Cost	
At 1 January 2013	**2,855,420**
Addition	**1,728,292**
At 31 December 2013	**4,583,712**
Net carrying amount	**4,583,712**
At 31 December 2012	
Cost	
At 1 January 2012	1,542,458
Addition	1,360,256
Disposal	(47,294)
At 31 December 2012	2,855,420
Net carrying amount	2,855,420

The Group's capital work-in-progress comprises fair value of the consideration receivable for the construction service delivered during the stage of construction, including an average of 4.5% mark-up and 7.5% mark-up on the cost incurred for klia2 and expansion to Penang International Airport, respectively.

Excluding 4.5% mark-up and borrowing cost capitalised, the Company's intangible assets represent capital work-in-progress which include costs incurred to date in respect of the construction of klia2 amounting to RM3,494,020,000 (2012: RM2,125,000,000) and other development cost amounting to RM526,031,000 (2012: RM381,842,000) which are not depreciated.

The Company's intangible assets also include 4.5% mark-up on the cost incurred as at reporting date for klia2 which amounted to RM180,759,000 (2012: RM112,795,000) and borrowing costs arising from the borrowings under the Sukuk Program specifically for the purpose of the construction of klia2. Details of borrowings and securities are disclosed in Note 32. The net borrowing costs capitalised to date in capital work-in-progress amounted to RM382,902,000 (2012: RM236,076,000).

16. INTANGIBLE ASSETS (CONT'D.)

The additions in intangible assets were acquired by way of:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash	**1,836,074**	1,595,315	**1,660,328**	1,306,517
Concession asset*	**388,394**	–	**–**	–
Profit from construction contracts	**71,981**	63,305	**67,964**	53,739
Total additions	**2,296,449**	1,658,620	**1,728,292**	1,360,256

* Concession asset is in respect of privatisation of the Development of a Generation Plant at klia2.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares at cost	**1,777,266**	1,777,266

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held 2013 %	Effective Interest Held 2012 %	Principal Activities
Malaysia Airports Sdn. Bhd. (230646-U)	360,113,847	**100**	100	Management, operations and maintenance of designated airports and provision of airport related services in Malaysia other than K. L. International Airport ("KLIA").
Malaysia Airports (Sepang) Sdn. Bhd. (320480-D)	50,000,002	**100**	100	Management, operations, maintenance and future development of KLIA and Low Cost Carrier Terminal ("LCCT") in Sepang and provision of airport related services.
Malaysia Airports (Niaga) Sdn. Bhd. (281310-V)	5,000,002	**100**	100	Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held 2013 %	Effective Interest Held 2012 %	Principal Activities
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)	10,000,000	**100**	100	Owner of the hotel known as Sama-Sama Hotel K.L. International Airport.
– preference shares	900,000			
Malaysia Airports Technologies Sdn. Bhd. (512262-H)	1,150,002	**100**	100	Operations and maintenance services and undertaking Information and Communication Technology business ventures.
Malaysia Airports (Mauritius) Pte Ltd @	USD1,000	**100**	100	Investment holding.
MAHB (Mauritius) Pte Ltd @	USD2	**100**	100	Investment holding management.
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.
Malaysia Airports MSC Sdn. Bhd. (516854-V)	500,000	**100**	100	To acquire and carry on business of airport and related services and activities including navigation and air traffic control, in connection therewith to act as agents of, or in connection with other companies or persons engaged in similar businesses.

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held 2013 %	2012 %	Principal Activities
Malaysia Airports (Labuan) Pte Ltd (LL05298)	USD1,000	**100**	100	Investment holding management.
Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)	750,000	**100**	100	Provision of mechanical, electrical and civil engineering services at KLIA in Sepang.
Airport Automotive Workshop Sdn. Bhd. (808167-P)	200,000	**–**	51*	Liquidated during the year.
Malaysia Airports Capital Berhad (906593-U)	2	**100**	100	Investment holding management.
Malaysia Airports Capital Labuan Ltd (LL07679)	USD2	**100**	100	Investment holding management.
M A Construction (Labuan) Private Limited (LL08348)	USD1,000	**100**	100	Investment holding management.
Malaysia Airports Consultancy Services Gulf LLC (57465)	Qatari Riyal 200,000	**–**	49	Dissolved.
Malaysia Airports Consultancy Services Middle East LLC (62645)	Qatari Riyal 200,000	**49**	–	Facilities Maintenance Services at airports. Incorporated during the year.
Sama-Sama Hospitality Management Sdn. Bhd. (SSHM) (1029991-A)	RM100	**51**	–	Operating and managing airport hotels. Incorporated and ceased operation during the year.

@ *Audited by a member firm of Ernst & Young Global*

* *51% shareholding held through Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)*

17. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Acquisition of subsidiaries:

(a) On 18 December 2013, Malaysia Airport Consultancy Services Sdn. Bhd. ("MACS"), a wholly-owned subsidiary of the Group entered into a Shareholders Agreement with Watad Group Enterprises LLC ("Watad") to form a joint venture company incorporated in Doha, Qatar under the name of MACS Middle East LLC ("MME") for the purpose of undertaking activities in the areas of facilities maintenance services at airports, including the new Doha International Airport and any other activities. The issued share capital of MME is amounting to Qatari Riyal 200,000 (or the equivalent of approximately RM177,000), in which 49% is held by MACS and 51% by Watad.

MME is considered as a subsidiary as it meets the definition of a subsidiary under FRS127 para 3 as follows:-

Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity when there is:

(i) power over more than half of the voting rights by virtue of an agreement with other investors;

(ii) power to govern the financial and operating policies of the entity under a statute or an agreement;

(iii) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or

(iv) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

(b) On 2 January 2013, K.L. Airport Hotel Sdn. Bhd. ("KLAH"), a wholly-owned subsidiary of the Group and ATOZ Hospitality Services Sdn. Bhd. ("ATOZ"), had incorporated a private limited Joint Venture Company under the name of Sama-Sama Hospitality Management Sdn. Bhd. ("SSHM") for the purpose of operating and managing a new airport hotels brand known as "Sama-Sama Hospitality Group" which comprised two sub-brands namely, "Sama-Sama Hotel" and "Sama-Sama Express". The consideration in respect of this investment was RM51.

On 3 September 2013, KLAH issued a notice of termination of the Hotel Management Agreement ("HMA") to SSHM due to the non-participation and withdrawal of a key individual in the management and operations of the JV Company.

On 18 September 2013, pursuant to the terms of the Joint Venture Agreement ("JVA"), KLAH issued a written notice of termination to ATOZ, to terminate the JVA.

18. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Unquoted shares at cost:				
– outside Malaysia	**191,675**	183,096	**166,418**	161,582
– in Malaysia	**1,440**	600	**–**	–
	193,115	183,696	**166,418**	161,582
Share of post-acquisition reserve	**(95,678)**	(94,402)	**–**	–
Impairment of investment	**(72,658)**	(68,916)	**–**	–
	24,779	20,378	**166,418**	161,582
Analysed as:				
Unquoted shares at cost:				
At 1 January	**183,696**	155,772	**161,582**	133,658
Acquisition during the year	**840**	–	**–**	–
Additional contribution	**8,579**	27,924	**4,836**	27,924
At 31 December	**193,115**	183,696	**166,418**	161,582
Share of post-acquisition reserve:				
At 1 January	**(151,771)**	(136,523)	**–**	–
Share of results	**(39,385)**	(17,505)	**–**	–
Share of other comprehensive income of associates	**(1,942)**	4,657	**–**	–
Dividend received	**(1,800)**	(2,400)	**–**	–
Share of post-acquisition reserve at 31 December	**(194,898)**	(151,771)	**–**	–
Additional investment (Note 33)	**99,220**	57,369	**–**	–
	(95,678)	(94,402)	**–**	–

18. INVESTMENTS IN ASSOCIATES (CONT'D.)

Investments in LGM, ISG and GMR Male with carrying amounts of RM189,000 (2012: RM169,000), RM161,225,000 (2012: RM118,647,000) and RM11,562,000 (2012: RM10,786,000) respectively are pledged to financial institutions for credit facilities granted to the associates.

Additional contribution is in respect of advances provided to a foreign associate as required under the funding arrangement with the shareholders of the associate and the lenders and may be converted as equity funding.

On 27 November 2012, the Maldivian government declared the concession agreement with GMR Male International Airport Limited ("GMR Male") which was awarded in 2010, as void. GMR Male was to operate, maintain, expand, rehabilitate and modernise the Ibrahim Nasir International Airport ("INIA") for a period of 25 years which the Group has 23% interest. Investment in GMR Male has been provided for impairment loss in the financial statements.

Further to the arbitration proceedings filed by the respective parties against the others, GMR Male seeks inter alia, damages for repudiatory breach of the concession agreement. Pending the decision by the arbitration tribunal, the directors are of the opinion that provision for impairment on this investment ought to be made in the previous reporting date.

The Group has not recognised further losses relating to GMR Male and ISG where their share of losses exceeded the Group's interest and the extent of the Group's legal and constructive obligations in its investment in GMR Male and ISG. The Group's current year end cumulative share of unrecognised losses in the financial year was RM105,600,000 (2012: RM88,200,000). The share of unrecognised losses excluded any potential claims from the Maldivian government by GMR Male which are subject to and pending the arbitration tribunal. The Group has no further obligation in respect of these losses and until such time where the associates are in a profitable position, the Group shall recognise the share of profits only after its share of the profits equals the share of losses not recognised.

On 21 August 2013, MAHB has entered into a Joint Venture Agreement with MA Sepang, Mitsui Fudosan Co. Ltd. ("MF") and Retail Investment One Pte. Ltd. ("RI One"), to participate in a joint venture company under the name of MFMA Development Sdn. Bhd. ("MFMA") for the development operation and maintenance of a Factory Outlet Centre and its complementary components known as "Mitsui Outlet Park KLIA". MFMA was incorporated on 26 February 2013. The issued share capital of MFMA amounting to RM2,800,000 in which 30% is held by MA Sepang and 70% for RI One.

As disclosed in Note 38, on 28 December 2013, MAHB had entered into an agreement to purchase an additional 40% stake in ISG and LGM from GMR Infrastructure Limited, GMR Infrastructure Overseas Limited and GMR Infrastructure (Global) Limited for total cash consideration of EUR225,000,000 (or the equivalent of approximately RM1,008,180,000). Other than EUR8,000,000 (RM36,252,000) paid as deposits as disclosed in Note 22(e), there are no other amounts effected the financial statements at reporting date.

18. INVESTMENTS IN ASSOCIATES (CONT'D.)

Details of the associates are as follows:

Name of Associate	Country of Incorporation	Issued and Paid-up Capital	Effective Interest Held 2013 %	Effective Interest Held 2012 %	Financial Year End	Principal Activities
Held by the Company:						
Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. ("ISG")	Turkey	€178,741,000	**20**	20	31 December	Operation, management and development and provision of airport related services.
LGM Airport Operations Trade and Tourism Inc ("LGM")	Turkey	€209,037	**20**	20	31 December	Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.
Held through a subsidiary:						
GMR Male International Airport Private Limited ("GMR Male")	Republic of Maldives	USD30,050,094	**23**	23	31 December	Operation, management and development and provision of airport related services. Currently ceased operations.
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.
MFMA Development Sdn. Bhd. ("MFMA")	Malaysia	RM2,800,000	**30**	–	31 December	Development operation and maintenance of a Factory Outlet Centre and its complementary components known as "Mitsui Outlet Park KLIA".

* *KAF has a financial year end of 31 March 2013 to conform with its holding company's financial year end. The financial statements of the associate for the 9 months interim period ended 31 December 2013 have been used for the purpose of applying the equity method of accounting.*

18. INVESTMENTS IN ASSOCIATES (CONT'D.)

The summarised financial statements of the associates are as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Assets and liabilities		
Current assets	**786,230**	802,450
Non-current assets	**5,935,983**	5,449,749
Total assets	**6,722,213**	6,252,199
Current liabilities	**1,296,952**	1,237,624
Non-current liabilities	**6,496,654**	5,797,747
Total liabilities	**7,793,606**	7,035,371
Results		
Revenue	**1,111,750**	1,959,078
Loss for the year	**(291,389)**	(826,505)

19. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Unquoted shares at cost:				
– in Malaysia	**53,718**	42,900	**53,718**	42,900
Share of post-acquisition reserve	**3,434**	426	**–**	–
	57,152	43,326	**53,718**	42,900
Analysed as:				
Unquoted shares at cost:				
At 1 January	**42,900**	21,900	**42,900**	21,900
Acquisition during the year	**10,818**	21,000	**10,818**	21,000
At 31 December	**53,718**	42,900	**53,718**	42,900

19. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Share of post-acquisition reserve:				
At 1 January	**426**	677	**–**	–
Share of results	**3,008**	(251)	**–**	–
At 31 December	**3,434**	426	**–**	–

Details of the jointly controlled entities are as follows:

Name of Entity	**Country of Incorporation**	**Issued and Paid-up Capital**	**Effective Interest Held 2013 %**	**Effective Interest Held 2012 %**	**Financial Year End**	**Principal Activities**
Held by the Company:						
Segi Astana Sdn. Bhd. (SASB)*	Malaysia	RM106,060,000	**30**	30	31 December	Development, management and operations of property.
Airport Cooling Energy Supply Sdn. Bhd. (ACES)**	Malaysia	RM19,040,000	**23**	23	31 August	Development, management and operations of chilled water plant.
– Redeemable Preference Shares		RM76,160,000				

* *On 22 September 2011, the Company had entered into a Joint Venture Agreement with WCT Land Sdn. Bhd. to provide ancillary and complementary support services and facilities to the klia2 Terminal Building. The consideration in respect of this investment was RM21,000,300.*

** *On 27 October 2011, the Company had entered into a Joint Venture Agreement with TNB Engineering Corporation Berhad and incorporated ACES for the operation and maintenance of a generation plant for the supply of Chilled Water and power at the klia2. The consideration in respect of this investment was RM21,900,000.*

19. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (CONT'D.)

The summarised financial statements of the jointly controlled entities are as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Assets and liabilities		
Current assets	**443,820**	102,524
Non-current assets	**627,012**	850,455
Total assets	**1,070,832**	952,979
Current liabilities	**74,304**	109,972
Non-current liabilities	**778,969**	674,356
Total liabilities	**853,273**	784,328
Results		
Revenue	**28,051**	–
Profit/(loss) for the year	**14,238**	(692)

ACES has a financial year end of 31 August 2013. The financial statements of ACES for the 4 months interim period ended 31 December 2013 have been used for the purpose of applying the equity method of accounting.

20. AVAILABLE-FOR-SALE INVESTMENTS ("AFS")

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Bonds and medium term notes in Malaysia at fair value	**–**	5,523	**–**	–
Quoted unit trust in Malaysia	**113,488**	74,276	**80,969**	37,910
AFS at fair value	**113,488**	79,799	**80,969**	37,910
* Unquoted shares at cost:				
– in Malaysia	**15,254**	17,475	**–**	–
– outside Malaysia	**220,708**	205,905	**–**	–
AFS at cost	**235,962**	223,380	**–**	–
Total other investments	**349,450**	303,179	**80,969**	37,910

Movement in available-for-sale investments are as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
At 1 January	**303,179**	249,679	**37,910**	1,996
Additions	**45,612**	70,933	**45,900**	35,600
Fair value adjustment	**(3,747)**	(333)	**(2,841)**	314
Amortisation of premium on investments	**(29)**	(55)	**–**	–
Disposals	**(10,899)**	(8,968)	**–**	–
Foreign currency translation	**15,334**	(8,077)	**–**	–
At 31 December	**349,450**	303,179	**80,969**	37,910

* The fair value information has not been disclosed for these financial instruments as their fair value cannot be measured reliably due to the lack of quoted market price in an active market and assumption required for valuing these financial instruments.

Unquoted shares of RM34,975,000 (2012: RM32,629,000) for the Group are pledged as security in respect of certain agreement entered into by the Group.

21. FAIR VALUE MEASUREMENT

Fair value measurement hierarchy for assets:

		Fair value measurement using		
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
As at 31 December 2013				
Available-for-sale financial investment (Note: 20)				
Quoted equity shares	**113,488**	**113,488**	**–**	**–**
Unquoted equity shares	**235,962**	**–**	**220,708**	**15,254**
	349,450	**113,488**	**220,708**	**15,254**
As at 31 December 2012				
Available-for-sale financial investment (Note: 20)				
Quoted equity shares	74,276	74,276	–	–
Unquoted equity shares	223,380	–	205,905	17,475
Bond	5,523	5,523	–	–
	303,179	79,799	205,905	17,475

Level 1: The fair value of available-for-sale financial assets is derived from quoted prices in active markets.

Level 2: The fair values of available-for-sale assets cannot be measured based on quoted prices in active markets. Their fair values are measured using valuation techniques from observable markets which was based on analyst reports and there were significant variance in the valuations. Thus, FRS 139 exception rule applied and book values were used.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current				
Trade receivables				
Third parties	348,092	274,394	–	–
Due from GoM	40,587	244,015	–	–
Accrued revenue	102,553	56,964	–	–
	491,232	575,373	–	–
Less: Allowance for doubtful debts Third parties	(48,909)	(50,679)	–	–
Trade receivables, net	442,323	524,694	–	–
Other receivables				
Amounts due from subsidiaries	–	–	151,986	509,073
Staff loans (Note 23)	7,326	3,525	–	–
Deposits	41,145	7,499	47	987
Tax recoverable	11,520	7,014	8,595	4,511
Prepayments	26,696	65,545	13,889	59,932
Sundry receivables	53,496	43,451	9,678	12,751
	140,183	127,034	184,195	587,254
Less: Allowance for doubtful debts	(12,070)	(11,488)	(8,034)	(1,791)
Other receivables, net	128,113	115,546	176,161	585,463
	570,436	640,240	176,161	585,463
Non-current				
Trade receivables				
Third parties	–	1,250	–	–
Other receivables				
Due from GoM	364,572	353,748	49,204	49,204
	364,572	354,998	49,204	49,204
Total trade and other receivables (current and non-current)	935,008	995,238	225,365	634,667
Add: Cash and bank balances (Note 26)	345,413	774,166	95,989	489,959
Less: Tax recoverable and prepayments	(38,216)	(72,559)	(22,484)	(64,443)
Total loans and receivables	1,242,205	1,696,845	298,870	1,060,183

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables (current and non-current), but excluding accrued revenue is as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Neither past due nor impaired	**140,472**	342,257
1 to 30 days past due not impaired	**92,186**	66,984
31 to 60 days past due not impaired	**31,661**	8,495
61 to 90 days past due not impaired	**14,770**	14,145
91 to 120 days past due not impaired	**10,287**	4,372
More than 121 days past due not impaired	**27,463**	11,496
	176,367	105,492
Impaired	**71,840**	71,910
	388,679	519,659

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 96% (2012: 82%) 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	
	2013 RM'000	**2012 RM'000**
Group		
Trade receivables		
– nominal amounts	**71,840**	71,910
Less: Allowance for doubtful debts	**(48,909)**	(50,679
	22,931	21,231

22. TRADE AND OTHER RECEIVABLES (CONT'D.)

Receivables that are impaired (cont'd.)

(a) Receivables amounting to RM19,329,000 (2012: RM16,847,000) are in respect of certain debtors who have the obligations to repay their debts but are prolonged as settlement of the outstanding balances are pending approvals. Historically, the nature for these type of debts will eventually be settled, including the possible set off against any future liabilities of the Group with the same debtors. Accordingly, no further allowance for doubtful debt is necessary.

(b) Receivables amounting to RM3,602,000 (2012: RM4,544,000) are expected to be settled by installment arrangement plan.

Movement in allowance for doubtful debts:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Trade				
At 1 January	**50,679**	54,570	**–**	–
Net writeback of doubtful debts	**(1,770)**	(3,891)	**–**	–
At 31 December	**48,909**	50,679	**–**	–
Other receivables				
At 1 January	**11,488**	9,473	**1,791**	8
Net allowance for doubtful debts	**582**	2,015	**6,243**	1,783
At 31 December	**12,070**	11,488	**8,034**	1,791

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 four (2012: four) customers representing approximately 54% (2012: 55%) of the total trade receivables.

22. 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 RMNil (2012: RM42,390,000) paid by the Company to GoM on behalf of its subsidiary in prior years.

(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 (2012: 1 to 6 years). The amounts due are non-interest bearing, unsecured and are to be repaid by cash settlement. The amount had been fully settled during the financial year.

(d) Other receivables (Non-current)

Amount due from GoM is further discussed in Note 22(g).

(e) Deposits

Included in deposits is EUR8,000,000 (RM36,252,000) in respect of deposit paid for the proposed acquisition of additional 40% stake in ISG, as disclosed in Note 38(i).

(f) Prepayments

Prepayments amounting to RM3,563,000 (2012: RM59,699,000) are in respect of contractual advanced payments to supplier as required in the various contracts relating to klia2. It also includes an amount of RM11,658,000 (2012: RMNil) in respect of leasing equipment for klia2.

(g) Due from GoM

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Current				
Trade receivables				
MARCS (Note 2.4(w)(iv))	**12,787**	117,166	**–**	–
Landing rebates	**27,800**	126,849	**–**	–
	40,587	244,015	**–**	–
Non-current				
Other receivables				
Debts assumed from former subsidiary	**121,200**	121,200	**49,204**	49,204
Receivable on call option (Note 2.5(a)(ii))	**243,372**	232,548	**–**	–
	364,572	353,748	**49,204**	49,204
Total amount due from GoM	**405,159**	597,763	**49,204**	49,204

Other information on financial risks of other receivables are disclosed in Note 40.

23. STAFF LOANS

	Group 2013 RM'000	Group 2012 RM'000
Staff loans	**44,409**	38,855
Less: Current (Note 22)	**(7,326)**	(3,525)
Non-current portion	**37,083**	35,330
Analysed as:		
Current	**7,326**	3,525
Non-current:		
Later than 1 year but not later than 2 years	**3,091**	3,288
Later than 2 years but not later than 5 years	**7,821**	8,369
Later than 5 years	**26,171**	23,673
	37,083	35,330
	44,409	38,855

The staff loans attract interest rate at 4% (2012: 4%) per annum.

The Group has assessed the non-current portion and considered that the fair value amounts to approximate the carrying amounts.

24. DEFERRED TAX (ASSETS)/LIABILITIES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
At 1 January	**97,233**	57,023	**35,158**	24,319
Recognised in statement of profit or loss (Note 9)	**31,680**	40,210	**17,526**	10,839
At 31 December	**128,913**	97,233	**52,684**	35,158
Presented in the statements of financial position as follows:				
Deferred tax assets	**(6,236)**	(22,216)	**–**	–
Deferred tax liabilities	**135,149**	119,449	**52,684**	35,158
	128,913	97,233	**52,684**	35,158

24. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

The component and movement of deferred tax liabilities and assets during the financial year are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment and intangibles RM'000
At 1 January 2013	160,211
Recognised in the statement of profit or loss	40,463
At 31 December 2013	200,674
Less: Offset against deferred tax assets	(65,525)
	135,149
At 1 January 2012	122,049
Recognised in the statement of profit or loss	38,162
At 31 December 2012	160,211
Less: Offset against deferred tax assets	(40,762)
	119,449

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 2013	(3,866)	(32,786)	2,555	(28,881)	(62,978)
Recognised in the statement of profit or loss	(3,011)	929	(2,577)	(4,124)	(8,783)
At 31 December 2013	(6,877)	(31,857)	(22)	(33,005)	(71,761)
Less: Offset against deferred tax liabilities					65,525
					(6,236)
At 1 January 2012	(10)	(35,114)	(1,641)	(28,261)	(65,026)
Recognised in the statement of profit or loss	(3,856)	2,328	4,196	(620)	2,048
At 31 December 2012	(3,866)	(32,786)	2,555	(28,881)	(62,978)
Less: Offset against deferred tax liabilities					40,762
					(22,216)

24. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

Deferred tax liabilities of the Company:

	Property, plant and equipment and intangibles RM'000
At 1 January 2013	**44,306**
Recognised in the statement of profit or loss	**22,578**
At 31 December 2013	**66,884**
At 1 January 2012	27,134
Recognised in the statement of profit or loss	17,172
At 31 December 2012	44,306

Deferred tax assets of the Company:

	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2013	**–**	**(9,148)**	**(9,148)**
Recognised in the statement of profit or loss	**–**	**(5,052)**	**(5,052)**
At 31 December 2013	**–**	**(14,200)**	**(14,200)**
At 1 January 2012	(756)	(2,059)	(2,815)
Recognised in the statement of profit or loss	756	(7,089)	(6,333)
At 31 December 2012	–	(9,148)	(9,148)

24. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Unutilised tax losses	**–**	3,424	**–**	–
Unabsorbed capital allowances	**–**	–	**–**	–
Other deductible temporary differences	**–**	6,077	**–**	–
	–	9,501	**–**	–

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries of the Group are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

Deferred tax assets have not been recognised where it is not probable that future taxable profits will be available against which the company or subsidiaries can utilise the benefits.

25. INVENTORIES

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Cost				
Spares and consumables	**20,650**	17,088	**13**	40
Merchandise goods	**100,849**	81,342	**–**	–
Food and beverages	**818**	667	**–**	–
	122,317	99,097	**13**	40

The cost of inventories relating to merchandise goods, food and beverages recognised as an expense during the financial year amounted to RM325,287,000 (2012: RM281,927,000).

26. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash on hand and at banks	**102,314**	150,562	**12,147**	56,193
Deposits with licensed banks	**196,584**	36,506	**66,052**	401
Money on call with licensed banks	**46,515**	587,098	**17,790**	433,365
Cash and bank balances	**345,413**	774,166	**95,989**	489,959

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

For the purpose of consolidated statement of cash flow, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances:				
– Continuing operations	**345,413**	774,166	**95,989**	489,959
– Discontinued operation (Note 10)	**104**	63	**–**	–
Cash and cash equivalents	**345,517**	774,229	**95,989**	489,959

27. SHARE CAPITAL

	Number of shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 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

27. SHARE CAPITAL (CONT'D.)

Issued and fully paid:

	Number of shares of RM1 each	Amount RM
At 1 January 2012		
Special Rights Redeemable Preference Share of RM1 each	1	1
Ordinary shares of RM1 each	1,100,000,000	1,100,000,000
Issuance of new shares via private placement	110,000,000	110,000,000
At 31 December 2012	1,210,000,001	1,210,000,001
Dividend Reinvestment Plan ("DRP") Issued on:		
21 January 2013	7,088,046	7,088,046
14 May 2013	15,355,833	15,355,833
At 31 December 2013	1,232,443,880	1,232,443,880

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.

Increased in issued and paid-up capital

On 21 January 2013, the Company has increased the share issued and paid-up share capital of the Company to 1,217,088,046 via the issuance of 7,088,046 new ordinary shares of RM1.00 each pursuant to DRP relating to electable portion of the single-tier interim dividend of 6.00% for the financial year ended 31 December 2012.

On 14 May 2013, the Company has further increased the share issued and paid-up share capital of the Company to 1,232,443,879 via issuance of 15,355,833 new ordinary shares of RM1.00 each pursuant to DRP relating to electable portion of the single-tier final dividend of 7.63% for the financial year ended 31 December 2012.

Dividend Reinvestment Plan ("DRP")

The Dividend Reinvestment Plan ("DRP") was approved by the Shareholders at the Extraordinary General Meeting held on 30 November 2012. The DRP provides Shareholders an option to elect to reinvest their cash dividend(s) declared by the Company (whether interim, final, special or any other cash dividend) ("Dividend(s)") in new ordinary shares of RM1.00 each in MAHB ("MAHB Shares").

The DRP provides Shareholders with an opportunity to reinvest their Dividends in new MAHB Shares ("New Shares") in lieu of receiving cash. Shareholders are expected to benefit from their participation in the DRP as the New Shares may be issued at a discount and their subscription of such New Shares will be free from any brokerage fees and other related transaction costs. In addition, the DRP also provides the Shareholders with greater flexibility to meet their investment objectives as they would have the choice of receiving Dividends in cash or reinvesting into the Company through the subscription of additional Shares.

27. SHARE CAPITAL (CONT'D.)

Dividend Reinvestment Plan ("DRP") (cont'd.)

The DRP has capital management benefits to MAHB as the reinvestment of Dividends by Shareholders in New Shares will enlarge MAHB's share capital base and strengthen MAHB's capital position. Under the DRP, any cash so retained within MAHB, that would otherwise be made payable by way of dividend, will be preserved to fund the Group's continuing growth and expansion plan, and/or for the Group's working capital (including payment for general corporate activities and to defray expenses incurred in the course of day-to-day business operations). The issue of New Shares under the DRP is also expected to improve the liquidity of MAHB Shares currently listed on the Main Market of Bursa Securities.

In relation to Dividends declared, the Board may, at its absolute discretion, determine whether to offer Shareholders an option to reinvest such Dividend in New Shares ("Reinvestment Option") and where applicable, the size of the portion of such Dividend to which the Reinvestment Option applies ("Electable Portion").

Shareholders will have the following options in respect of a Reinvestment Option:

(a) elect to participate and thereby reinvest the entire Electable Portion (or a part thereof) at the Issue Price (as defined below) for New Shares and to receive wholly in cash:

  (i) the portion of the Dividend to which the Reinvestment Option does not apply, as determined by the Board ("Non-Electable Portion"); and

  (ii) the remaining portion of the Electable Portion not reinvested (if any) ("Remaining Portion"); or

(b) elect not to participate in the Reinvestment Option and thereby receive the entire Dividend wholly in cash.

The issue price of such New Shares shall be the higher of the following ("Issue Price"):

(a) the adjusted volume-weighted average market price ("VWAP") of MAHB Shares for the five market days immediately before the price fixing date (i.e. a date on which the Issue Price will be determined) after applying a discount of not more than 10%. The VWAP shall be adjusted for Dividends before applying the aforementioned discount in fixing the Issue Price; or

(b) the par value of MAHB Shares at the material time.

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.

27. SHARE CAPITAL (CONT'D.)

Special Rights Redeemable Preference Share (cont'd.)

(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.

28. 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. The Company has fully utilised the credit in Section 108 in previous year and can distribute its entire retained earnings under the single-tier system without any restrictions.

29. 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.

30. OTHER RESERVE AND FOREIGN CURRENCY TRANSLATION RESERVES

Other reserve represents the discount on acquisition of minority interest.

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

31. OTHER FINANCIAL LIABILITY

	Group	
	2013 RM'000	**2012 RM'000**
At 1 January	**176,562**	183,486
Foreign currency translation	**12,694**	(6,924)
At 31 December	**189,256**	176,562

Other financial liability is in respect of unsecured debentures issued by a foreign subsidiary comprising 57,700,000 (2012: 57,700,000) fully paid debenture units of USD1 each. Interest on the debentures are payable upon the realisation of dividends from other investment held by the foreign subsidiary. The debentures have a 10-year period and the debenture holders have the rights to redeem the debentures at the nominal value and the debentures may be converted to ordinary shares issued by the foreign subsidiary.

32. LOANS AND BORROWINGS

		Group		Company	
	Maturity	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Current					
Unsecured:					
Murabahah Tawarruq	2014	**200,000**	–	**200,000**	–
Revolving Credit Facility					
Non-Current					
Unsecured:					
Revolving loan					
4.55% p.a. fixed rate RM note	2020	**1,000,000**	1,000,000	**1,000,000**	1,000,000
4.68% p.a. fixed rate RM note	2022	**1,500,000**	1,500,000	**1,500,000**	1,500,000
4.15% p.a. fixed rate RM note	2024	**600,000**	600,000	**600,000**	600,000
3.85% p.a. fixed rate RM Senior Sukuk	2016	**250,000**	–	**250,000**	–
4.15% p.a. fixed rate RM Senior Sukuk	2018	**250,000**	–	**250,000**	–
		3,600,000	3,100,000	**3,600,000**	3,100,000

32. LOANS AND BORROWINGS (CONT'D.)

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total loans and borrowings				
4.55% p.a. fixed rate RM note	**1,000,000**	1,000,000	**1,000,000**	1,000,000
4.68% p.a. fixed rate RM note	**1,500,000**	1,500,000	**1,500,000**	1,500,000
4.15% p.a. fixed rate RM note	**600,000**	600,000	**600,000**	600,000
Revolving credit	**200,000**	–	**200,000**	–
3.85% p.a. fixed rate RM Senior Sukuk	**250,000**	–	**250,000**	–
4.15% p.a. fixed rate RM Senior Sukuk	**250,000**	–	**250,000**	–
	3,800,000	3,100,000	**3,800,000**	3,100,000

The remaining maturities of the loans and borrowings as at 31 December 2013 are as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
On demand or within one year	**200,000**	–	**200,000**	–
More than 1 year and less than 2 years	**–**	–	**–**	–
More than 2 years and less than 5 years	**500,000**	–	**500,000**	–
5 years or more	**3,100,000**	3,100,000	**3,100,000**	3,100,000
	3,800,000	3,100,000	**3,800,000**	3,100,000

These notes with total face value of RM3,100,000 are unsecured. Details of the notes are as follows:

Coupon rate	**Issue size (RM'000)**	**Issue date**	**Maturity date**
4.55%	1,000,000	30.08.2010	28.08.2020
4.68%	1,500,000	17.12.2010	16.12.2022
4.15%	600,000	28.12.2012	27.12.2024

32. LOANS AND BORROWINGS (CONT'D.)

These Senior Sukuk with total face value of RM500,000 are unsecured. Details of the Senior Sukuk are as follows:

Coupon rate	Issue size (RM'000)	Issue date	Maturity date
3.85%	250,000	06.09.2013	06.09.2016
4.15%	250,000	06.09.2013	06.09.2018

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).

The Company also undertook a Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme with a combined aggregate limit of up to RM2.5 billion under the Shariah principle of Musharakah (collectively referred to as "the Sukuk Musharakah Programmes"). MAHB is the issuer for the Sukuk Musharakah Programmes.

The proceeds from the Sukuk Musharakah Programmes issuance shall be utilised for the working capital requirements, general investments and/or refinance any borrowings/financing of MAHB and/or its subsidiaries, which are Shariah-compliant.

Proceeds raised from the Sukuk Programmes were utilised by MAHB to part finance the construction of a new terminal ("klia2") and/or to refinance MAHB's existing borrowings/financing which were utilised for Shariah-compliant purposes and/or for MAHB's Shariah-compliant general corporate purposes.

The Sukuk Programmes and the Senior Sukuk Programme have been accorded a short term rating of P1 and long term rating of AAA (with stable outlook) respectively by RAM Rating Services Berhad. While the Perpetual Subordinated Sukuk Programme have been accorded with long-term rating of AA2 (with stable outlook). The Sukuk Programmes are issued under the Shariah Principle of Ijarah and Murabahah utilising Commodity ("Commodity Murabahah") while the Senior Sukuk Programme is under the Shariah Principle of Musharakah.

On 30 August 2010, MACB completed the issuance of the first tranche comprising RM1.0 billion nominal value IMTNs under the Shariah principle of Ijarah pursuant to the IMTN Programme. The IMTNs issued under the first tranche have a tenure of ten (10) years from the date of issuance with a periodic distribution (coupon) rate of 4.55% per annum.

On 17 December 2010, MACB completed the issuance of the second tranche comprising RM1.5 billion nominal value IMTNs pursuant to the IMTN Programme based on the Shariah Principle of Commodity Murabahah. The IMTNs issued under the second tranche have a tenure of twelve (12) years from the date of issuance with a periodic distribution (coupon) rate of 4.68% per annum.

32. LOANS AND BORROWINGS (CONT'D.)

On 28 December 2012, MACB completed the issuance of the final tranche comprising RM0.6 billion nominal value IMTNs pursuant to the IMTN Programme based on the Shariah Principle of Commodity Murabahah. The IMTNs issued under the final tranche have a tenure of twelve (12) years from the date of issuance with a periodic distribution (coupon) rate of 4.15% per annum.

On 6 September 2013, MAHB has completed the issuance of RM0.5 billion Senior Sukuk (Sukuk Musharakah) via a dual tranche offering pursuant to the Senior Sukuk Programme. The Senior Sukuk offering comprises a three (3) years, RM0.25 billion tranche a five (5) years, RM0.25 billion tranche with a periodic distribution rate (per annum, payable semi-annually) of 3.85% and 4.15% respectively.

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 or accumulated 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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Current				
Trade payables				
Third parties	**231,676**	142,847	**–**	–
Other payables				
Amounts due to subsidiaries	**–**	–	**187,904**	13,319
Accruals	**144,743**	143,038	**42,333**	81,993
Provisions for liabilities	**22,738**	21,588	**4,581**	3,742
Sundry payables	**261,174**	261,054	**65,283**	90,098
Due to GoM	**–**	26,743	**–**	–
Deferred income	**75,758**	61,177	**–**	–
Dividend payable	**73,998**	72,651	**73,998**	72,651
Deposits	**81,703**	58,570	**22,190**	22,174
Concession liabilities (Note 33(f))	**25,505**	14,727	**–**	–
	685,619	659,548	**396,289**	283,977
	917,295	802,395	**396,289**	283,977
Non-current				
Other payables				
Third Party (Note 33(e))	**98,300**	–	**98,300**	–
Deferred income	**47,078**	38,621	**–**	–
Provision for additional investment relating to an associate (Note 18)	**99,220**	57,369	**–**	–
Concession liabilities (Note 33(f))	**505,501**	154,905	**–**	–
	750,099	250,895	**98,300**	–
Total trade and other payables (current and non-current)	**1,667,394**	1,053,290	**494,589**	283,977
Add: Loans and borrowings (Note 32)	**3,800,000**	3,100,000	**3,800,000**	3,100,000
Less: – Provisions for liabilities	**(22,738)**	(21,588)	**(4,581)**	(3,742)
– Deferred income	**(122,836)**	(99,798)	**–**	–
– Provision for additional investment relating to an associate	**(99,220)**	(57,369)	**–**	–
Total financial liabilities carried at amortised cost	**5,222,600**	3,974,535	**4,290,008**	3,380,235

33. TRADE AND OTHER PAYABLES (CONT'D.)

Movements of provisions for liabilities during the year is as follows:

Group	Short term accumulating compensated absences RM'000	Assessment fees RM'000	Total RM'000
At 31 December 2013			
At 1 January 2013	**13,644**	**7,944**	**21,588**
Additional provision during the year	**2,723**	**1,738**	**4,461**
Writeback of provision	**(42)**	**–**	**(42)**
Utilised during the year	**–**	**(3,269)**	**(3,269)**
At 31 December 2013	**16,325**	**6,413**	**22,738**
At 31 December 2012			
At 1 January 2012	11,424	7,515	18,939
Additional provision during the year	2,505	3,475	5,980
Writeback of provision	(271)	–	(271)
Utilised during the year	(14)	(3,046)	(3,060)
At 31 December 2012	13,644	7,944	21,588

Company	Short term accumulating compensated absences RM'000
At 31 December 2013	
At 1 January 2013	**3,742**
Provision during the year	**839**
Utilised during the year	**–**
At 31 December 2013	**4,581**
At 31 December 2012	
At 1 January 2012	2,133
Provision during the year	1,623
Utilised during the year	(14)
At 31 December 2012	3,742

33. TRADE AND OTHER PAYABLES (CONT'D.)

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2012: 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. The subsidiaries will not recall the amounts to the extent that it would adversely affect the ability of the company to meet all its obligations when they fall due.

(c) Due to GoM

Prior year 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. During the year, the amount had been fully settled.

(d) Deferred income

Deferred income is analysed as follows:

	Group	
	2013 RM'000	**2012 RM'000**
Analysed as:		
Current	**75,758**	61,177
Non-current:		
Later than 1 year but not later than 2 years	**2,361**	2,346
Later than 2 years but not later than 5 years	**7,083**	7,039
Later than 5 years	**37,634**	29,236
	47,078	38,621
	122,836	99,798

Deferred income is in respect of customer loyalty programme on airline incentives and deferred lease rental from commercial activities.

(e) Other payables

Non-current other payable amounting to RM98,300,000 is in respect of liabilities for the development and construction of the infrastructure in integrated complex where settlement is scheduled on the fifth year from the date of completion. The amount is unsecured and attract interest of 5% per annum.

33. TRADE AND OTHER PAYABLES (CONT'D.)

(f) Concession liabilities

Concession liabilities are in respect of the followings:

(i) lease rental payable to the GoM for all airports managed by the Group
(ii) Airport Facility Agreement for Generation Plant at KLIA
(iii) Privatisation of the Development of a Generation Plant at klia2

(ii) and (iii) above are collectively referred as Airport Facility Arrangements as disclosed in Note 2.4 (z) where the arrangement with service providers in supplying chilled water utility contains a lease arrangement and the fulfillment of the arrangement is dependent on a specified asset pursuant to an Operating Agreement upon the adoption of IC 12.

Concession liabilities are analysed as follows:

	Group			
	Lease rental payable to GoM		Airport Facility Arrangements ("AFA")	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Analysed as:				
Current	**–**	1,506	**25,505**	13,221
Non-current:				
Later than 1 year but not later than 2 years	**2,361**	2,258	**26,944**	13,967
Later than 2 years but not later than 5 years	**7,748**	7,410	**90,300**	46,807
Later than 5 years	**64,370**	67,068	**313,778**	17,395
Total minimum lease payment	**74,479**	76,736	**431,022**	78,169
	74,479	78,242	**456,527**	91,390

	Group	
	2013 RM'000	**2012 RM'000**
Current	**25,505**	14,727
Non-current	**505,501**	154,905
Total concession liabilities	**531,006**	169,632

The AFA obligation is arrived at after discounting the future estimated finance charge of RM244,882,000 (2012: RM16,115,000).

Other information on financial risks of other payables are disclosed in Note 40.

34. LEASE ARRANGEMENTS

Operating lease

The Group has entered into non-cancellable operating lease agreements for the use of certain plant and equipment. These leases have an average life of between 3 and 10 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	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Future minimum rental payments:				
Not later than 1 year	**34,870**	12,946	**29,901**	7,474
Later than 1 year and not later than 5 years	**116,783**	22,702	**108,517**	12,206
Later than 5 years	**83,889**	–	**83,889**	–
	235,542	35,648	**222,307**	19,680

35. COMMITMENTS

	Due year 2014 RM'000	**Due year 2015 to 2018 RM'000**	**Due year 2019 to 2066 RM'000**	**Total RM'000**
31 December 2013				
Group				
(i) Approved and contracted for:				
Lease rental payable to GoM other than within the Operating Agreements [(a)]	**–**	**–**	**66,063**	**66,063**
Capital expenditure	**448,955**	**149,998**	**–**	**598,953**
	448,955	**149,998**	**66,063**	**665,016**
(ii) Approved but not contracted for:				
Capital expenditure	**679,238**	**–**	**–**	**679,238**

35. COMMITMENTS (CONT'D.)

	Due year 2014 RM'000	Due year 2015 to 2018 RM'000	Due year 2019 to 2066 RM'000	Total RM'000
31 December 2013 (cont'd.)				
Group				
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport [(b)]	**36,080**	**75,317**	**–**	**111,397**
Investment in Istanbul Sabiha Gokcen International Airport acquisition of additional 40% stake [(b)]	**978,670**	**–**	**–**	**978,670**
Investment in MFMA Development Sdn. Bhd. [(d)]	**13,650**	**–**	**–**	**13,650**
	1,028,400	**75,317**	**–**	**1,103,717**
	2,156,593	**225,315**	**66,063**	**2,447,971**

	Due year 2013 RM'000	Due year 2014 to 2017 RM'000	Due year 2018 to 2066 RM'000	Total RM'000
31 December 2012				
Group				
(i) Approved and contracted for:				
Lease rental payable to GoM other than within the Operating Agreements [(a)]	–	–	66,063	66,063
Capital expenditure	1,476,269	–	–	1,476,269
	1,476,269	–	66,063	1,542,332
(ii) Approved but not contracted for:				
Capital expenditure	837,917	206,485	–	1,044,402
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport [(b)]	–	116,433	–	116,433
Investment in Segi Astana Sdn. Bhd. [(c)]	10,818	–	–	10,818
	10,818	116,433	–	127,251
	2,325,004	322,918	66,063	2,713,985

35. COMMITMENTS (CONT'D.)

	Due year 2014 RM'000	Due year 2015 to 2018 RM'000	Due year 2019 to 2066 RM'000	Total RM'000
31 December 2013				
Company				
(i) Approved and contracted for:				
Capital expenditure	**448,955**	**149,998**	**–**	**598,953**
(ii) Approved but not contracted for:				
Capital expenditure	**313,064**	**–**	**–**	**313,064**
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport [(b)]	**36,080**	**75,317**	**–**	**111,397**
Investment in Istanbul Sabiha Gokcen International Airport acquisition of additional 40% stake [(b)]	**978,670**	**–**	**–**	**978,670**
	1,014,750	**75,317**	**–**	**1,090,067**
	1,776,769	**225,315**	**–**	**2,002,084**

	Due year 2013 RM'000	Due year 2014 to 2017 RM'000	Due year 2018 to 2066 RM'000	Total RM'000
31 December 2012				
Company				
(i) Approved and contracted for:				
Capital expenditure	1,447,269	–	–	1,447,269
(ii) Approved but not contracted for:				
Capital expenditure	292,613	–	–	292,613
(iii) Other Investments				
Investment in Istanbul Sabiha Gokcen International Airport [(b)]	–	116,433	–	116,433
Investment in Segi Astana Sdn. Bhd. [(c)]	10,818	–	–	10,818
	10,818	116,433	–	127,251
	1,750,700	116,433	–	1,867,133

35. COMMITMENTS (CONT'D.)

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Analysed as:				
Not later than 1 year	**2,156,593**	2,325,004	**1,776,769**	1,750,700
Later than 1 year and not later than 5 years	**225,315**	322,918	**225,315**	116,433
Later than 5 years	**66,063**	66,063	**–**	–
	2,447,971	2,713,985	**2,002,084**	1,867,133

(a) Lease payable to the Federal Lands Commissioner under the Lease Agreement not within the Operating Agreements.

(b) A Shareholder Support Agreement dated 6 June 2008 and amended and restated on 3 October 2011 ("Agreement") was entered between the Company, together with GMR Infrastructure Limited, GMR Infrastructure Overseas S.L.U., Limak Insaat Sanayi Ve Ticaret A.S. and Limak Yatirim Isletme Hizmetleri Ve Insaat A.S. (collectively referred to as "Shareholders"), and, amongst others, Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. ("ISG") to facilitate the loan financing arrangements by ISG to fund the development of the Sabiha Gokcen International Airport ("SGIA") in Istanbul, Turkey for amounts up to RM111,390,000 (2012: RM116,400,000). Pursuant to the Agreement, each Shareholder had agreed to provide further equity funding to ISG under certain prescribed circumstances, which include additional investment as may be requested by the Authority pursuant to its Implementation Agreement and to ensure ISG has sufficient funds to meet certain loan covenants and obligations as stipulated therein. The Company's obligation to provide further equity funding is expected to be based on its proportionate shareholding in ISG and the Company is not obliged to cover any shortfall of any other Shareholder. As disclosed in Note 38, there is further commitment to purchase an additional 40% stake in ISG and LGM from GMR Infrastructure Limited, GMR Infrastructure Overseas Limited and GMR Infrastructure (Global) Limited for EUR225,000,000 (or the equivalent of approximately RM1,008,180,000). As at 31 December 2013, other than those disclosed above, there are no further approved commitments relating to the equity funding for the additional investment in ISG.

(c) Prior year commitments in respect of investment in Segi Astana Sdn. Bhd. are in accordance with the shareholders' agreement where the Company had fully subscribed the shares issued by Segi Astana Sdn. Bhd. as stipulated in the Share Subscription Schedule amounting to RM31,818,000 out of which RM10,818,000 was subscribed during the year.

(d) The commitments in respect of investment in MFMA Development Sdn. Bhd. ("MFMA") are in accordance with the Joint Venture Agreement where MA (Sepang) will be subscribing the new shares issued by MFMA progressively as stipulated in the Share Subscription Schedule in 2014 amounting to RM14,490,000. On 26 August 2013, MA (Sepang) had subscribed RM840,000 shares.

36. FINANCIAL GUARANTEES AND CONTINGENCIES

(a) As at 31 December 2013, the Company provided corporate guarantees as follows:

(i) RM72,160,000 (2012: RM32,320,000) for the purpose of guarantee to a financial institution for credit facilities granted to Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc ("ISG").

(ii) RM8,570,000 (2012: RM13,736,000) for the purpose of guarantee to a financial institution for credit facilities granted to LGM Airport Operations Trade and Tourism Inc, a related company of ISG.

(iii) RM27,060,000 (2012: RM24,240,000) for advance payment guarantee to a Duty Free Operator at ISG.

The Company has assessed the financial guarantee contracts and concluded that the guarantees are more likely not to be called upon by the banks and accordingly not recognised as financial liability as at 31 December 2013.

(b) XY Base Technologies Sdn. Bhd. ("Plaintiff") had filed an application against the Group ("Defendants") in the High Court (Suit No. 22-87-2022) for the following claims:

(i) The sum of RM6,467,000 against MA (Sepang) for software support ("Software Support");

(ii) General damages for unlawful interference with the Plaintiff's employees against all the Defendants;

(iii) General damages for breach of memorandum of understanding/joint venture with the Plaintiff against all the Defendants; and

(iv) General damages for breach and unlawful use of confidential information/business plan with Plaintiff against all the Defendants.

The High Court had, on 23 September 2011 allowed the Plaintiff's claim against MA (Sepang) in respect of items (a) and (b) above respectively and the judgment sum of RM6,467,000 for Software Support has been paid accordingly by MA (Sepang). Subsequently, the High Court fixed the matter for Mediation to assess the damages in respect of the Defendants' liabilities as to the poaching of the Plaintiff's employees. The High Court of Malaya at Shah Alam had, on 29 July 2013, recorded an amicable settlement between the parties whereby the Defendant had paid RM1,000,000 to the Plaintiff as a full and final settlement being damages towards the High Court's order dated 23 September 2011 that the Defendants were liable for in respect of the unlawful interference of the Plaintiff's employees.

(c) On 13 December 2011, the Court of Appeal ("COA") reversed the judgment made by the High Court in respect of the legal suit by Federal Express Brokerage Sdn. Bhd., United Parcel Service (M) Sdn. Bhd. and UPS SCS (Malaysia) Services Sdn. Bhd. (collectively referred to as "the Appellants") against Malaysia Airports (Sepang) Sdn. Bhd. ("MA (Sepang)").

Based on advice from the Group's legal counsel, MA (Sepang) filed an application for leave to appeal on 22 December 2011 and such other relevant application against the COA's decision to the Federal Court.

36. FINANCIAL GUARANTEES AND CONTINGENCIES (CONT'D.)

On 31 May 2012, the Group announced that in response to Notices under Section 218(1)(e) of the Companies Act served on MA (Sepang) on 1 February 2012 by the Appellants, MA (Sepang) had filed an application for Fortuna Injunction in the High Court to refrain the Appellants from presenting any winding up petitions against MA (Sepang). The High Court had on 29 May 2012 allowed the said application with costs of RM15,000 to be paid by the Appellants jointly within one month from the date of the said order.

On 18 September 2012, the Federal Court granted MA (Sepang)'s application for leave to appeal and the Attorney General's application to intervene and the matter was set for hearing on 25 February 2013. The Federal Court unanimously allowed MA (Sepang)'s appeal on 24 September 2013 and accordingly has set aside the decision and order the Court of Appeal made on 13 November 2011 and restored the decision and judgment of the High Court given on 15 October 2010.

Based on the above Federal Court decision, the imposition of the Free Commercial Zone ("FCZ") charges against the freight forwarders operating at FCZ area are lawful and MA (Sepang) is entitled as the authority to collect such FCZ charges. Following the aforesaid decision, the Appellant has paid to MA (Sepang) the amount of RM7,273,025 together with interest of 8% per annum from 7 April 2008. In addition to the aforesaid amount, the Appellants have also paid RM50,000 to MA (Sepang) as costs of the proceedings.

(d) On 11 September 2013, a wholly-owned subsidiary of the Group, MACS has provided a Corporate Guarantee to the Government of the State of Qatar represented by the New Doha International Airport Steering Committee to guarantee the performance of obligations and liabilities of MACS ME under Contract for Facility Management Services for Airport Operational Facilities and Ancillary Buildings.

(e) Current ongoing major capital expenditure of the Group is the construction of klia2, where the completion has been delayed. In view of the delay, there could possibly be additional variation orders ("VOs") that might be claimed by the contractors. On 29 May 2013, the Company also announced that they may impose Liquidated Ascertained Damages ("LAD") based on the extension of time to complete on the respective contractors under the respective contracts for the delay.

37. RELATED PARTY DISCLOSURES

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	
	2013 **RM'000**	**2012** **RM'000**
Related Party Balances:		
Amount owing by associated companies	**5,280**	5,057
Amount owing to jointly controlled entities	**13,818**	–
Amount owing to other related party	**1,816**	27,459
Related Party Transactions:		
Revenue:		
Associates:		
Lease rental		
– KL Aviation Fuelling System Sdn. Bhd.	**5,868**	5,781
Management fee		
– Istanbul Sabiha Gokcen International Airport	**2,262**	4,464
– LGM Airport Operations Trade and Tourism Inc.	**1,941**	(249)
– GMR Male International Airport	**–**	1,210
Jointly Controlled Entities:		
Lease rental		
– Segi Astana Sdn. Bhd.	**1,273**	1,273
– Airport Cooling Energy Supply Sdn. Bhd.	**874**	715
Other Transactions:		
Associate:		
Bad debts written off		
– GMR Male International Airport	**–**	9,342
Jointly Controlled Entities:		
Construction cost		
– Airport Cooling Energy Supply Sdn. Bhd.	**58,837**	–
Other related party		
Construction cost		
– UEMC-Bina Puri J.V	**268,399**	509,381

37. RELATED PARTY DISCLOSURES (CONT'D.)

	Company	
	2013 RM'000	**2012 RM'000**
Related Party Transactions:		
Other transactions:		
Subsidiaries:		
Utilities charges		
– Malaysia Airports (Sepang) Sdn. Bhd.	**1,205**	995
Landscape services		
– MAB Agriculture-Horticulture Sdn. Bhd.	**348**	275
Training and consultancy services		
– Malaysia Airports Consultancy Sevices Sdn. Bhd.	**55**	56
Catering services		
– Malaysia Airports (Niaga) Sdn. Bhd.	**615**	475
Event Management		
– K.L Airport Hotel Sdn. Bhd.	**593**	856
Repair & maintenance of building		
– Urusan Teknologi Wawasan Sdn. Bhd.	**734**	678
Jointly Controlled Entities:		
Construction cost		
– Airport Cooling Energy Supply Sdn. Bhd.	**58,837**	–
Other Related Party:		
Construction cost		
– UEMC-Bina Puri J.V	**268,399**	509,381

Compensation of key management personnel

The remuneration of other members of key management during the year was as follows:

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Short-term employee benefits	**13,580**	11,667	**10,626**	8,759
Post-employment benefit:				
Defined contribution plans	**2,153**	1,845	**1,697**	1,402
	15,733	13,512	**12,323**	10,161

Remuneration of directors is as disclosed in Note 8.

38. SIGNIFICANT EVENTS

On 23 December 2013, MAHB had announced the following proposals:

(i) Pursuant to the shareholders agreement in relation to ISG dated 19 March 2008 (the "ISG Shareholders Agreement") and the shareholders agreement in relation to LGM dated 4 January 2010 (the "LGM Shareholders Agreement"), MAHB is to exercise its rights of first refusal (the "RoFR") in respect of the proposed acquisition of a 40% equity stake in each of ISG and LGM. As permitted under the ISG Shareholders Agreement and the LGM Shareholders Agreement, MAHB exercised its RoFR through an indirectly wholly-owned subsidiary of MAHB called Malaysia Airports MSC Sdn. Bhd. ("MAMSC").

Subsequently, on 28 December 2013, MAHB had entered into an agreement to purchase an additional 40% stake in ISG and LGM from GMR Infrastructure Limited, GMR Infrastructure Overseas Limited and GMR Infrastructure (Global) Limited for total cash consideration of EUR225,000,000 (or the equivalent of approximately RM1,008,180,000). Upon the completion of the acquisition, ISG and LGM will be regarded as a Jointly Controlled Entity ("JCE"). The proposed acquisition will be financed via a combination of proceeds from the Proposed Private Placement and internally generated funds.

MAHB has paid EUR8,000,000 (RM36,252,000) deposit into an escrow account on 30 December 2013 based on the condition stated in the Sales and Purchase Agreement ("SPA") dated 28 December 2013. If the sale fails to complete by virtue of failure of a condition precedent or termination of the SPA then the deposit will, subject to the Break Fee arrangements be released to MAHB. The amount paid is as disclosed in note 22(e).

Break Fee shall apply if MAHB fails to comply with its obligations to proceed to closing under the SPA for any "frivolous" reason then it will forfeit EUR3,000,000 of its deposit to GMR, but will recover the balance of the deposit from the escrow agent. Based on the advice of MAHB legal counsel, the agreement does not describe what is meant by "frivolous". Presumably though, provided MAHB complies with its obligations under the SPA, it will not be regarded as acting in a "frivolous" manner if closing does not occur.

As stipulated in the SPA, all of the conditions precedent of the SPA need to be satisfied or waived by the date falling 180 days after the date on which the SPA is signed. This date can be extended by the Parties by mutual agreement, but may not be extended beyond 1 September 2014.

(ii) To undertake an issuance of new ordinary shares of RM1.00 each in MAHB ("MAHB Shares"), representing up to 10% of the issued and paid-up share capital of MAHB to third (3rd) party investor(s) to be identified and at an issue price to be determined later ("Proposed Private Placement"). The details of the investors, the actual number of MAHB Shares to be allocated and the issue price for the MAHB Shares can only be determined upon completion of the book – building exercise. Barring any unforeseen circumstances, the Company expects to complete the Proposed Private Placement in the first (1st) half of 2014. As at 31 December 2013, the total issued and paid-up share capital of MAHB stood at RM1,232,443,879 comprising 1,232,443,879 MAHB ordinary shares.

39. SUBSEQUENT EVENT

On 4 February 2014, the Company further increased its paid up share capital to RM1,240,546,352 by issuance of 8,102,473 ordinary shares of RM1 each, at a total premium of RM57,203,000 arising from the Dividend Reinvestment Plan relating to electable portion (for those shareholders electing for the re-investment) of the interim dividend on 1,232,443,879 ordinary shares, declared on 8 November 2013 for the financial year ended 31 December 2013, as disclosed in Note 27.

On 5 February 2014, Bursa Malaysia Securities Berhad approved the application for the listing of and quotation for up to 124,054,635 new MAHB shares to be issued pursuant to the Proposed Private Placement ("Placement Shares").

40. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Head of Treasury. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

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:

40. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Interest rate risk (cont'd.)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-5 Years RM'000	Over 5 Years RM'000	Total RM'000
At 31 December 2013							
Group							
Fixed rate term loan	32	4.43	**200,000**	**–**	**500,000**	**3,100,000**	**3,800,000**
Floating rate							
Cash and cash equivalents	26	3.11	**243,099**	**–**	**–**	**–**	**243,099**
Company							
Fixed rate term loan	32	4.43	**200,000**	**–**	**500,000**	**3,100,000**	**3,800,000**
Floating rate							
Cash and cash equivalents	26	3.07	**83,842**	**–**	**–**	**–**	**83,842**
At 31 December 2012							
Group							
Fixed rate term loan	32	4.54	–	–	–	3,100,000	3,100,000
Floating rate							
Cash and cash equivalents	26	2.79	622,928	–	–	–	622,928
Company							
Fixed rate term loan	32	4.54	–	–	–	3,100,000	3,100,000
Floating rate							
Cash and cash equivalents	26	2.78	435,450	–	–	–	435,450

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 38 days (2012: 6 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.

(c) Foreign currency risk

Other than the Group's investments in foreign associates and foreign subsidiaries, the Group does not operate internationally but is mainly exposed to the United States Dollar, Great Britain Pound, Euro, Singapore Dollar, China RMB and Hong Kong Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to a manageable level and short term imbalances are addressed by buying and selling foreign currencies at spot rate.

40. FINANCIAL INSTRUMENTS (CONT'D.)

(c) Foreign currency risk (cont'd.)

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	China RMB/CNY RM'000	Hong Kong HKD RM'000	Total RM'000
Group							
At 31 December 2013							
Ringgit Malaysia	**(1,283)**	**(73)**	**5,089**	**(406)**	**–**	**(128)**	**3,199**
At 31 December 2012							
Ringgit Malaysia	(9,790)	(288)	(20,866)	1,670	2,712	(120)	(26,682)
Company							
At 31 December 2013							
Ringgit Malaysia	**(1,109)**	**(73)**	**3,147**	**274**	**–**	**(128)**	**2,111**
At 31 December 2012							
Ringgit Malaysia	(676)	(223)	(22,181)	–	–	(120)	(23,200)

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, EUR, SGD and HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	Company
		2013 RM'000 Profit net of tax	**2012 RM'000 Profit net of tax**
USD/RM	– strengthened 5%	**64**	55
	– weakened 5%	**(64)**	(55)
GBP/RM	– strengthened 5%	**4**	4
	– weakened 5%	**(4)**	(4)
EUR/RM	– strengthened 5%	**(254)**	(157)
	– weakened 5%	**254**	157
SGD/RM	– strengthened 5%	**20**	(14)
	– weakened 5%	**(20)**	14
HKD/RM	– strengthened 5%	**6**	6
	– weakened 5%	**(6)**	(6)

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.

Analysis of financial instrument by remaining contractual maturities

The below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date on contractual undiscounted repayment obligations.

	On demand within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
31 December 2013				
Financial liabilities:				
Trade and other payables	**816,032**	**197,520**	**–**	**1,013,552**
Loans and borrowings	**360,600**	**1,257,449**	**3,462,699**	**5,080,748**
Total undiscounted financial liabilities	**1,176,632**	**1,454,969**	**3,462,699**	**6,094,300**
31 December 2012				
Financial liabilities:				
Trade and other payables	822,481	–	–	822,481
Loans and borrowings	115,700	578,500	3,453,967	4,148,167
Total undiscounted financial liabilities	938,181	578,500	3,453,967	4,970,648

40. FINANCIAL INSTRUMENTS (CONT'D.)

(d) Liquidity risk (cont'd.)

	On demand within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
31 December 2013				
Financial liabilities:				
Trade and other payables	**396,289**	**98,300**	**–**	**494,589**
Loans and borrowings	**360,600**	**1,257,449**	**3,462,699**	**5,080,748**
Total undiscounted financial liabilities	**756,889**	**1,355,749**	**3,462,699**	**5,575,337**
31 December 2012				
Financial liabilities:				
Trade and other payables	283,977	–	–	283,977
Loans and borrowings	115,700	578,500	3,453,967	4,148,167
Total undiscounted financial liabilities	399,677	578,500	3,453,967	4,432,144

(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 airport 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.

40. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Credit risk (cont'd.)

Exposure to credit risk (cont'd.)

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 22. The Group's other financial assets, which comprise investments and cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets as disclosed in Notes 22 and 26.

Credit risk concentration profile

At the reporting date, approximately 55% (2012: 54%) of the Group's trade receivables were due from four (2012: four) 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 22 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 22. 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 22.

(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	22
Trade and other payables	33

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature.

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

(i) Other receivables (non-current), loans and borrowings and other payables (non-current)

Fair value has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of lending and borrowings.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(ii) Unit trusts, bonds and medium term notes

The fair value of unit trusts, bonds and medium notes is based on market price.

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group actively manages its capital structure and makes adjustments to it in light of changes in, amongst others, its operating environment and economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

Gearing ratio is not a standardised term under the Financial Reporting Standards and its determination may vary from other companies. The gearing ratio is included in management's analysis because it is used as a financial measure of potential capacity of the Group to incur and service its debt coverage and determined as aggregate indebtedness over the equity of the Group. The Group's policy is to keep its gearing ratio manageable so as to maintain its strong credit ratings and in any event not exceeding 125% as provided in the Covenants under its Sukuk Programmes. The Group includes loans, borrowings and certain financial guarantee and contingent liabilities within the aggregate indebtedness, but excludes inter-company loans which are subordinated to the Sukuk Programmes. Equity of the Group includes, if any, preference equity, subordinated shareholders' advances or loans and retained earnings or accumulated losses less goodwill.

		Group	
	Note	2013 RM'000	2012 RM'000
Loans and borrowings	32	**3,800,000**	3,100,000
Financial guarantee and contingent liabilities	36	**107,790**	70,296
Other financial liability	31	**189,256**	176,562
Aggregate indebtedness		**4,097,046**	3,346,858
Equity attributable to the owners of the parent		**4,678,303**	4,359,280
Total equity		**4,678,303**	4,359,280
Gearing ratio		**88%**	77%

42. SEGMENT INFORMATION

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(b) Business segments

For management purposes, the Group is organised into business units and has the following reportable operating segments:-

(i) Duty free and non-dutiable goods
To operate duty free, non duty free outlets and provide management service in respect of food and beverage outlets at designated airports.

(ii) Airport services
To manage, operate and maintain designated airports in Malaysia and to provide airport related services.

(iii) Agriculture and horticulture
To cultivate and sell oil palm and other agricultural products and to carry out horticulture activities.

(iv) Hotel
To manage and operate a hotel, known as The Pan Pacific Hotel KLIA which was rebranded to Sama-Sama Hotel K.L. International Airport on 1 January 2013 and Sama-Sama Express.

(v) Project and repair maintenance
To provide consultancy, operations and maintenance of Information and Communication Technology business ventures and provision of mechanical and electrical engineering.

Other business segments include investment holding and other activities, none of which are of a sufficient size to be reported separately.

(c) Geographical segments

No segmental information is provided on a geographical basis as the results of the overseas subsidiaries are considered insignificant to the Group.

(d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

42. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Continuing operations										
	Airport operations		Non-airport operations								
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Project and repair maintenance RM'000	Others RM'000	Eliminations RM'000	Notes	Total RM'000	Discontinued operation RM'000	Total operation RM'000
31 December 2013											
Revenue											
External sales											
Airport operations:											
Aeronautical	–	1,211,040	–	–	–	–	–		1,211,040	–	1,211,040
Non-aeronautical:											
Retail	609,960	–	–	–	–	–	–		609,960	–	609,960
Others	1,354	502,752	–	–	–	–	–		504,106	–	504,106
Construction	–	1,635,864	–	–	–	–	–		1,635,864	–	1,635,864
Non-airport operations	–	–	30,924	66,198	40,667	–	–		137,789	–	137,789
Inter-segment sales	2,041	163,597	3,154	1,358	31,118	–	(201,268)	A	–	–	–
Inter-segment dividends	–	–	–	–	–	116,720	(116,720)	A	–	–	–
Total revenue	613,355	3,513,253	34,078	67,556	71,785	116,720	(317,988)		4,098,759	–	4,098,759
Results											
Segment results	44,537	876,603	2,626	6,775	9,668	103,237	(143,921)	B	899,525	(140)	899,385
Depreciation and amortisation	(6,585)	(229,955)	(3,599)	(20,713)	(305)	(16,705)	–		(277,862)	–	(277,862)
Finance costs	–	(28,349)	(1)	–	–	(25)	–		(28,375)	–	(28,375)
Impairment of Investment of associate company	–	–	–	–	–	(3,743)	–		(3,743)	–	(3,743)
Share of results of associates	–	4,130	–	–	–	(43,515)	–		(39,385)	–	(39,385)
Share of results of jointly controlled entities	–	–	–	–	–	3,008	–		3,008	–	3,008
Profit/(loss) before tax	37,952	622,429	(974)	(13,938)	9,363	42,257	(143,921)		553,168	(140)	553,028
Income tax expense	(9,504)	(149,860)	(1,300)	(1,793)	897	(13,921)	–	C	(175,481)	–	(175,481)
Profit/(loss) for the year	28,448	472,569	(2,274)	(15,731)	10,260	28,336	(143,921)		377,687	(140)	377,547
Assets											
Segment assets	252,293	5,499,778	89,013	115,631	106,340	6,607,753	(4,551,668)	D	8,119,140	104	8,119,244
Additions to non-current assets	8,991	568,156	5,681	46,358	593	1,749,529	–	E	2,379,308	–	2,379,308
Investment in associates	–	23,321	–	–	–	1,458	–		24,779	–	24,779
Total assets	261,284	6,091,255	94,694	161,989	106,933	8,358,740	(4,551,668)		10,523,227	104	10,523,331
Liabilities											
Segment liabilities representing total liabilities	152,981	2,339,008	23,986	76,200	24,043	5,655,804	(2,427,101)	F	5,844,921	43	5,844,964

42. SEGMENT INFORMATION (CONT'D.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Continuing operations										
	Airport operations		Non-airport operations								
	Duty free and non-dutiable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Project and repair maintenance RM'000	Others RM'000	Eliminations RM'000	Notes	Total RM'000	Discontinued operation RM'000	Total operation RM'000
31 December 2012											
Revenue											
External sales											
Airport operations:											
Aeronautical	–	1,036,710	–	–	–	–	–		1,036,710	–	1,036,710
Non-aeronautical:											
Retail	536,455	–	–	–	–	–	–		536,455	–	536,455
Others	1,057	447,886	–	–	–	–	–		448,943	–	448,943
Construction	–	1,385,049	–	–	–	–	–		1,385,049	–	1,385,049
Non-airport operations	–	–	45,594	75,051	20,260	–	–		140,905	8	140,913
Inter-segment sales	2,337	153,962	2,926	1,331	27,241	–	(187,797)	A	–	–	–
Inter-segment dividends	–	–	–	–	–	117,279	(117,279)	A	–	–	–
Total revenue	539,849	3,023,607	48,520	76,382	47,501	117,279	(305,076)		3,548,062	8	3,548,070
Results											
Segment results	42,857	906,919	20,737	9,787	1,329	53,629	(105,518)	B	929,740	189	929,929
Depreciation and amortisation	(5,558)	(187,009)	(3,498)	(7,888)	(148)	(17,176)	–		(221,277)	–	(221,277)
Finance costs	–	(19,029)	(1)	–	(1)	(4)	–		(19,035)	–	(19,035)
Impairment of Investment of associate company	–	–	–	–	–	(68,916)	–		(68,916)	–	(68,916)
Share of results of associates	–	3,760	–	–	–	(21,265)	–		(17,505)	–	(17,505)
Share of results of jointly controlled entities	–	–	–	–	–	(251)	–		(251)	–	(251)
Profit/(loss) before tax	37,299	704,641	17,238	1,899	1,180	(53,983)	(105,518)		602,756	189	602,945
Income tax expense	(10,266)	(181,157)	(2,903)	(1,798)	(2,486)	(28,601)	18,726	C	(208,485)	–	(208,485)
Profit/(loss) for the year	27,033	523,484	14,335	101	(1,306)	(82,584)	(86,792)		394,271	189	394,460
Assets											
Segment assets	182,209	5,459,506	69,921	90,579	122,302	6,059,319	(4,894,557)	D	7,089,279	63	7,089,342
Additions to non-current assets	2,703	298,435	1,426	33,203	38	1,394,272	–	E	1,730,077	–	1,730,077
Investment in associates	–	20,151	–	–	–	227	–		20,378	–	20,378
Total assets	184,912	5,778,092	71,347	123,782	122,340	7,453,818	(4,894,557)		8,839,734	63	8,839,797
Liabilities											
Segment liabilities representing total liabilities	88,751	2,341,831	678	18,903	48,012	4,808,078	(2,825,796)	F	4,480,457	60	4,480,517

42. SEGMENT INFORMATION (CONT'D.)

Notes **Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.**

(A) Inter-segment sales and dividends are eliminated on consolidation.

(B) Profit before tax from continuing operations is derived after deducting mainly inter-segment dividend.

(C) Inter-segment tax payable on dividend received are eliminated on consolidation.

(D) The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2013 RM'000	2012 RM'000
Investment in subsidiaries	**(1,883,880)**	(1,883,982)
Inter-segment assets	**(2,667,788)**	(3,010,575)
	(4,551,668)	(4,894,557)

(E) Additions to non-current assets consist of:

	2013 RM'000	2012 RM'000
Property, plant and equipment	**77,628**	70,336
Plantation development expenditure	**5,231**	1,121
Intangible assets	**2,296,449**	1,658,620
	2,379,308	1,730,077

(F) The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated financial statements of financial position:

	2013 RM'000	2012 RM'000
Provision for additional investment relating to an associate	**(99,220)**	(57,369)
Inter-segment liabilities	**2,526,321**	2,883,165
	2,427,101	2,825,796

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 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Total retained earnings of the Company and its subsidiaries				
– Realised	**3,691,829**	3,440,220	**32,776**	61,133
– Unrealised	**73,595**	33,293	**51,848**	77,636
	3,765,424	3,473,513	**84,624**	138,769
Total share of retained earnings/ (accumulated losses) from associated companies:				
– Realised	**(270,991)**	(211,319)	**–**	–
– Unrealised	**73,376**	54,892	**–**	–
	(197,615)	(156,427)	**–**	–
Total share of retained earnings from jointly controlled entities:				
– Realised	**2,803**	265	**–**	–
– Unrealised	**631**	160	**–**	–
	3,434	425	**–**	–
Less: Consolidation adjustments	**(1,533,812)**	(1,490,753)	**–**	–
Total retained earnings as per financial statements	**2,037,431**	1,826,758	**84,624**	138,769

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 2013

PASSENGER MOVEMENTS		2013	2012	% +/–
Terminal passengers	(international)	37,894,553	32,379,493	17.0%
Terminal passengers	(domestic)	41,131,669	34,275,100	20.0%
Transit passengers		560,862	541,127	3.6%
Total passenger movements		**79,587,084**	**67,195,720**	**18.4%**

AIRCRAFT MOVEMENTS		2013	2012	% +/–
Commercial aircraft	(international)	271,851	241,433	12.6%
Commercial aircraft	(domestic)	466,005	404,750	15.1%
Total commercial aircraft		**737,856**	**646,183**	**14.2%**
All other aircraft		147,021	199,549	–26.3%
Total aircraft movements		**884,877**	**845,732**	**4.6%**

CARGO MOVEMENTS (kg)		2013	2012	% +/–
Cargo movements	(international)	728,444,147	712,382,356	2.3%
Cargo movements	(domestic)	165,340,274	164,200,713	0.7%
Transit cargo		43,546,243	10,372,244	319.8%
Total cargo movements		**937,330,664**	**886,955,313**	**5.7%**

MAIL MOVEMENTS (kg)		2013	2012	% +/–
Mail movements	(international)	31,148,270	27,929,208	11.5%
Mail movements	(domestic)	8,637,835	8,483,066	1.8%
Transit mail		27,911	59,735	–53.3%
Total mail movements		**39,814,016**	**36,472,009**	**9.2%**

PASSENGER MOVEMENTS 2013

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2013*	2012*	% + /–	Domestic	Int'l	Total
KLIA	7,306,885	7,231,298	14,538,183	16,215,043	16,390,313	32,605,356	47,498,157	39,887,866	19.1%	1,120	353,498	354,618
Penang	1,522,651	1,538,462	3,061,113	1,214,127	1,210,516	2,424,643	5,487,751	4,767,815	15.1%	1,838	157	1,995
Kota Kinabalu	2,616,306	2,619,850	5,236,156	842,034	851,502	1,693,536	6,935,797	5,848,135	18.6%	3,533	2,572	6,105
Kuching	2,224,067	2,218,139	4,442,206	195,686	205,249	400,935	4,871,036	4,186,523	16.4%	22,067	5,828	27,895
Langkawi	887,901	903,143	1,791,044	77,069	78,107	155,176	1,946,440	1,594,106	22.1%	220	0	220
Kota Bharu	779,185	798,622	1,577,807	3,613	3,818	7,431	1,585,238	1,259,205	25.9%	0	0	0
Ipoh	40	136	176	36,735	37,409	74,144	74,320	73,354	1.3%	0	0	0
Kuala Terengganu	343,693	350,146	693,839	2,295	3,176	5,471	699,310	550,831	27.0%	0	0	0
Alor Setar	264,114	268,159	532,273	1,396	1,404	2,800	535,073	433,644	23.4%	0	0	0
Melaka	0	0	0	11,512	10,125	21,637	21,637	34,355	-37.0%	0	0	0
Subang	764,731	756,095	1,520,826	171,320	166,677	337,997	1,859,020	1,442,514	28.9%	197	0	197
Kuantan	139,166	137,440	276,606	20,336	20,498	40,834	317,440	280,074	13.3%	0	0	0
Tioman	18,836	19,272	38,108	8,645	9,301	17,946	56,054	60,141	-6.8%	0	0	0
Pangkor	2,767	3,024	5,791	0	0	0	5,791	4,068	42.4%	0	0	0
Redang	13,143	11,946	25,089	4,934	5,959	10,893	35,982	35,960	0.1%	0	0	0
Labuan	337,053	332,074	669,127	7	3	10	738,769	617,130	19.7%	69,632	0	69,632
Lahad Datu	72,684	73,246	145,930	0	0	0	145,930	142,733	2.2%	0	0	0
Sandakan	441,776	447,463	889,239	4	7	11	911,855	834,626	9.3%	22,605	0	22,605
Tawau	585,634	591,331	1,176,965	11,914	13,465	25,379	1,202,344	982,153	22.4%	0	0	0
Bintulu	374,050	376,944	750,994	0	0	0	779,774	661,553	17.9%	28,780	0	28,780
Miri	1,066,217	1,078,089	2,144,306	33,978	36,376	70,354	2,223,172	2,018,415	10.1%	8,512	0	8,512
Sibu	677,274	680,635	1,357,909	0	0	0	1,383,887	1,204,267	14.9%	25,978	0	25,978
Mulu	24,518	24,914	49,432	0	0	0	49,432	49,670	-0.5%	0	0	0
Limbang	30,104	30,970	61,074	0	0	0	61,074	57,852	5.6%	0	0	0
STOL Sabah	1,963	1,835	3,798	0	0	0	5,174	5,970	-13.3%	1,376	0	1,376
STOL Sarawak	68,707	74,971	143,678	0	0	0	156,627	162,760	-3.8%	12,949	0	12,949
Peninsular Malaysia	12,043,112	12,017,743	24,060,855	17,767,025	17,937,303	35,704,328	60,122,213	50,423,933	19.2%	3,375	353,655	357,030
Sabah	4,055,416	4,065,799	8,121,215	853,959	864,977	1,718,936	9,939,869	8,430,747	17.9%	97,146	2,572	99,718
Sarawak	4,464,937	4,484,662	8,949,599	229,664	241,625	471,289	9,525,002	8,341,040	14.2%	98,286	5,828	104,114
Total 2013	**20,563,465**	**20,568,204**	**41,131,669**	**18,850,648**	**19,043,905**	**37,894,553**	**79,587,084**	**67,195,720**	**18.4%**	**198,807**	**362,055**	**560,862**
Total 2012	17,135,669	17,139,431	34,275,100	16,097,781	16,281,712	32,379,493	67,195,720			156,102	385,025	541,127
% change	20.0%	20.0%	20.0%	17.1%	17.0%	17.0%	18.4%			27.4%	-6.0%	3.6%

*Note : * Including transit passengers*

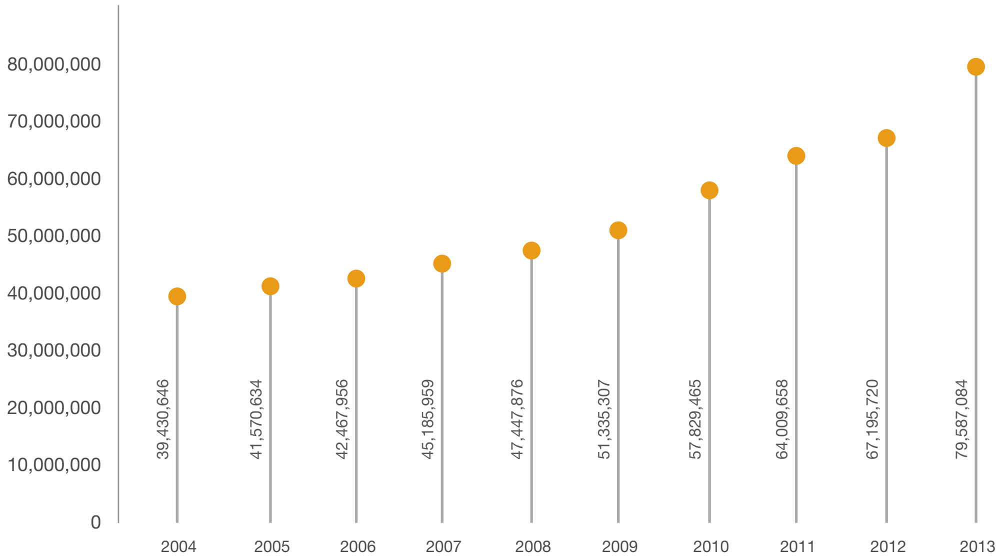
PASSENGER MOVEMENTS AT MAHB AIRPORTS 2013

PASSENGER MOVEMENTS (2004 – 2013)

AIRPORTS	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% + /–
KLIA	21,058,572	23,213,926	24,129,748	26,453,379	27,529,355	29,682,093	34,087,636	37,704,510	39,887,866	47,498,157	19.1%
Penang	2,987,993	2,834,545	3,103,772	3,173,117	3,405,762	3,325,423	4,166,969	4,600,274	4,767,815	5,487,751	15.1%
Kota Kinabalu	3,918,201	3,975,136	4,015,221	4,399,939	4,689,164	4,868,526	5,223,454	5,808,639	5,848,135	6,935,797	18.6%
Kuching	3,317,879	3,354,973	3,196,352	3,236,468	3,238,614	3,574,632	3,684,517	4,286,722	4,186,523	4,871,036	16.4%
Langkawi	845,276	830,334	934,024	1,122,911	1,196,956	1,359,271	1,374,729	1,504,697	1,594,106	1,946,440	22.1%
Kota Bharu	639,871	635,397	678,306	759,316	836,060	1,003,162	1,047,755	1,132,345	1,259,205	1,585,238	25.9%
Ipoh	103,123	74,451	64,711	814	5,376	21,937	48,508	71,169	73,354	74,320	1.3%
Kuala Terengganu	435,620	419,475	398,252	430,800	487,495	523,619	520,611	502,966	550,831	699,310	27.0%
Alor Setar	346,502	323,669	292,549	291,006	307,564	421,314	400,997	407,717	433,644	535,073	23.4%
Melaka	46,692	27,683	18,509	27,209	23,751	18,576	21,687	21,322	34,355	21,637	-37.0%
Subang	90,593	83,602	83,502	95,583	307,747	819,840	1,118,309	1,320,227	1,442,514	1,859,020	28.9%
Kuantan	349,375	298,184	273,005	262,486	259,529	226,912	220,878	248,846	280,074	317,440	13.3%
Tioman	57,957	54,054	57,559	46,260	48,767	49,057	54,056	62,010	60,141	56,054	–6.8%
Pangkor	10,247	11,193	9,866	8,906	8,132	7,617	2,588	547	4,068	5,791	42.4%
Redang	20,750	30,650	28,928	33,738	34,957	28,246	48,610	46,159	35,960	35,982	0.1%
Labuan	686,103	642,582	575,684	535,294	550,859	476,876	505,903	567,928	617,130	738,769	19.7%
Lahad Datu	117,584	116,973	108,697	77,024	99,983	98,558	113,442	131,054	142,733	145,930	2.2%
Sandakan	574,213	621,513	633,194	626,192	618,927	672,469	741,674	788,515	834,626	911,855	9.3%
Tawau	620,847	680,901	660,331	736,646	768,967	866,601	897,848	922,452	982,153	1,202,344	22.4%
Bintulu	464,576	487,077	449,673	381,158	417,918	487,060	557,459	590,253	661,553	779,774	17.9%
Miri	1,509,684	1,594,855	1,559,379	1,454,167	1,537,840	1,620,345	1,694,915	1,856,626	2,018,415	2,223,172	10.1%
Sibu	903,108	920,930	898,923	809,955	831,772	939,732	1,009,002	1,133,093	1,204,267	1,383,887	14.9%
Mulu	54,767	52,914	48,825	37,463	43,652	49,255	66,575	67,041	49,670	49,432	–0.5%
Limbang	96,209	105,652	89,814	50,107	49,181	45,512	50,044	56,211	57,852	61,074	5.6%
STOL Sabah	7,099	6,009	5,933	1,942	3,741	0	793	5,046	5,970	5,174	–13.3%
STOL Sarawak	167,805	173,956	153,199	134,079	145,807	148,674	170,506	173,289	162,760	156,627	–3.8%
Peninsular Malaysia	26,992,571	28,837,163	30,072,731	32,705,525	34,451,451	37,487,067	43,113,333	47,622,789	50,423,933	60,122,213	19.2%
Sabah	5,924,047	6,043,114	5,999,060	6,377,037	6,731,641	6,983,030	7,483,114	8,223,634	8,430,747	9,939,869	17.9%
Sarawak	6,514,028	6,690,357	6,396,165	6,103,397	6,264,784	6,865,210	7,233,018	8,163,235	8,341,040	9,525,002	14.2%
Grand Total	**39,430,646**	**41,570,634**	**42,467,956**	**45,185,959**	**47,447,876**	**51,335,307**	**57,829,465**	**64,009,658**	**67,195,720**	**79,587,084**	**18.4%**
% change	15.5%	5.4%	2.2%	6.4%	5.0%	8.2%	12.7%	10.7%	5.0%	18.4%	

PASSENGER
MOVEMENTS (2004 - 2013)

PASSENGER MOVEMENTS AT MAHB AIRPORTS (2004 – 2013)



PASSENGER MOVEMENTS AT KL INTERNATIONAL AIRPORT 2013

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
	2013	2012	2013	2012	2013	2012	% + / –
SOUTH EAST ASIA							
Balikpapan	21,706	21,669	20,889	20,206	42,595	41,875	1.7%
Banda Acheh	36,205	29,218	36,604	29,584	72,809	58,802	23.8%
Bandar Seri Begawan	180,402	154,861	177,717	155,848	358,119	310,709	15.3%
Bandung	176,128	162,564	184,489	173,202	360,617	335,766	7.4%
Bangkok	513,126	724,383	517,545	729,862	1,030,671	1,454,245	–29.1%
Cebu	7,437	711	7,473	887	14,910	1,598	833.0%
Chiang Mai	80,584	71,123	82,736	72,206	163,320	143,329	13.9%
Clark Field	39,978	65,098	38,194	65,690	78,172	130,788	–40.2%
Da Nang	13,481	26,847	13,558	26,696	27,039	53,543	–49.5%
Denpasar Bali	481,363	394,866	477,594	387,995	958,957	782,861	22.5%
Don Mueang	480,100	96,642	495,796	102,423	975,896	199,065	390.2%
Hanoi	165,705	133,608	176,087	146,912	341,792	280,520	21.8%
Hatyai	50,766	43,165	51,327	42,704	102,093	85,869	18.9%
Ho Chi Minh City	444,055	370,850	435,339	362,673	879,394	733,523	19.9%
Jakarta Halim Perdana Kusuma	87	0	158	0	245	0	–
Jakarta	999,459	913,983	1,029,660	929,414	2,029,119	1,843,397	10.1%
Koh Samui	36,462	16,178	35,401	16,509	71,863	32,687	119.9%
Krabi	99,481	50,432	96,516	49,234	195,997	99,666	96.7%
Kuala Namu	156,427	0	160,758	0	317,185	0	–
Lombok	38,312	5,006	44,613	5,867	82,925	10,873	662.7%
Manila	305,324	218,275	293,320	205,630	598,644	423,905	41.2%
Medan	171,495	284,678	188,209	300,752	359,704	585,430	–38.6%
Padang	87,260	71,552	87,449	71,327	174,709	142,879	22.3%
Palembang	46,423	40,886	48,168	41,455	94,591	82,341	14.9%
Pekan Baru	58,909	48,138	59,423	49,198	118,332	97,336	21.6%
Phnom Penh	153,531	137,587	163,207	155,649	316,738	293,236	8.0%
Phuket	365,444	288,386	366,046	286,549	731,490	574,935	27.2%
Semarang	28,238	37,330	30,927	42,355	59,165	79,685	–25.8%
Siem Reap	79,950	66,226	79,516	64,426	159,466	130,652	22.1%
Singapore	1,740,576	1,581,595	1,697,205	1,528,571	3,437,781	3,110,166	10.5%
Solo City	20,359	23,232	22,094	31,456	42,453	54,688	–22.4%
Surabaya	296,192	246,014	324,551	275,047	620,743	521,061	19.1%
Surat Thani	19,690	16,221	19,986	16,483	39,676	32,704	21.3%
Ujung Pandang	40,486	27,497	44,200	29,661	84,686	57,158	48.2%
Vientiane	26,531	24,913	25,884	25,343	52,415	50,256	4.3%
Yangon	159,592	127,405	155,935	123,281	315,527	250,686	25.9%
Yogyakarta	82,091	50,530	96,549	60,515	178,640	111,045	60.9%
Total	**7,703,355**	**6,571,669**	**7,785,123**	**6,625,610**	**15,488,478**	**13,197,279**	**17.4%**

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
	2013	2012	2013	2012	2013	2012	% + / –
NORTH EAST ASIA							
Beijing	270,592	193,816	274,407	195,751	544,999	389,567	39.9%
Busan	27,683	0	28,996	0	56,679	0	–
Chengdu	90,545	66,408	93,192	68,092	183,737	134,500	36.6%
Dalian	3,905	0	3,196	0	7,101	0	–
Fuzhou	16,517	13,612	15,735	13,430	32,252	27,042	19.3%
Guangzhou	343,913	302,347	349,288	306,186	693,201	608,533	13.9%
Guilin	28,950	29,872	29,014	30,123	57,964	59,995	–3.4%
Haikou	779	546	910	707	1,689	1,253	34.8%
Hangzhou	86,761	107,903	89,305	110,048	176,066	217,951	–19.2%
Harbin	722	404	728	694	1,450	1,098	32.1%
Hong Kong	734,635	631,349	780,630	677,651	1,515,265	1,309,000	15.8%
Kaohsiung	0	8,773	0	8,201	0	16,974	–100%
Kunming	52,731	20,451	54,664	20,640	107,395	41,091	161.4%
Macau	141,266	143,686	147,270	146,544	288,536	290,230	–0.6%
Nanning	22,926	6,652	23,077	6,586	46,003	13,238	247.5%
Osaka	142,757	113,097	151,770	117,786	294,527	230,883	27.6%
Pyongyang	480	965	506	1,023	986	1,988	–50.4%
Sapporo Chitose	1,916	1,860	1,919	1,998	3,835	3,858	–0.6%
Seoul	285,433	280,631	296,337	285,305	581,770	565,936	2.8%
Shanghai Pu Dong	309,253	185,202	304,056	195,972	613,309	381,174	60.9%
Shantou	0	128	0	209	0	337	–100%
Shenzhen	101,572	99,316	102,209	100,851	203,781	200,167	1.8%
Taipei	419,960	348,476	417,930	346,808	837,890	695,284	20.5%
Tianjin	1,204	36,000	1,171	36,972	2,375	72,972	–96.7%
Tokyo Haneda	117,363	90,200	112,594	85,657	229,957	175,857	30.8%
Tokyo Narita	185,399	156,506	190,521	161,851	375,920	318,357	18.1%
Wuhan	1,662	0	1,743	0	3,405	0	–
Wuxi	0	80	0	0	0	80	–100%
Xiamen	47,507	42,944	48,682	44,197	96,189	87,141	10.4%
Zhengzhou	1,418	1,636	12,051	12,527	13,469	14,163	–4.9%
Total	**3,437,849**	**2,882,860**	**3,531,901**	**2,975,809**	**6,969,750**	**5,858,669**	**19.0%**

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
	2013	2012	2013	2012	2013	2012	% + / –
SOUTHWEST PACIFIC							
Adelaide	86,525	66,568	93,093	74,521	179,618	141,089	27.3%
Auckland	78,593	67,735	83,528	71,275	162,121	139,010	16.6%
Brisbane	73,489	50,883	76,656	56,873	150,145	107,756	39.3%
Christchurch	0	24,012	0	24,689	0	48,701	–100.0%
Christmas Island	516	1,869	783	1,842	1,299	3,711	–65.0%
Darwin	3,320	0	1,629	0	4,949	0	–
Gold Coast	84,046	81,243	85,034	83,162	169,080	164,405	2.8%
Koror	0	0	0	30	0	30	–100.0%
Melbourne	393,125	308,638	400,381	326,467	793,506	635,105	24.9%
Perth	239,694	226,708	258,969	239,749	498,663	466,457	6.9%
Sydney	322,282	240,885	339,562	265,725	661,844	506,610	30.6%
Total	**1,281,590**	**1,068,541**	**1,339,635**	**1,144,333**	**2,621,225**	**2,212,874**	**18.5%**
SOUTH ASIA							
Bangalore	91,712	75,400	97,066	78,119	188,778	153,519	23.0%
Chennai	255,768	245,055	236,509	233,451	492,277	478,506	2.9%
Colombo	191,386	206,195	185,662	197,163	377,048	403,358	–6.5%
Delhi	138,028	145,255	132,694	140,428	270,722	285,683	–5.2%
Dhaka	320,483	234,149	263,945	211,875	584,428	446,024	31.0%
Hyderabad	43,222	44,046	44,092	43,497	87,314	87,543	–0.3%
Islamabad	0	0	558	972	558	972	–42.6%
Karachi	10,608	15,300	9,688	15,550	20,296	30,850	–34.2%
Kathmandu	170,425	87,448	154,568	69,693	324,993	157,141	106.8%
Kochi	68,471	48,289	67,592	50,928	136,063	99,217	37.1%
Kolkata	35,711	20,187	40,269	22,459	75,980	42,646	78.2%
Lahore	9,838	9,000	9,271	7,803	19,109	16,803	13.7%
Male	48,907	36,230	50,321	35,041	99,228	71,271	39.2%
Mumbai	121,642	104,169	118,065	93,966	239,707	198,135	21.0%
Peshawar	8,479	8,153	9,916	8,187	18,395	16,340	12.6%
Thiruchilapally	104,911	58,106	114,802	67,893	219,713	125,999	74.4%
Total	**1,619,591**	**1,336,982**	**1,535,018**	**1,277,025**	**3,154,609**	**2,614,007**	**20.7%**

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
	2013	2012	2013	2012	2013	2012	% + / –
CENTRAL ASIA							
Almaty	20,566	20,967	19,781	19,985	40,347	40,952	–1.5%
Tashkent	17,308	18,937	17,692	20,183	35,000	39,120	–10.5%
Total	**37,874**	**39,904**	**37,473**	**40,168**	**75,347**	**80,072**	**–5.9%**
MIDDLE EAST							
Abu Dhabi	145,143	118,535	152,696	125,057	297,839	243,592	22.3%
Amman	18,911	17,333	19,697	18,879	38,608	36,212	6.6%
Baghdad	5,682	2,707	4,477	2,578	10,159	5,285	92.2%
Bahrain	0	9,876	0	9,724	0	19,600	–100.0%
Dammam	0	284	0	169	0	453	–100.0%
Doha	204,337	184,168	190,955	174,475	395,292	358,643	10.2%
Dubai	382,798	317,140	389,162	314,070	771,960	631,210	22.3%
Jeddah	223,290	156,283	219,001	155,225	442,291	311,508	42.0%
Kuwait	8,768	10,911	11,053	14,557	19,821	25,468	–22.2%
Madinah	23,330	21,962	65,886	43,474	89,216	65,436	36.3%
Mashad	0	5,148	0	5,139	0	10,287	–100.0%
Muscat	63,667	62,769	57,695	64,016	121,362	126,785	–4.3%
Riyadh	56,351	52,645	27,189	30,193	83,540	82,838	0.8%
Sanaa	7,303	7,592	8,819	8,534	16,122	16,126	–0.02%
Shiraz	0	3,015	0	3,697	0	6,712	–100.0%
Tehran Imam Khomeini	74,770	102,301	73,146	104,251	147,916	206,552	–28.4%
Total	**1,214,350**	**1,072,669**	**1,219,776**	**1,074,038**	**2,434,126**	**2,146,707**	**13.4%**

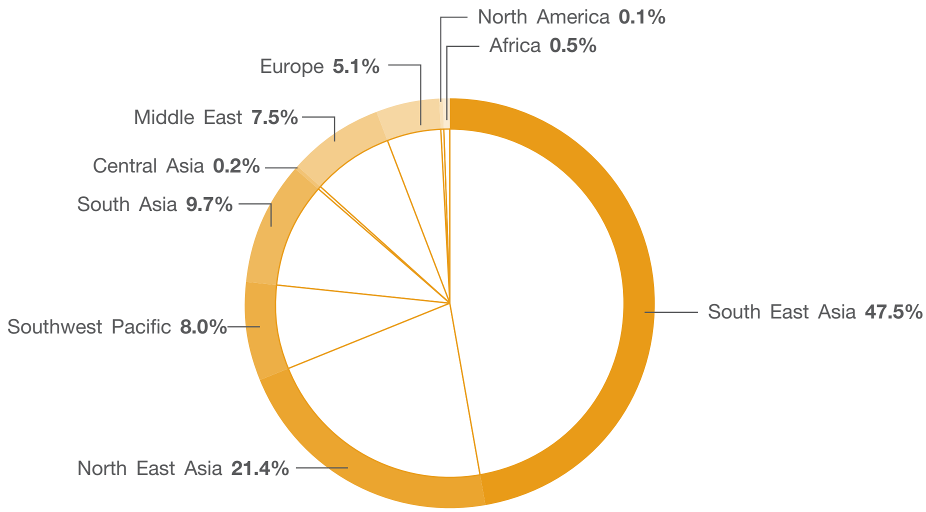
INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
	2013	2012	2013	2012	2013	2012	% + / –
EUROPE							
Amsterdam	192,961	189,274	203,463	200,575	396,424	389,849	1.7%
Frankfurt	71,170	65,800	76,628	69,762	147,798	135,562	9.0%
Istanbul	72,480	34,679	67,642	35,964	140,122	70,643	98.4%
London Gatwick	0	18,490	0	20,642	0	39,132	–100.0%
London Heathrow	304,653	246,344	315,196	240,083	619,849	486,427	27.4%
Manchester	0	0	0	78	0	78	–100.0%
Moscow	0	1,015	0	1,385	0	2,400	–100.0%
Paris	173,439	85,749	171,471	83,912	344,910	169,661	103.3%
Paris Orly	0	12,395	0	14,792	0	27,187	–100.0%
Rome	0	2,885	0	2,615	0	5,500	–100.0%
Total	**814,703**	**656,631**	**834,400**	**669,808**	**1,649,103**	**1,326,439**	**24.3%**
NORTH AMERICA							
Los Angeles	23,100	18,117	23,055	20,398	46,155	38,515	19.8%
Total	**23,100**	**18,117**	**23,055**	**20,398**	**46,155**	**38,515**	**19.8%**
SOUTH AMERICA							
Buenos Aires	0	1,527	0	1,136	0	2,663	–100.0%
Total	**0**	**1,527**	**0**	**1,136**	**0**	**2,663**	**–100.0%**
AFRICA							
Addis Ababa	13,140	956	14,597	1,568	27,737	2,524	998.9%
Cairo	37,186	41,272	39,905	43,822	77,091	85,094	–9.4%
Cape Town	0	1,164	0	1,421	0	2,585	–100.0%
Harare	0	35	0	27	0	62	–100.0%
Johannesburg	0	2,639	0	2,501	0	5,140	–100.0%
Mauritius	32,305	18,648	29,430	20,810	61,735	39,458	56.5%
Total	**82,631**	**64,714**	**83,932**	**70,149**	**166,563**	**134,863**	**23.5%**
Grand Total	**16,215,043**	**13,713,614**	**16,390,313**	**13,898,474**	**32,605,356**	**27,612,088**	**18.1%**

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2013

International Movements: 32,605,356



INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

AIRLINES	PASSENGER MOVEMENTS	MARKET SHARE %
Malaysia Airlines	10,539,591	32.0%
AirAsia	7,967,932	24.2%
AirAsia X	3,051,222	9.3%
Indonesia AirAsia	1,514,515	4.6%
Emirates	905,024	2.7%
Cathay Pacific Airways	699,598	2.1%
Jetstar Asia	616,034	1.9%
Qatar Airways	497,870	1.5%
KLM-Royal Dutch Airlines	425,239	1.3%
Thai Airways International	418,122	1.3%

10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA

AIRLINES	PASSENGER MOVEMENTS	% Y-O-Y
Zestair	58,044	7408.9%
Ethiopian Airlines	34,495	568.1%
Mahan Air	66,253	128.5%
Bangkok Airways	71,988	119.8%
Mandala Airlines	176,804	82.9%
Royal Brunei Airlines	128,962	75.2%
Jetstar Asia	616,034	71.6%
Lion Air	366,071	36.2%
Thai AirAsia	349,021	30.6%
Malaysia Airlines	10,539,591	28.8%

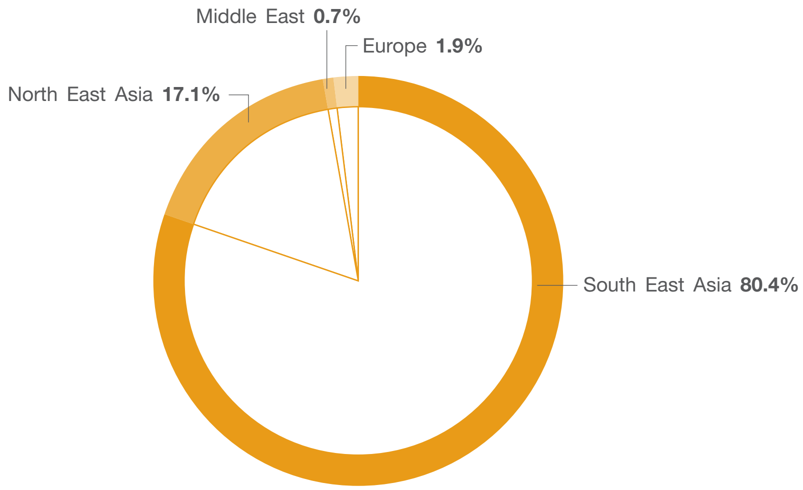
DOMESTIC TRAFFIC AT KLIA

AIRLINES	PASSENGER MOVEMENTS	% Y-O-Y
Malaysia Airlines	5,805,907	27.6%
AirAsia	8,119,545	10.5%
Malindo Air	608,445	–

INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT OTHER INTERNATIONAL AIRPORTS 2013

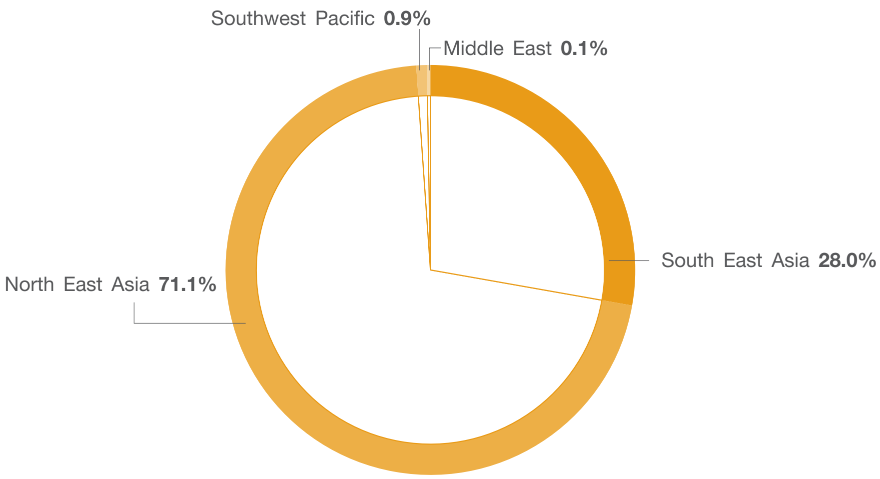
PENANG INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2013

International Movements: 2,424,800



KOTA KINABALU INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2013

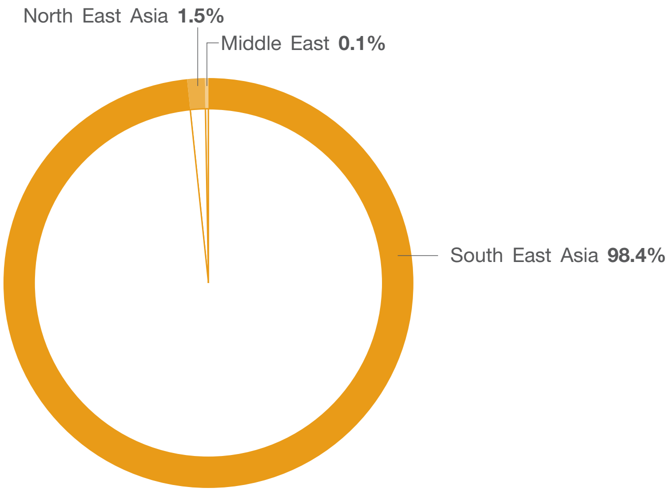
International Movements: 1,696,108



INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS AT OTHER INTERNATIONAL AIRPORTS 2013

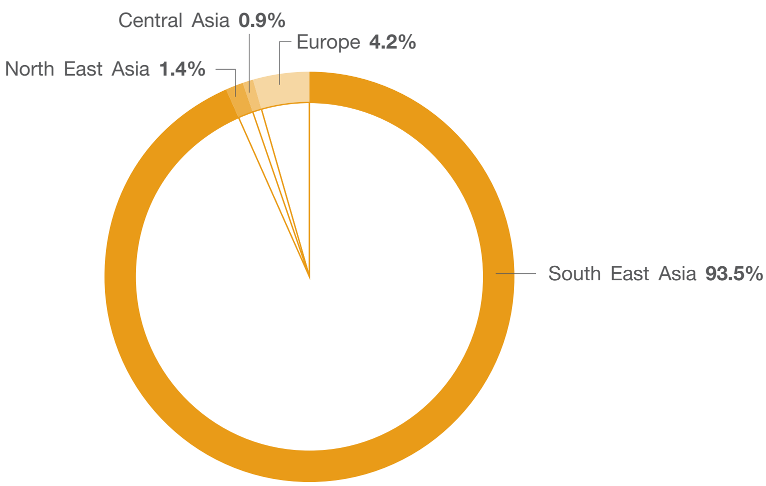
KUCHING INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2013

International Movements: 406,763



LANGKAWI INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS 2013

International Movements: 155,176



COMMERCIAL AIRCRAFT MOVEMENTS 2013

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2013	2012	% +/–
KLIA	113,446	1,274	114,720	208,608	2,209	210,817	325,537	282,290	15.3%
Penang	31,433	1	31,434	25,325	1	25,326	56,760	49,966	13.6%
Kota Kinabalu	50,572	2,596	53,168	14,403	30	14,433	67,601	58,366	15.8%
Kuching	41,552	5,896	47,448	5,316	331	5,647	53,095	43,981	20.7%
Langkawi	16,362	0	16,362	1,313	0	1,313	17,675	15,162	16.6%
Kota Bharu	16,889	3,420	20,309	218	0	218	20,527	17,112	20.0%
Ipoh	7	0	7	1,457	0	1,457	1,464	1,515	-3.4%
Kuala Terengganu	7,335	0	7,335	0	30	30	7,365	6,506	13.2%
Alor Setar	5,775	0	5,775	0	20	20	5,795	5,274	9.9%
Melaka	0	0	0	580	0	580	580	1,053	-44.9%
Subang	33,662	0	33,662	8,045	0	8,045	41,707	33,224	25.5%
Kuantan	2,507	0	2,507	728	54	782	3,289	3,395	-3.1%
Tioman	985	0	985	553	0	553	1,538	1,682	-8.6%
Pangkor	258	0	258	0	0	0	258	324	-20.4%
Redang	575	0	575	380	0	380	955	877	8.9%
Labuan	10,837	3,995	14,832	237	3	240	15,072	13,448	12.1%
Lahad Datu	3,294	27	3,321	0	0	0	3,321	3,058	8.6%
Sandakan	10,412	1,065	11,477	0	59	59	11,536	12,177	-5.3%
Tawau	10,975	75	11,050	726	8	734	11,784	9,689	21.6%
Bintulu	11,018	1,367	12,385	0	43	43	12,428	11,444	8.6%
Miri	32,154	11,548	43,702	1,173	0	1,173	44,875	42,351	6.0%
Sibu	17,195	0	17,195	0	1	1	17,196	15,923	8.0%
Mulu	2,306	0	2,306	0	0	0	2,306	1,760	31.0%
Limbang	2,075	0	2,075	0	0	0	2,075	1,880	10.4%
STOL Sabah	231	0	231	0	0	0	231	192	20.3%
STOL Sarawak	12,886	0	12,886	0	0	0	12,886	13,534	-4.8%
Peninsular Malaysia	229,234	4,695	233,929	247,207	2,314	249,521	483,450	418,380	15.6%
Sabah	86,321	7,758	94,079	15,366	100	15,466	109,545	96,930	13.0%
Sarawak	119,186	18,811	137,997	6,489	375	6,864	144,861	130,873	10.7%
Total 2013	**434,741**	**31,264**	**466,005**	**269,062**	**2,789**	**271,851**	**737,856**	**646,183**	**14.2%**
Total 2012	380,151	24,599	404,750	239,250	2,183	241,433	646,183		
% change	14.4%	27.1%	15.1%	12.5%	27.8%	12.6%	14.2%		

COMMERCIAL AIRCRAFT MOVEMENTS 2013

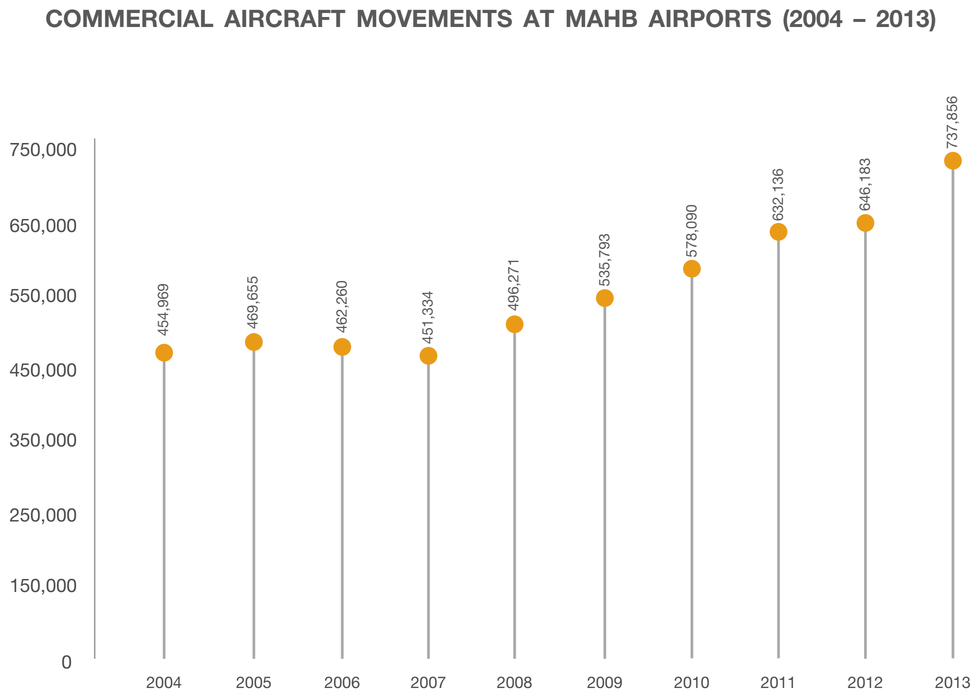
COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS 2013

COMMERCIAL AIRCRAFT MOVEMENTS AT KL INTERNATIONAL AIRPORT 2013

COMMERCIAL AIRCRAFT MOVEMENTS (2004 – 2013)

AIRPORTS	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% + /–
KLIA	164,483	181,341	182,548	192,304	209,681	225,251	244,179	268,265	282,290	325,537	15.3%
Penang	29,182	31,173	31,448	34,508	38,335	38,343	44,753	50,610	49,966	56,760	13.6%
Kota Kinabalu	50,313	49,680	50,594	49,881	52,463	52,677	55,089	59,638	58,366	67,601	15.8%
Kuching	41,353	39,430	37,167	34,192	36,087	41,437	42,940	49,613	43,981	53,095	20.7%
Pulau Langkawi	7,352	8,021	8,287	10,828	12,242	12,638	13,274	14,510	15,162	17,675	16.6%
Kota Bharu	8,888	8,765	10,368	13,074	14,083	13,709	13,180	15,304	17,112	20,527	20.0%
Ipoh	1,402	1,145	954	12	183	384	844	1,536	1,515	1,464	–3.4%
Kuala Terengganu	4,776	4,623	3,792	4,533	6,038	6,006	5,959	6,006	6,506	7,365	13.2%
Alor Setar	3,568	3,267	2,820	2,668	2,934	4,578	4,513	4,841	5,274	5,795	9.9%
Melaka	2,135	1,328	596	714	700	616	584	466	1,053	580	–44.9%
Subang	6,981	8,988	9,158	7,234	11,448	19,897	24,509	30,779	33,224	41,707	25.5%
Kuantan	3,748	3,500	2,748	3,253	3,334	2,947	2,628	3,178	3,395	3,289	–3.1%
Tioman	1,885	1,668	1,836	1,597	1,603	1,591	1,662	1,766	1,682	1,538	–8.6%
Pangkor	534	530	514	517	503	502	174	32	324	258	–20.4%
Redang	741	1,110	934	1,053	1,083	862	1,356	1,319	877	955	8.9%
Labuan	10,450	9,292	9,332	10,127	11,212	10,868	11,988	12,645	13,448	15,072	12.1%
Lahad Datu	2,948	3,010	3,203	2,195	2,922	2,922	2,860	2,941	3,058	3,321	8.6%
Sandakan	10,184	10,876	10,034	7,719	8,991	10,214	12,095	10,757	12,177	11,536	–5.3%
Tawau	8,019	8,531	8,005	6,863	7,334	8,885	9,723	9,328	9,689	11,784	21.6%
Bintulu	13,240	13,146	11,388	6,542	8,933	10,948	10,994	11,270	11,444	12,428	8.6%
Miri	42,306	40,302	39,462	33,022	35,178	38,836	39,509	40,931	42,351	44,875	6.0%
Sibu	17,162	16,683	15,092	11,765	14,307	16,275	17,899	18,211	15,923	17,196	8.0%
Mulu	3,066	2,620	2,220	1,638	1,642	1,570	1,726	1,912	1,760	2,306	31.0%
Limbang	5,625	5,490	4,242	2,300	1,860	1,697	1,947	1,896	1,880	2,075	10.4%
STOL Sabah	812	814	800	338	459	0	167	264	192	231	20.3%
STOL Sarawak	13,816	14,322	14,718	12,457	12,716	12,140	13,538	14,118	13,534	12,886	–4.8%
Peninsular Malaysia	235,675	255,459	256,003	272,295	302,167	327,324	357,615	398,612	418,380	483,450	15.6%
Sabah	82,726	82,203	81,968	77,123	83,381	85,566	91,922	95,573	96,930	109,545	13.0%
Sarawak	136,568	131,993	124,289	101,916	110,723	122,903	128,553	137,951	130,873	144,861	10.7%
Total	**454,969**	**469,655**	**462,260**	**451,334**	**496,271**	**535,793**	**578,090**	**632,136**	**646,183**	**737,856**	**14.2%**
% change	9.6%	3.2%	–1.6%	–2.4%	10.0%	8.0%	7.9%	9.3%	2.2%	14.2%	

COMMERCIAL AIRCRAFT MOVEMENTS (2004 – 2013)



ALL AIRCRAFT MOVEMENTS (2004 – 2013)

AIRPORTS	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% + /–
KLIA	165,115	182,537	183,869	193,710	211,228	226,751	245,650	269,509	283,352	326,678	15.3%
Penang	33,069	34,616	36,259	39,265	43,796	43,621	50,205	54,713	53,766	60,020	11.6%
Kota Kinabalu	52,352	51,824	52,055	52,047	54,317	53,554	55,241	59,638	58,366	67,601	15.8%
Kuching	45,340	43,253	40,292	37,348	39,188	44,761	46,382	53,154	46,727	56,085	20.0%
Pulau Langkawi	8,711	8,964	27,622	43,234	41,837	39,815	33,064	31,482	33,056	29,309	–11.3%
Kota Bharu	11,869	11,194	38,352	58,996	57,102	74,863	75,906	64,114	50,991	50,406	–1.1%
Ipoh	7,075	26,657	30,626	32,462	2,183	40,883	41,069	29,074	26,929	1,464	–93.9%
Kuala Terengganu	5,834	5,622	3,792	8,781	10,045	9,875	10,959	14,296	12,809	11,402	–11.0%
Alor Setar	14,784	17,632	18,495	20,277	17,705	24,031	22,187	19,621	18,006	15,752	–12.5%
Melaka	70,369	77,504	74,888	64,936	60,512	54,160	60,811	53,702	48,881	36,978	–24.4%
Subang	22,757	29,668	36,626	44,302	46,989	55,148	63,616	68,135	74,008	80,047	8.2%
Kuantan	4,088	3,757	2,973	3,487	3,551	3,110	2,802	3,452	3,613	3,663	1.4%
Tioman	2,447	2,146	2,256	1,989	2,141	2,180	2,167	2,222	2,205	2,089	–5.3%
Pangkor	698	752	541	589	545	502	174	32	324	258	–20.4%
Redang	741	1,121	934	1,053	1,083	862	1,356	1,319	877	955	8.9%
Labuan	10,668	9,510	9,554	10,349	11,328	11,045	12,093	12,762	13,589	15,139	11.4%
Lahad Datu	3,055	3,160	3,376	2,336	3,012	3,077	2,960	3,024	3,147	4,215	33.9%
Sandakan	10,823	11,662	10,776	8,410	9,622	12,915	13,517	11,715	13,153	12,856	–2.3%
Tawau	8,900	9,814	9,215	7,992	8,546	9,876	10,845	10,186	11,087	13,896	26.5%
Bintulu	13,546	13,619	11,804	7,093	16,787	51,009	24,246	17,122	12,294	13,661	11.1%
Miri	45,269	42,865	42,680	35,502	38,172	41,996	41,682	43,707	45,127	47,585	5.4%
Sibu	17,650	17,330	15,638	12,536	14,672	17,449	18,985	19,169	15,923	17,196	8.0%
Mulu	3,122	2,642	2,220	1,660	1,664	1,592	1,444	1,920	1,780	2,306	29.6%
Limbang	5,691	5,568	4,366	2,552	2,112	1,949	2,171	1,968	1,880	2,075	10.4%
STOL Sabah	812	814	800	338	459	0	559	278	212	305	43.9%
STOL Sarawak	13,838	14,394	14,854	12,719	12,978	12,140	13,538	14,262	13,630	12,936	–7.8%
Peninsular Malaysia	347,557	402,170	457,233	513,081	498,717	575,801	609,966	611,671	608,817	619,021	2.2%
Sabah	86,610	86,784	85,776	81,472	87,284	90,467	95,215	97,603	99,554	114,012	14.6%
Sarawak	144,456	139,671	131,854	109,410	125,573	170,896	148,448	151,302	137,361	151,844	10.2%
Total	**578,623**	**628,625**	**674,863**	**703,963**	**711,574**	**837,164**	**853,629**	**860,576**	**845,732**	**884,877**	**4.6%**
% change	6.3%	8.6%	7.4%	4.3%	1.1%	17.6%	2.0%	0.8%	-1.7%	4.6%	

CARGO MOVEMENTS 2013

AIRPORTS (kg)	DOMESTIC Arrival	DOMESTIC Departure	DOMESTIC Total	INTERNATIONAL Arrival	INTERNATIONAL Departure	INTERNATIONAL Total	TOTAL 2013*	TOTAL 2012*	TOTAL % + /–	TRANSIT Domestic	TRANSIT Int'l	TRANSIT Total
KLIA	24,853,864	47,997,878	72,851,742	311,431,947	296,699,259	608,131,206	680,982,948	673,107,401	1.2%	–	–	–
Penang	5,527,585	7,070,740	12,598,325	50,878,170	48,375,129	99,253,300	153,703,274	123,245,880	24.7%	8,207,165	33,644,485	41,851,650
Kota Kinabalu	11,407,105	8,393,179	19,800,284	553,553	1,461,997	2,015,550	21,922,412	23,563,295	–7.0%	101,572	5,006	106,578
Kuching	14,203,159	6,888,216	21,091,375	617,308	180,942	798,250	21,993,026	15,810,854	39.1%	96,625	6,777	103,402
Langkawi	517,696	41,944	559,640	37,917	–	37,917	629,954	753,624	–16.4%	32,397	–	32,397
Kota Bharu	130,665	47,565	178,230	540	470	1,010	179,240	147,176	21.8%	–	–	–
Kuala Terengganu	47,965	54,992	102,957	0	0	0	102,957	146,531	–29.7%	–	–	–
Alor Setar	39,526	86,652	126,178	0	0	0	126,178	123,330	2.3%	–	–	–
Melaka	0	0	0	0	0	0	–	195,377	–100.0%	–	–	–
Subang	4,236,616	7,620,990	11,857,605	6,562,019	8,023,634	14,585,653	26,443,258	22,680,444	16.6%	–	–	–
Kuantan	47,139	13,997	61,136	9,280	15,210	24,490	85,626	56,614	51.2%	–	–	–
Ipoh	0	140	140	198,046	205,110	403,156	403,296	33,850	1091.4%	–	–	–
Tioman	29,754	0	29,754	0	0	0	29,754	72,974	–59.2%	–	–	–
Pangkor	8,709	11,908	20,617	0	0	0	20,617	5,251	292.6%	–	–	–
Redang	25,149	1,041	26,190	–	382	382	26,572	27,411	–3.1%	–	–	–
Labuan	3,117,894	1,844,266	4,962,160	2,824,388	280,612	3,105,000	9,328,999	6,071,622	53.6%	937,619	324,220	1,261,839
Lahad Datu	177,112	23,216	200,328	0	0	0	200,328	184,595	8.5%	–	–	–
Sandakan	708,377	2,182,771	2,891,148	0	0	0	2,894,179	2,478,975	16.7%	3,031	–	3,031
Tawau	912,555	1,931,417	2,843,972	93	80	173	2,844,145	2,488,989	14.3%	–	–	–
Bintulu	1,568,911	959,365	2,528,276	0	0	0	2,552,604	2,574,046	–0.8%	24,328	–	24,328
Miri	7,435,362	2,275,666	9,711,028	81,284	6,777	88,061	9,800,087	9,879,090	–0.8%	998	–	998
Sibu	1,168,781	237,988	1,406,769	0	0	0	1,413,141	1,611,675	–12.3%	6,372	–	6,372
Mulu	353,993	483	354,476	0	0	0	354,476	321,699	10.2%	–	–	–
Limbang	385,233	356,369	741,602	0	0	0	741,602	744,141	–0.3%	–	–	–
STOL Sabah	0	0	0	0	0	0	0	3	–	–	–	–
STOL Sarawak	249,341	147,001	396,342	0	0	0	551,990	630,466	–12.4%	155,648	–	155,648
Peninsular Malaysia	35,464,668	62,947,847	98,412,514	369,117,919	353,319,194	722,437,113	862,733,674	820,595,862	5.1%	8,239,562	33,644,485	41,884,047
Sabah	16,323,043	14,374,849	30,697,892	3,378,034	1,742,689	5,120,723	37,190,063	34,787,479	6.9%	1,042,222	329,226	1,371,448
Sarawak	25,364,779	10,865,089	36,229,868	698,592	187,719	886,311	37,406,926	31,571,972	18.5%	283,971	6,777	290,748
Total 2013	**77,152,490**	**88,187,784**	**165,340,274**	**373,194,545**	**355,249,602**	**728,444,147**	**937,330,664**	**886,955,313**	**5.7%**	**9,565,755**	**33,980,488**	**43,546,243**
Total 2012	79,438,212	84,762,501	164,200,713	351,765,389	360,616,967	712,382,356	886,955,313			4,127,026	6,245,218	10,372,244
% change	–2.9%	4.0%	0.7%	6.1%	–1.5%	2.3%	5.7%			131.8%	444.1%	319.8%

* *Including transit cargo*

CARGO MOVEMENTS 2013

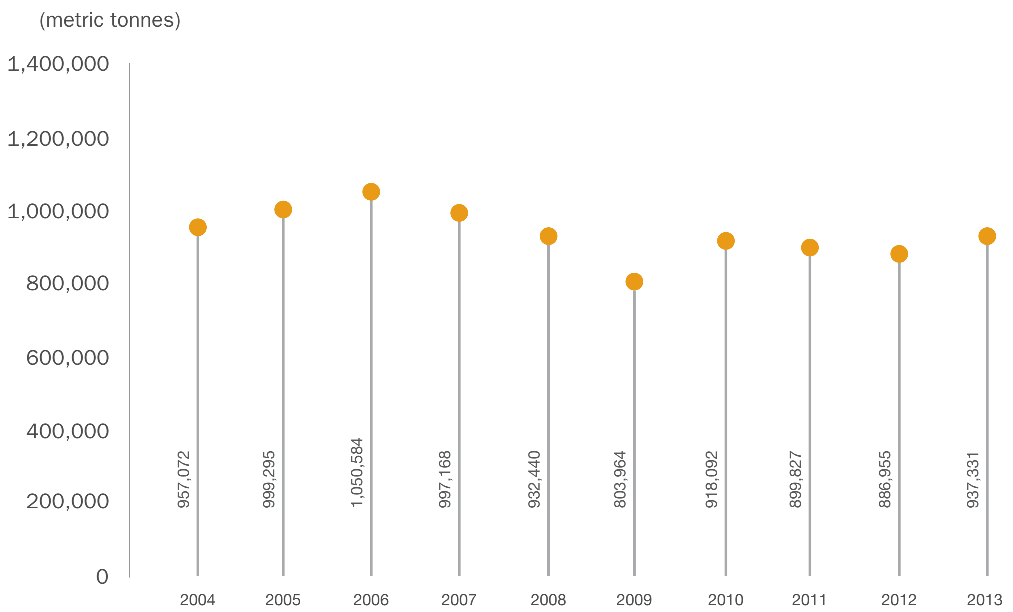
CARGO MOVEMENTS AT MAHB AIRPORTS 2013

CARGO MOVEMENTS (2004 – 2013)

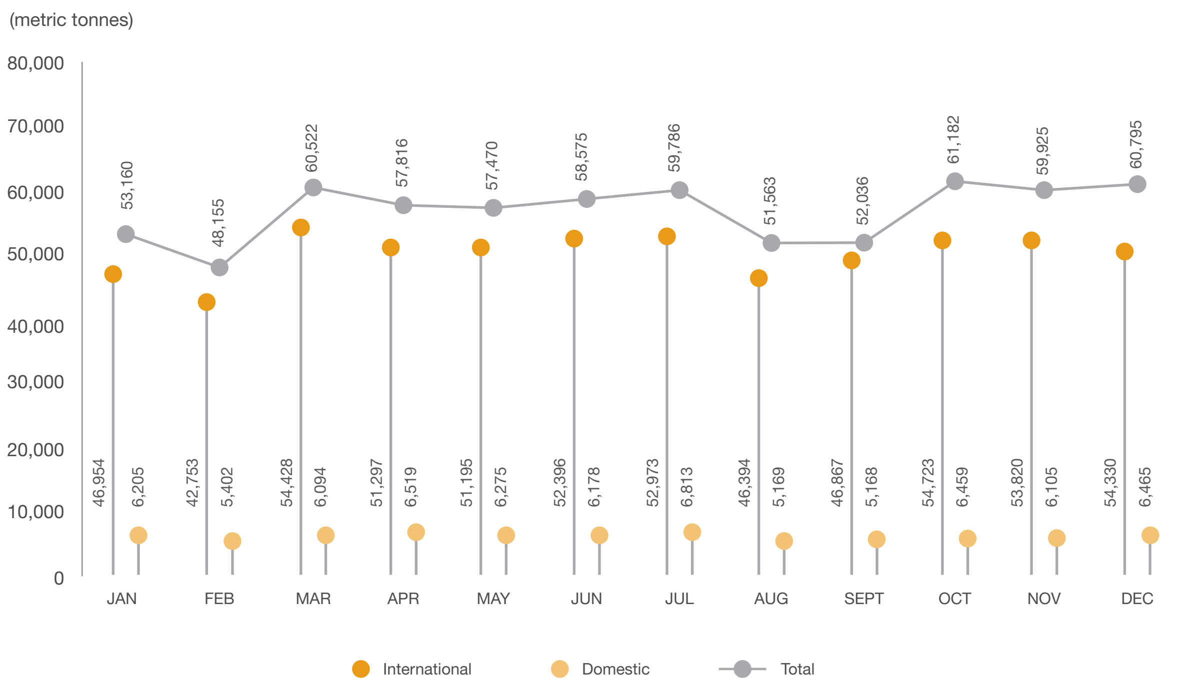
AIRPORTS (Metric tonnes)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% + /–
KLIA	651,747	653,654	672,888	644,100	649,077	584,559	674,902	669,849	673,107	680,983	1.2%
Penang	212,369	221,971	225,952	208,582	192,936	137,775	147,057	131,846	123,246	153,703	24.7%
Kota Kinabalu	27,191	25,473	28,356	35,638	34,532	25,079	26,733	28,534	23,563	21,922	–7.0%
Kuching	26,073	28,407	29,716	23,818	19,166	20,830	26,977	24,787	15,811	21,993	39.1%
Langkawi	325	449	487	524	589	572	434	646	754	630	–16.4%
Kota Bharu	235	168	210	163	181	185	177	164	147	179	21.8%
Kuala Terengganu	124	94	70	47	24	24	50	103	147	103	–29.7%
Alor Setar	67	118	111	55	41	34	34	46	123	126	2.3%
Melaka	602	370	146	219	179	127	144	139	195	0	–100.0%
Subang	18,670	46,082	71,953	63,382	18,473	18,536	19,988	19,928	22,680	26,443	16.6%
Kuantan	64	75	109	103	70	70	49	38	57	86	51.2%
Ipoh	735	437	357	10	–	–	–	–	34	403	1,091.4%
Tioman	–	–	–	–	–	–	–	–	73	30	–59.2%
Pangkor	–	–	–	–	–	–	–	–	5	21	292.6%
Redang	–	–	–	–	–	–	–	–	27	27	–3.1%
Labuan	2,653	3,077	3,207	3,985	4,566	4,165	4,592	5,294	6,072	9,329	53.6%
Lahad Datu	390	334	170	0	0	0	0	42	185	200	8.5%
Sandakan	4,053	4,531	5,475	6,224	3,055	2,099	2,806	2,300	2,479	2,894	16.7%
Tawau	2,968	3,885	3,030	2,134	1,262	1,951	3,045	3,198	2,489	2,844	14.3%
Bintulu	1,375	2,110	2,205	2,252	1,978	1,903	1,703	2,071	2,574	2,553	–0.8%
Miri	4,721	5,392	4,080	3,564	4,146	3,921	6,770	8,198	9,879	9,800	–0.8%
Sibu	1,567	1,377	1,040	892	735	856	1,133	1,153	1,612	1,413	–12.3%
Mulu	102	459	240	191	262	346	396	370	322	354	10.2%
Limbang	179	289	379	440	475	530	560	498	744	742	–0.3%
STOL Sabah	2	1	1	–	–	–	–	–	–	–	–
STOL Sarawak	862	540	403	845	692	402	543	622	630	552	–12.4%
Peninsular Malaysia	884,937	923,419	972,283	917,186	861,570	741,881	842,836	822,759	820,596	862,734	5.1%
Sabah	37,257	37,301	40,238	47,982	43,415	33,294	37,175	39,369	34,787	37,190	6.9%
Sarawak	34,878	38,575	38,062	32,001	27,454	28,789	38,081	37,699	31,572	37,407	18.5%
Grand Total	**957,072**	**999,295**	**1,050,584**	**997,168**	**932,440**	**803,964**	**918,092**	**899,827**	**886,955**	**937,331**	**5.7%**
% change	9.7%	4.4%	5.1%	-5.1%	-6.5%	-13.8%	14.2%	-2.0%	-1.4%	5.7%	

CARGO
MOVEMENTS (2004 – 2013)

CARGO MOVEMENTS AT MAHB AIRPORTS (2004 – 2013)



CARGO MOVEMENTS AT KL INTERNATIONAL AIRPORT 2013



INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	2013	2012	2013	2012	2013	2012	% + / –
SOUTH EAST ASIA							
Balikpapan	237,715	39,355	16,211	14,816	253,926	54,171	368.7%
Banda Aceh	0	587	1,007	2,158	1,007	2,745	–63.3%
Bandar Seri Begawan	152,157	162,376	1,390,819	1,503,735	1,542,976	1,666,111	–7.4%
Bandung	109,119	37,549	101,898	131,587	211,017	169,136	24.8%
Bangkok	11,065,083	14,101,518	11,693,937	10,568,058	22,759,020	24,669,576	–7.7%
Cebu	7,502	502	68,190	427	75,692	929	8047.7%
Chiang Mai	0	0	79,116	87,363	79,116	87,363	–9.4%
Clark Field	27,084	107,040	61,084	65,204	88,168	172,244	–48.8%
Da Nang	18,522	29,603	957	221	19,479	29,824	–34.7%
Denpasar Bali	1,308,111	1,303,099	734,929	619,167	2,043,040	1,922,266	6.3%
Don Mueang	756,582	148,859	146,332	28,346	902,914	177,205	409.5%
Hanoi	1,338,856	1,099,187	2,188,594	1,823,282	3,527,450	2,922,469	20.7%
Ho Chi Minh City	3,753,752	3,639,548	3,913,411	3,650,636	7,667,163	7,290,184	5.2%
Jakarta	15,373,989	17,996,177	11,161,099	8,936,460	26,535,088	26,932,637	–1.5%
Koh Samui	–	5,932	–	22	–	5,954	–100%
Krabi	0	–	54	–	54	–	–
Lombok	7,137	4,671	0	0	7,137	4,671	52.8%
Manila	1,430,455	1,156,314	2,845,691	3,046,663	4,276,146	4,202,977	1.7%
Medan	1,056,284	1,294,566	1,036,077	1,044,856	2,092,361	2,339,422	–10.6%
Padang	244,809	172,428	1,502	4,728	246,311	177,156	39.0%
Palembang	13,518	17,085	316,516	295,251	330,034	312,336	5.7%
Pekan Baru	2,500	3,474	2,042	11,172	4,542	14,646	–69.0%
Phnom Penh	2,207,287	2,503,946	2,258,103	2,371,132	4,465,390	4,875,078	–8.4%
Phuket	8,331	16,529	350,758	270,704	359,089	287,233	25.0%
Semarang	243,041	243,349	93,899	3,923	336,940	247,272	36.3%
Siem Reap	47,825	29,908	49,821	69,428	97,646	99,336	–1.7%
Singapore	10,689,007	12,103,400	10,570,000	11,158,878	21,259,007	23,262,278	–8.6%
Solo City	49,006	40,904	6,075	5,628	55,081	46,532	18.4%
Surabaya	997,751	679,032	342,439	610,496	1,340,190	1,289,528	3.9%
Ujung Pandang	629,697	670,984	6,661	21,648	636,358	692,632	–8.1%
Vientiane	0	0	193,585	162,038	193,585	162,038	19.5%
Yangon	750,167	1,042,383	1,049,275	1,203,258	1,799,442	2,245,641	–19.9%
Yogyakarta	322,597	326,898	40,567	20,701	363,164	347,599	4.5%
Total	**52,847,884**	**58,977,203**	**50,720,649**	**47,731,986**	**103,568,533**	**106,709,189**	**–2.9%**

INTERNATIONAL CARGO MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	2013	2012	2013	2012	2013	2012	% + / –
NORTH EAST ASIA							
Beijing	10,437,418	7,447,946	4,405,110	3,180,517	14,842,528	10,628,463	39.6%
Busan	71,815	–	8,645	–	80,460	–	–
Chendu	652,335	673,282	556,082	426,736	1,208,417	1,100,018	9.9%
Dalian	1,063	–	800	–	1,863	–	–
Fuzhou	56,497	73,820	1,554	610	58,051	74,430	–22.0%
Guangzhou	16,183,361	15,244,006	5,471,667	6,240,867	21,655,028	21,484,873	0.8%
Guilin	17,743	24,515	1,691	12,715	19,434	37,230	–47.8%
Haikou	248	–	24	–	272	–	–
Hangzhou	2,845,117	3,841,642	24,424	51,405	2,869,541	3,893,047	–26.3%
Hong Kong	35,464,067	34,622,674	21,930,259	20,393,266	57,394,326	55,015,940	4.3%
Kaohsiung	–	48,108	–	8,394	–	56,502	–100.0%
Kunming	521,068	262,135	56,340	55,591	577,408	317,726	81.7%
Macau	1,130,437	1,126,266	114,084	100,473	1,244,521	1,226,739	1.4%
Nanning	4,008	–	2,357	–	6,365	–	–
Osaka	3,887,081	4,272,557	5,722,133	5,652,358	9,609,214	9,924,915	–3.2%
Pyongyang	0	1,072	3,958	425	3,958	1,497	164.4%
Seoul	20,092,032	17,668,470	13,416,554	15,945,377	33,508,586	33,613,847	–0.3%
Shanghai Pu Dong	21,120,417	19,658,697	12,092,038	12,490,983	33,212,455	32,149,680	3.3%
Shenzhen	4,973,984	4,146,538	1,547,409	507,016	6,521,393	4,653,554	40.1%
Taipei	12,848,255	16,071,686	10,716,843	12,468,659	23,565,098	28,540,345	–17.4%
Tianjin	26,761	447,254	1,532	266,948	28,293	714,202	–96.0%
Tokyo Haneda	2,110,998	1,400,393	1,202,016	519,196	3,313,014	1,919,589	72.6%
Tokyo Narita	7,118,022	6,990,979	7,573,424	11,592,427	14,691,446	18,583,406	–20.9%
Wuxi	–	1,545	–	–	–	1,545	–100.0%
Xiamen	794,085	2,287,022	276,225	1,206,424	1,070,310	3,493,446	–69.4%
Zhengzhou	–	–	219	2,146	219	2,146	–89.8%
Total	**140,356,812**	**136,310,607**	**85,125,388**	**91,122,533**	**225,482,200**	**227,433,140**	**–0.9%**

INTERNATIONAL CARGO MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	2013	2012	2013	2012	2013	2012	% + / –
SOUTHWEST PACIFIC							
Adelaide	1,553,103	1,710,708	2,646,509	2,989,674	4,199,612	4,700,382	–10.7%
Auckland	2,550,634	2,497,639	2,697,753	3,083,877	5,248,387	5,581,516	–6.0%
Avalon	102,000	292,920	179,694	372,070	281,694	664,990	–57.6%
Brisbane	2,165,347	1,488,058	3,095,337	3,080,676	5,260,684	4,568,734	15.1%
Christchurch	–	134,191	–	95,299	–	229,490	–100.0%
Christmas Island	–	0	–	38,186	–	38,186	–100.0%
Darwin	56	–	2,999	–	3,055	–	–
Gold Coast	56,991	135,730	923,724	1,387,707	980,715	1,523,437	–35.6%
Melbourne	7,726,224	6,313,987	12,687,148	13,121,331	20,413,372	19,435,318	5.0%
Perth	2,765,267	2,874,469	8,474,362	7,855,180	11,239,629	10,729,649	4.8%
Port Moresby	–	0	–	48,111	–	48,111	–100.0%
Sydney	6,560,316	4,778,915	18,508,797	18,338,690	25,069,113	23,117,605	8.4%
Total	**23,479,938**	**20,226,617**	**49,216,323**	**50,410,801**	**72,696,261**	**70,637,418**	**2.9%**
SOUTH ASIA							
Bangalore	1,114,897	1,012,719	914,924	779,179	2,029,821	1,791,898	13.3%
Chennai	3,850,954	6,221,262	3,290,605	5,533,271	7,141,559	11,754,533	–39.2%
Colombo	3,725,130	2,983,370	1,980,698	1,964,936	5,705,828	4,948,306	15.3%
Delhi	4,095,432	4,720,837	4,342,360	5,079,056	8,437,792	9,799,893	–13.9%
Dhaka	11,472,417	6,865,324	6,662,821	4,851,422	18,135,238	11,716,746	54.8%
Hyderabad	744,826	762,781	285,451	410,399	1,030,277	1,173,180	–12.2%
Islamabad	0	0	5,318	9,535	5,318	9,535	–44.2%
Karachi	165,989	351,573	159,822	362,999	325,811	714,572	–54.4%
Kathmandu	701,276	462,872	352,052	49,611	1,053,328	512,483	105.5%
Kochi	379,710	242,375	96,202	99,911	475,912	342,286	39.0%
Kolkata	472,159	334,942	298,227	178,564	770,386	513,506	50.0%
Lahore	188,793	170,266	41,183	55,934	229,976	226,200	1.7%
Male	151,986	242,133	570,525	717,030	722,511	959,163	–24.7%
Mumbai	5,006,074	4,998,272	3,253,039	3,664,352	8,259,113	8,662,624	–4.7%
Peshawar	75,687	77,426	15,721	13,401	91,408	90,827	0.6%
Tiruchirapally	1,220,269	478,006	4,459	3,045	1,224,728	481,051	154.6%
Total	**33,365,599**	**29,924,158**	**22,273,407**	**23,772,645**	**55,639,006**	**53,696,803**	**3.6%**

INTERNATIONAL CARGO MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**% + / –**
CENTRAL ASIA							
Almaty	5,373	9,099	386,838	480,568	392,211	489,667	–19.9%
Baku Heydar Aliyev	8,924	0	197,212	1,820	206,136	1,820	11,226.2%
Tashkent	23,620	16,507	430,596	458,731	454,216	475,238	–4.4%
Total	**37,917**	**25,606**	**1,014,646**	**941,119**	**1,052,563**	**966,725**	**8.9%**
MIDDLE EAST							
Abu Dhabi	4,765,680	3,685,154	5,368,209	3,988,432	10,133,889	7,673,586	32.1%
Amman	108,903	146,602	410,890	426,044	519,793	572,646	–9.2%
Bahrain	–	138,027	–	502,623	–	640,650	–100.0%
Baghdad	2,244	0	7,427	4,290	9,671	4,290	125.4%
Dammam	–	0	–	8,806	–	8,806	–100.0%
Doha	3,325,293	4,596,086	9,039,909	7,624,641	12,365,202	12,220,727	1.2%
Dubai	5,674,898	5,251,559	9,876,567	9,092,477	15,551,465	14,344,036	8.4%
Jeddah	1,674,367	1,267,298	3,222,035	2,651,903	4,896,402	3,919,201	24.9%
Kuwait	51,799	50,966	668,108	976,242	719,907	1,027,208	–29.9%
Madinah	661	0	7,556	2,278	8,217	2,278	260.7%
Mashad	–	14,030	–	2,036	–	16,066	–100.0%
Muscat	2,425,965	2,292,337	2,086,408	3,015,605	4,512,373	5,307,942	–15.0%
Riyadh	275,101	186,644	847,465	787,994	1,122,566	974,638	15.2%
Riyan Mukalla	–	341	–	0	–	341	–100.0%
Sanaa	119,151	54,675	106,624	129,214	225,775	183,889	22.8%
Sharjah	0	158,432	14,025	378,590	14,025	537,022	–97.4%
Shiraz	138	18,121	0	31,975	138	50,096	–99.7%
Tehran Imam Khomeini	281,867	231,161	853,163	1,710,749	1,135,030	1,941,910	–41.6%
Total	**18,706,067**	**18,091,433**	**32,508,386**	**31,333,899**	**51,214,453**	**49,425,332**	**3.6%**

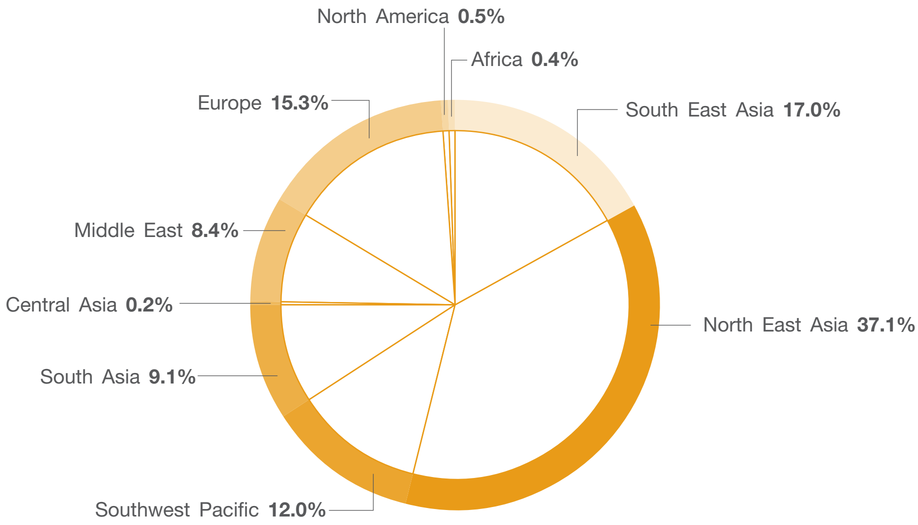
INTERNATIONAL CARGO MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	2013	2012	2013	2012	2013	2012	% + / –
EUROPE							
Amsterdam	14,668,306	15,054,744	16,428,590	18,642,932	31,096,896	33,697,676	–7.7%
Frankfurt	11,357,559	12,918,108	12,931,855	14,102,491	24,289,414	27,020,599	–10.1%
Istanbul	2,267,904	1,806,678	2,532,496	1,721,343	4,800,400	3,528,021	36.1%
London Gatwick	0	355,459	–	299,612	–	655,071	–100.0%
London Heathrow	4,589,694	3,991,284	8,414,216	7,378,873	13,003,910	11,370,157	14.4%
Luxembourg	2,854,012	2,532,788	7,499,702	5,643,995	10,353,714	8,176,783	26.6%
Moscow	–	1,909	–	10,109	–	12,018	–100.0%
Maastricht	17,335	–	11,269	–	28,604	–	–
Nottingham	–	56,855	–	–	–	56,855	–100.0%
Paris	4,612,964	3,634,394	4,798,235	3,795,663	9,411,199	7,430,057	26.7%
Paris Orly	–	609,754	–	121,233	–	730,987	–100.0%
Rome	–	80,145	–	60,276	–	140,421	–100.0%
Total	**40,367,774**	**41,042,118**	**52,616,363**	**51,776,527**	**92,984,137**	**92,818,645**	**0.2%**
NORTH AMERICA							
Los Angeles	1,351,840	914,242	1,564,108	556,310	2,915,948	1,470,552	98.3%
Total	**1,351,840**	**914,242**	**1,564,108**	**556,310**	**2,915,948**	**1,470,552**	**98.3%**
SOUTH AMERICA							
Buenos Aires	–	5,015	–	46,067	–	51,082	–100.0%
Total	**–**	**5,015**	**–**	**46,067**	**–**	**51,082**	**–100.0%**
AFRICA							
Addis Ababa	11,022	–	70,394	12,500	81,416	12,500	551.3%
Algier	–	–	–	3,035	–	3,035	–100.0%
Cairo	793,363	465,191	342,565	506,063	1,135,928	971,254	17.0%
Cape Town	–	70,593	–	8,468	–	79,061	–100.0%
Entebble/Kampala	0	–	87,454	–	87,454	–	–
Harare	–	8,614	–	1,192	–	9,806	–100.0%
Johannesburg	24,888	7,346	–	129,215	24,888	136,561	–81.8%
Khartoum	–	0	–	140,351	–	140,351	–100.0%
Lusaka	–	0	–	81,658	–	81,658	–100.0%
Mauritius	88,843	55,943	1,159,576	573,981	1,248,419	629,924	98.2%
Total	**918,116**	**607,687**	**1,659,989**	**1,456,463**	**2,578,105**	**2,064,150**	**24.9%**
Grand Total	**311,431,947**	**306,124,686**	**296,699,259**	**299,148,350**	**608,131,206**	**605,273,036**	**0.5%**

INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2013

KL INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS 2013

International Movements: 608,131 metric tonnes



AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA

AIRLINES	CARGO MOVEMENTS 2013 (kg)	MARKET SHARE %
Malaysia Airlines	328,038,434	53.9%
AirAsia X	41,637,898	6.8%
AirAsia	32,902,623	5.4%
Korean Air	21,389,883	3.5%
Cathay Pacific Airways	20,084,679	3.3%
Thai Airways International	16,855,596	2.8%
Emirates	14,064,507	2.3%
Singapore Airlines	13,570,679	2.2%
Qatar Airways	12,627,642	2.1%
Federal Express	12,600,631	2.1%
China Airlines	10,875,131	1.8%

10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE* AT KLIA

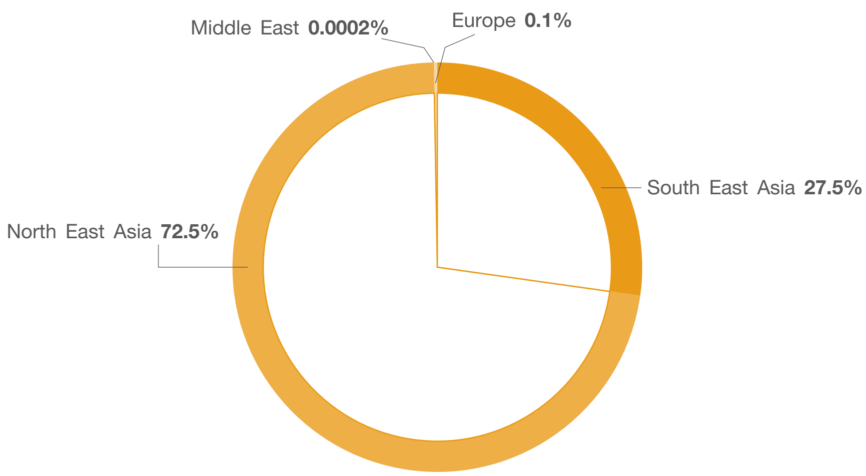
AIRLINES	CARGO MOVEMENTS 2013 (kg)	% Y-O-Y
China Southern Airlines	1,612,726	91.0%
Air Mauritius	1,255,514	88.7%
United Parcel Services	4,674,103	75.2%
Cargolux Airlines International	9,480,190	35.5%
Etihad Airways	10,122,154	31.9%
Vietnam Airlines	1,487,383	24.6%
Saudi Arabian Airlines	2,995,052	23.1%
Egyptair	1,930,709	19.5%
Biman Bangladesh Airlines	3,013,488	17.6%
Garuda Indonesia	1,212,492	17.3%

*Note: *1,000,000 kg and above*

INTERNATIONAL CARGO MOVEMENTS BY SECTORS AT OTHER INTERNATIONAL AIRPORT 2013

PENANG INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS 2013

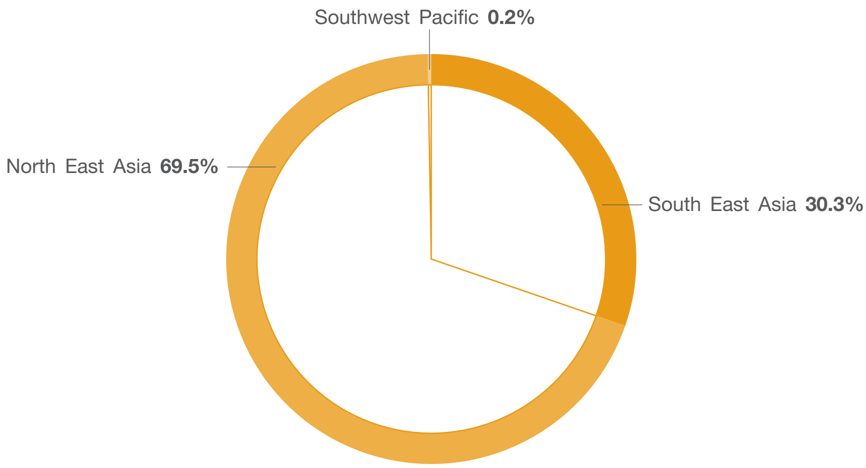
International Movements: 132,898 metric tonnes



INTERNATIONAL CARGO MOVEMENTS BY SECTORS
AT OTHER INTERNATIONAL AIRPORT 2013

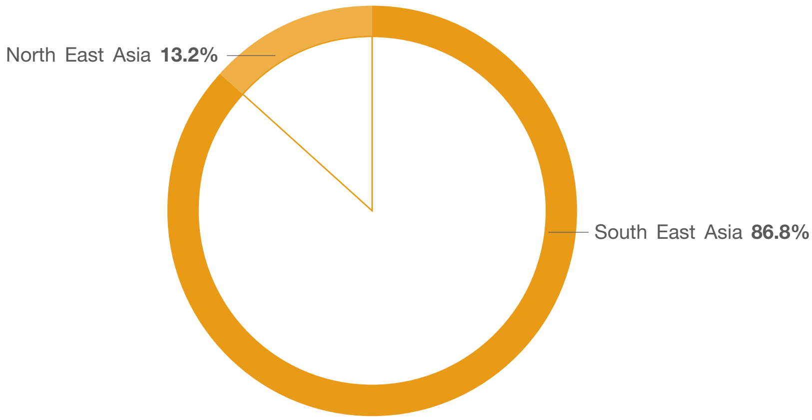
KOTA KINABALU INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS 2013

International Movements: 2,021 metric tonnes



KUCHING INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS 2013

International Movements: 805 metric tonnes



MAIL MOVEMENTS 2013

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
(kg)	Arrival	Departure	Total	Arrival	Departure	Total	2013*	2012*	% + /–	Domestic	Int'l	Total
KLIA	627,881	881,852	1,509,733	14,954,132	15,807,531	30,761,663	32,271,396	29,119,167	10.8%	0	0	0
Penang	362	2,360	2,722	121	67	188	3,344	1,589	110.4%	434	0	434
Kota Kinabalu	431,469	933,037	1,364,506	271,516	114,903	386,419	1,750,925	2,246,076	–22.0%	0	0	0
Kuching	99,012	628,137	727,149	0	0	0	727,149	497,034	46.3%	0	0	0
Langkawi	180,361	73,362	253,723	0	0	0	262,786	227,176	15.7%	9,063	0	9,063
Kota Bharu	146,370	97,167	243,537	0	0	0	243,537	213,631	14.0%	0	0	0
Ipoh	0	0	0	0	0	0	0	0	–	0	0	0
Kuala Terengganu	37,187	581	37,768	0	0	0	37,768	48,264	–21.7%	0	0	0
Alor Setar	0	223,931	223,931	0	0	0	223,931	184,780	21.2%	0	0	0
Melaka	0	0	0	0	0	0	0	0	–	0	0	0
Subang	6,304	198	6,502	0	0	0	6,502	0	–	0	0	0
Kuantan	0	0	0	0	0	0	0	0	–	0	0	0
Tioman	0	0	0	0	0	0	0	860	–100%	0	0	0
Pangkor	0	0	0	0	0	0	0	0	–	0	0	0
Labuan	419,087	88,284	507,371	0	0	0	511,272	496,146	3.0%	3,901	0	3,901
Lahad Datu	136,548	28,595	165,143	0	0	0	165,143	274,826	–39.9%	0	0	0
Sandakan	241,469	45,543	287,012	0	0	0	301,257	440,349	–31.6%	14,245	0	14,245
Tawau	333,216	137,623	470,839	0	0	0	470,839	496,676	–5.2%	0	0	0
Bintulu	45,980	6,689	52,669	0	0	0	52,669	40,957	28.6%	0	0	0
Miri	1,624,003	500,264	2,124,267	0	0	0	2,124,267	1,902,784	11.6%	0	0	0
Sibu	524,508	86,710	611,218	0	0	0	611,486	236,841	158.2%	268	0	268
Mulu	0	0	0	0	0	0	0	0	–	0	0	0
Limbang	4,883	31,638	36,521	0	0	0	36,521	38,117	–4.2%	0	0	0
STOL Sabah	0	0	0	0	0	0	0	0	–	0	0	0
STOL Sarawak	10,331	2,893	13,224	0	0	0	13,224	6,736	96.3%	0	0	0
Peninsular Malaysia	998,465	1,279,451	2,277,916	14,954,253	15,807,598	30,761,851	33,049,264	29,795,467	10.9%	9,497	0	9,497
Sabah	1,561,789	1,233,082	2,794,871	271,516	114,903	386,419	3,199,436	3,954,073	–19.1%	18,146	0	18,146
Sarawak	2,308,717	1,256,331	3,565,048	0	0	0	3,565,316	2,722,469	31.0%	268	0	268
Total 2013	**4,868,971**	**3,768,864**	**8,637,835**	**15,225,769**	**15,922,501**	**31,148,270**	**39,814,016**	**36,472,009**	**9.2%**	**27,911**	**0**	**27,911**
Total 2012	4,663,874	3,819,192	8,483,066	13,064,186	14,865,022	27,929,208	36,472,009			59,735	0	59,735
% change	4.4%	–1.3%	1.8%	16.5%	7.1%	11.5%	9.2%			–53.3%	–	–53.3%

*Note : * Including transit mail*

MAIL MOVEMENTS 2013

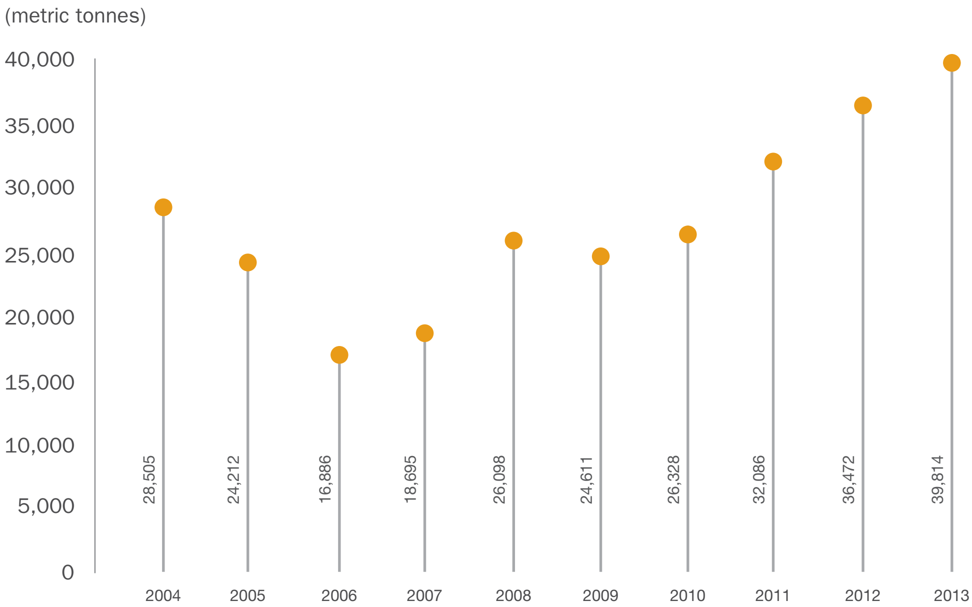
MAIL MOVEMENTS AT MAHB AIRPORTS 2013

MAIL MOVEMENTS (2004 – 2013)

AIRPORTS (Metric tonnes)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	% + /–
KLIA	3,621	2,999	4,558	8,794	18,418	17,061	19,394	25,463	29,119	32,271	10.8%
Penang	1,563	9	2	1	0.4	7	4	12	2	3	110.4%
Kota Kinabalu	5,940	5,032	3,787	4,044	3,149	1,744	2,158	1,810	2,246	1,751	–22.0%
Kuching	5,344	5,086	3,467	3,137	999	821	642	479	497	727	46.3%
Langkawi	44	46	58	58	83	73	90	131	227	263	15.7%
Kota Bharu	384	226	171	175	236	322	322	330	214	244	14.0%
Ipoh	0	0	0	0	0	0	0	0	0	0	–
Kuala Terengganu	174	132	10	4	8	5	12	16	48	38	–21.7%
Alor Setar	0	0	0	0	2	55	47	58	185	224	21.2%
Melaka	0	0	0	0	0	0	0	0	0	0	–
Subang	8,003	7,006	1,656	0	0	0	0	0	0	7	–
Kuantan	12	2	0	0	0	0	2	0	0	0	–
Tioman	0	0	0	0	0	0	0	0	1	0	–100%
Pangkor	0	0	0	0	0	0	0	0	0	0	–
Labuan	276	257	291	334	399	360	378	414	496	511	3.0%
Lahad Datu	165	154	212	157	193	212	207	213	275	165	–39.9%
Sandakan	202	52	90	9	233	254	476	465	440	301	–31.6%
Tawau	431	264	102	27	281	242	439	457	497	471	–5.2%
Bintulu	151	134	240	83	339	382	264	218	41	53	28.6%
Miri	1,255	1,633	1,439	1,806	1,665	2,171	1,564	1,608	1,903	2,124	11.6%
Sibu	909	1,089	698	59	0	849	287	371	237	611	158.2%
Mulu	0	0	0	0	0	0	0	0	0	0	–
Limbang	0.01	0.05	0.06	0	0	0	28	25	38	37	–4.2%
STOL Sabah	0	0	0	0	0	0	0	0	0	0	–
STOL Sarawak	32	90	106	6	94	53	13	15	7	13	96.3%
Peninsular Malaysia	13,801	10,421	6,455	9,033	18,747	17,523	19,870	26,010	29,795	33,049	10.9%
Sabah	7,013	5,759	4,481	4,572	4,254	2,812	3,659	3,360	3,954	3,199	–19.1%
Sarawak	7,691	8,031	5,950	5,090	3,097	4,276	2,798	2,716	2,722	3,565	31.0%
Grand Total	**28,505**	**24,212**	**16,886**	**18,695**	**26,098**	**24,611**	**26,328**	**32,086**	**36,472**	**39,814**	**9.2%**
% change	4.9%	–15.1%	–30.3%	10.7%	39.6%	–5.7%	7.0%	21.9%	13.7%	9.2%	

MAIL
MOVEMENTS (2004 – 2013)

MAIL MOVEMENTS AT MAHB AIRPORTS (2004 – 2013)



MAIL MOVEMENTS AT KL INTERNATIONAL AIRPORT 2013

INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	2013	2012	2013	2012	2013	2012	% + / –
SOUTH EAST ASIA							
Bandar Seri Begawan	5,929	6,359	156,341	151,651	162,270	158,010	2.7%
Bangkok	400,986	469,025	223,706	165,526	624,692	634,551	–1.6%
Cebu	7	–	0	–	7	0	–
Denpasar Bali	27	89,935	328,127	452,133	328,154	542,068	–39.5%
Hanoi	51,783	12,119	49,161	122,037	100,944	134,156	–24.8%
Ho Chi Minh City	3,765	2,202	40,080	24,667	43,845	26,869	63.2%
Jakarta	295,952	331,214	477,670	756,926	773,622	1,088,140	–28.9%
Manila	52,596	21,651	192,890	114,670	245,486	136,321	80.1%
Medan	61	0	37,378	35,733	37,439	35,733	4.8%
Phnom Penh	31,430	51,406	234,875	237,285	266,305	288,691	–7.8%
Phuket	400	656	33	3	433	659	–34.3%
Singapore	804,125	766,527	233,029	80,612	1,037,154	847,139	22.4%
Yangon	0	58	74,534	86,455	74,534	86,513	–13.8%
Total	**1,647,061**	**1,751,152**	**2,047,824**	**2,227,698**	**3,694,885**	**3,978,850**	**–7.1%**
NORTH EAST ASIA							
Beijing	963,498	843,304	465,127	285,657	1,428,625	1,128,961	26.5%
Fuzhou	1,063	1,684	–	–	1,063	1,684	–36.9%
Guangzhou	702,544	503,677	106,255	81,421	808,799	585,098	38.2%
Hong Kong	715,489	388,471	320,284	247,122	1,035,773	635,593	63.0%
Kaohsiung	–	7	–	0	–	7	–100.0%
Osaka	128,466	115,371	20,127	35,118	148,593	150,489	–1.3%
Seoul	1,032,692	1,515,579	341,753	339,092	1,374,445	1,854,671	–25.9%
Shanghai Pu Dong	207,296	91,700	933,905	78,240	1,141,201	169,940	571.5%
Shenzhen	2,754,400	2,196,085	2,021,882	2,955,584	4,776,282	5,151,669	–7.3%
Taipei	208,158	483,977	461,673	376,932	669,831	860,909	–22.2%
Tokyo	9,713	4,791	309,752	262,600	319,465	267,391	19.5%
Xiamen	32,454	34,824	–	45	32,454	34,869	–6.9%
Total	**6,755,773**	**6,179,470**	**4,980,758**	**4,661,811**	**11,736,531**	**10,841,281**	**8.3%**

INTERNATIONAL MAIL MOVEMENTS BY SECTORS
AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	2013	2012	2013	2012	2013	2012	% + / –
SOUTHWEST PACIFIC							
Adelaide	0	0	46,886	225,549	46,886	225,549	–79.2%
Auckland	3,263	2,554	889,318	997,634	892,581	1,000,188	–10.8%
Brisbane	15	1	243,023	296,999	243,038	297,000	–18.2%
Melbourne	2,428	1,540	1,515,955	1,502,266	1,518,383	1,503,806	1.0%
Perth	44	44	567,127	664,487	567,171	664,531	–14.7%
Sydney	33,810	1,335	2,172,670	1,597,792	2,206,480	1,599,127	38.0%
Total	**39,560**	**5,474**	**5,434,979**	**5,284,727**	**5,474,539**	**5,290,201**	**3.5%**
SOUTH ASIA							
Chennai	365	13,020	39,665	26,479	40,030	39,499	1.3%
Colombo	32,981	75,802	103,303	43,060	136,284	118,862	14.7%
Delhi	41	21	35,727	30,857	35,768	30,878	15.8%
Dhaka	44,984	99,690	92,667	98,228	137,651	197,918	–30.5%
Karachi	1,089	2,460	0	2,167	1,089	4,627	–76.5%
Kathmandu	6	–	12,890	328	12,896	328	3,831.7%
Kochi	1	–	0	–	1	–	–
Lahore	256	274	10	–	266	274	–2.9%
Male	633	530	23,510	27,140	24,143	27,670	–12.7%
Mumbai	4,081	6,972	29,174	30,582	33,255	37,554	–11.4%
Total	**84,437**	**198,769**	**336,946**	**258,841**	**421,383**	**457,610**	**–7.9%**
MIDDLE EAST							
Abu Dhabi	12,583	21,822	1,329	40	13,912	21,862	–36.4%
Amman	35,305	1,574	138	163	35,443	1,737	1,940.5%
Bahrain	–	3,101	–	4,807	–	7,908	–100.0%
Doha	106,687	68,517	21,075	17,366	127,762	85,883	48.8%
Dubai	1,197	1,582	1,913	348	3,110	1,930	61.1%
Jeddah	11,295	11,255	23,999	36,375	35,294	47,630	–25.9%
Kuwait	2,472	27,077	139	164	2,611	27,241	–90.4%
Mashad	–	880	–	0	0	880	–100.0%
Madinah	891	–	0	–	891	–	–
Muscat	6,202	9,812	10	64	6,212	9,876	–37.1%
Riyadh	7,545	4,980	385	334	7,930	5,314	49.2%
Riyan Mukalla	–	1	–	–	–	1	–100.0%
Sanaa	2,541	479	10	0	2,551	479	432.6%
Sharjah	–	15,164	–	0	0	15,164	–100.0%
Shiraz	–	0	–	10	0	10	–100.0%
Tehran	50,669	9,015	382	239	51,051	9,254	451.7%
Total	**237,387**	**175,259**	**49,380**	**59,910**	**286,767**	**235,169**	**21.9%**

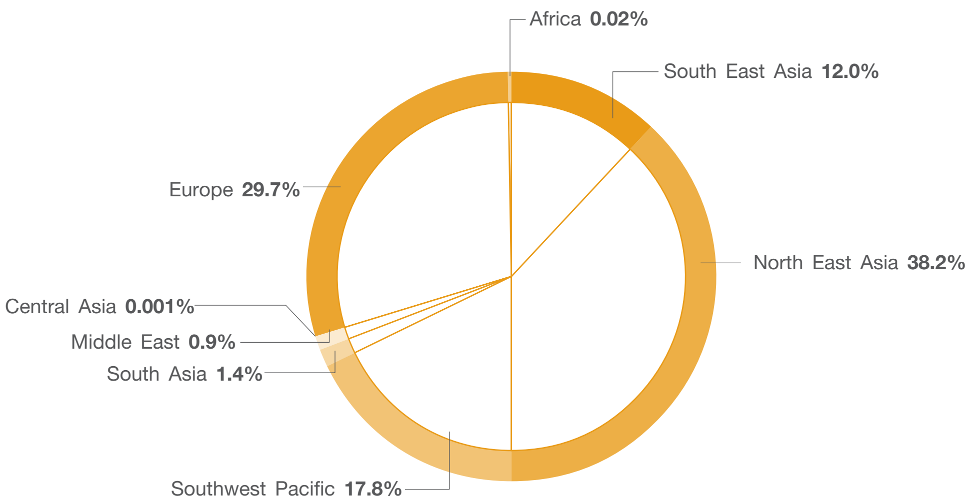
INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2013

	ARRIVAL		DEPARTURE		TOTAL		
(kg)	2013	2012	2013	2012	2013	2012	% + / –
CENTRAL ASIA							
Almaty	154	–	0	–	154	–	–
Tashkent	19	9	–	0	19	9	111.1%
Total	**173**	**9**	**–**	**–**	**173**	**9**	**1822.2%**
EUROPE							
Amsterdam	841,193	546,221	159,858	120,713	1,001,051	666,934	50.1%
Frankfurt	62,698	45,430	55,254	79,760	117,952	125,190	–5.8%
Istanbul	521	47	31,237	25,444	31,758	25,491	24.6%
London	4,941,947	3,857,883	2,239,552	1,714,224	7,181,499	5,572,107	28.9%
Luxembourg	–	0	–	171	–	171	–100.0%
Moscow	–	910	–	205	–	1,115	–100.0%
Paris	340,783	1,365	469,223	337,312	810,006	338,677	139.2%
Total	**6,187,142**	**4,451,856**	**2,955,124**	**2,277,829**	**9,142,266**	**6,729,685**	**35.8%**
NORTH AMERICA							
Los Angeles	–	0	–	4,200	–	4,200	–100.0%
Total	**–**	**0**	**–**	**4,200**	**–**	**4,200**	**–100.0%**
SOUTH AMERICA							
Buenos Aires	–	0	–	123	–	123	–100.0%
Total	**–**	**0**	**–**	**123**	**–**	**123**	**–100.0%**
AFRICA							
Addis Ababa	105	–	101	–	206	–	–
Cairo	1,282	–	42	98	1,324	98	1251.0%
Mauritius	1,212	139	2,377	0	3,589	139	2482.0%
Total	**2,599**	**139**	**2,520**	**98**	**5,119**	**237**	**2,059.9%**
Grand Total	**14,954,132**	**12,762,128**	**15,807,531**	**14,775,237**	**30,761,663**	**27,537,365**	**11.7%**

INTERNATIONAL MAIL MOVEMENTS BY SECTORS AT KL INTERNATIONAL AIRPORT 2013

KL INTERNATIONAL AIRPORT MAIL MOVEMENTS BY SECTORS 2013

Total International Movements: 30,762 metric tonnes



MOVEMENTS AT MAHB STOLPORTS IN SABAH & SARAWAK 2013/2012

STOLports	AIRCRAFT MOVEMENTS	% CHG	PASSENGERS	% CHG	CARGO & MAIL (KG)	% CHG
SARAWAK REGION						
Bakalalan	320	2.6%	3,251	–1.8%	–	–
Bario	1,442	–5.8%	16,490	–5.3%	208,969	–13.4%
Lawas	3,522	–9.1%	49,422	–8.4%	29,568	–7.5%
Long Akah	364	19.0%	1,799	12.4%	–	–
Long Banga	216	2.9%	2,602	–2.4%	–	–
Long Lellang	276	–7.4%	2,488	13.2%	–	–
Long Seridan	208	9.5%	1,788	15.6%	5,524	–8.8%
Marudi	3,542	–5.1%	44,540	1.8%	321,153	–10.3%
Mukah	2,996	–2.7%	34,247	–5.7%	–	–
Belaga	–	–	–	–	–	–
Long Semado	–	–	–	–	–	–
Kapit	–	–	–	–	–	–
Total	**12,886**	**–4.8%**	**156,627**	**–3.8%**	**565,214**	**–11.3%**
SABAH REGION						
Kudat	231	20.3%	5,174	–13.3%	0	–
Long Pasia	–	–	–	–	–	–
Semporna	–	–	–	–	–	–
Total	**231**	**20.3%**	**5,174**	**–13.3%**	**0**	**–**
Grand Total	**13,117**	**–4.4%**	**161,801**	**–4.1%**	**565,214**	**–11.3%**

AIRLINES OPERATING AT KL INTERNATIONAL AIRPORT 2013

		WEEKLY FLIGHT FREQUENCY
1	Air Astana	3
2	Air Asia Philippines	7
3	Air France	3
4	Air India Express	5
5	Air Koryo	1
6	Air Mauritius	4
7	AirAsia	587 inter/576 dom
8	AirAsia X	135
9	Bangkok Airways	7
10	Biman Bangladesh Airlines	7
11	Cargolux Airlines International (Cargo)	3
12	Cathay Pacific Airways	28
13	Cebu Pacific Air	14
14	China Airlines	14 (4C)
15	China Eastern Airlines	7
16	China Southern Airlines	14
17	Egyptair	7
18	Emirates	28
19	Ethiopian Airlines	4
20	Etihad Airways	14
21	Eva Airways	7
22	Federal Express (Cargo)	6
23	Firefly	1 int/1 dom
24	Gading Sari (Cargo)-domestic	10
25	Garuda Indonesia	14
26	Hong Kong Airlines (Cargo)	2
27	Indonesia AirAsia	130
28	Iran Air	3
29	Iraqi Airways	2
30	Japan Airlines International	7
31	Jetstar Asia	53
32	KLM-Royal Dutch Airlines	14
33	Korean Air	7 (3C)
34	Kuwait Airways	6
35	Lion Air	21
36	Lufthansa German Airlines	4
37	Mahan Air	6
38	Malaysia Airlines	647+28 (C)inter/ 474 dom
39	Malindo Air	21 inter/94 dom
40	Mandala Airlines	11
41	Myanmar Airways International	5
42	National Air Services	1
43	Nepal Airlines	7
44	Oman Air	7
45	Pakistan International Airlines	4
46	PALexpress	1
47	Philippine Airlines	4
48	Qatar Airways	28
49	Regent Airways	7
50	Royal Brunei Airlines	14
51	Royal Jordanian	3
52	Saudi Arabian Airlines	7
53	Shanghai Airlines	4
54	SilkAir	43
55	Singapore Airlines	15
56	SriLankan Airlines	14
57	Thai AirAsia	28
58	Thai Airways International	18
59	Thai Lion Air	7
60	Tiger Airways	28
61	Transmile Air (Cargo)	2 int/5 dom
62	Turkish Airlines	4
63	United Airways Bangladesh	7
64	United Parcel Services (Cargo)	9
65	Uzbekistan Airways	3
66	Vietnam Airlines	21
67	Xiamen Airlines	7
68	Yemenia Yemen Airways	2
69	Zestair	16
Total number of airlines		**69**

1. **FLIGHT, INTERNATIONAL**
   A flight operated with one or both terminals in the territory of a State, other than the State in which the airline is registered. The term State includes all territories subject to the sovereignty, protection or mandate of such State.

2. **FLIGHT, DOMESTIC**
   A flight operated between points within the domestic boundaries of a State by an airline registered in that State. A flight between a State and territories belonging to it, as well as a flight between two such territories, should be classified as domestic. This applies even though the flight may cross international waters or over the territory subject to the sovereignty, suzerainty, protection or mandate of such State.

3. **COMERCIAL AIR TRANSPORT OPERATION**
   An aircraft operation involving the transport of passengers, baggage, cargo or mail for remuneration or hire.

4. **AIR SERVICES, SCHEDULED**
   Air services provided by flights scheduled and performed for remuneration according to a published timetable, or so regular or frequent as to constitute a recognisably systematic series which are open for use by public including empty flights related thereto and preliminary revenue flights on planned new air services.

5. **NON SCHEDULED FLIGHT**
   Commercial flights not listed in the time table of an airline including General Aviation aircraft carrying passenger or cargo for remuneration or hire.

6. **PASSENGER**
   Any person, except members of the crew, carried or to be carried in an aircraft with the consent of the carrier.

7. **TRANSFER PASSENGER (CARGO, MAIL)**
   A passenger making a direct connection between two flights i.e using different aircraft and flight numbers, operated by the same or another airline. Synonymous with connecting passenger.

8. **TRANSIT PASSENGER (CARGO, MAIL)**
   A passenger arriving and departing on one and the same aircraft.

9. **CARGO**
   Anything carried or to be carried in an aircraft, except mail, or baggage carried under a passenger ticket and baggage check, but includes baggage moving under an airway bill or shipment record.

10. **MAIL, SERVICE**
    - Dispatches of correspondence and other objects tendered by and intended for delivery to postal administration.
    - Goods carried under the terms of an international Postal Convention.

11. **DEPARTURE**
    The boarding of an aircraft for the purpose of commencing a flight, except by such crew or passengers as have embarked on a previous stage of the same through-flight.

12. **ARRIVAL**
    The leaving of an aircraft after a landing except by crew or passenger continuing to the next stage of the same through-flight.

13. **STOLports**
    An airport designed to serve short take-off and landing (STOL) aircraft.

STATISTICS OF SHAREHOLDINGS

STATEMENT OF SHAREHOLDINGS AS AT 13 FEBRUARY 2014

SHARE CAPITAL

Authorised Share Capital	: RM2,000,000,001/-
Issued and Fully Paid-Up Capital	: RM1,240,546,353/-
Class of Equity Securities	: 1,240,546,352 Ordinary Shares of RM1/- each; and 1 Special Rights Redeemable Preference Share of RM1/-
Voting Rights	: One vote per ordinary share The Special Share has no voting right other than that referred to in Note 27 of the Financial Statements.

ANALYSIS OF SHAREHOLDINGS AS AT 13 FEBRUARY 2014

A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

	No. of holders		No. of holdings		Percentage	
Size of holdings	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**	**Malaysian**	**Foreign**
1 – 99	185	6	3,892	284	0.00	0.00
100 – 1,000	4,454	30	4,259,301	22,852	0.34	0.00
1,001 – 10,000	4,070	70	11,563,400	308,958	0.93	0.02
10,001 – 100,000	367	161	9,494,206	6,778,306	0.77	0.55
100,001 – 62,027,316 (*)	88	182	222,485,443	204,586,097	17.93	16.49
62,027,317 and above (**)	3	0	781,043,613	0	62.96	0.00
Total	**9,167**	**449**	**1,028,849,855**	**211,696,497**	**82.94**	**17.06**
Grand Total	**9,616**		**1,240,546,352**		**100.00**	

*Remark : * Less than 5% of Issued Holdings*
*** 5% and above of Issued Holdings*

Note(s): The above information is based on records as provided by Bursa Malaysia Depository Sdn Bhd and number of holders reflected is in reference to CDS account numbers.

B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 13 FEBRUARY 2014
(Without aggregating securities from different securities accounts belonging to the same person)

Name of Shareholders		No. of Holdings	Percentage
1.	KHAZANAH NASIONAL BERHAD	498,930,726	40.22
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	144,775,536	11.67
3.	AMANAHRAYA TRUSTEES BERHAD SKIM AMANAH SAHAM BUMIPUTERA	137,337,351	11.07
4.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	28,364,856	2.29
5.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (BERMUDA)	25,312,564	2.04
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	24,143,852	1.95
7.	PERMODALAN NASIONAL BERHAD	17,497,205	1.41
8.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	14,504,300	1.17
9.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	14,215,239	1.15
10.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	13,769,836	1.11
11.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON (MELLON ACCT)	11,800,359	0.95
12.	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	11,381,788	0.92
13.	AMANAHRAYA TRUSTEES BERHAD PUBLIC GROWTH FUND	8,815,227	0.71
14.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND W4B3 FOR WASATCH EMERGING MARKETS SMALL CAP FUND	7,073,778	0.57
15.	AMANAHRAYA TRUSTEES BERHAD PUBLIC EQUITY FUND	6,950,115	0.56
16.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.A.E.)	6,012,926	0.48
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	5,694,222	0.46

Name of Shareholders		No. of Holdings	Percentage
18.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR RBC INVESTOR SERVICES TRUST (CLIENTS ACCOUNT)	5,288,387	0.43
19.	AMANAHRAYA TRUSTEES BERHAD SEKIM AMANAH SAHAM NASIONAL	5,283,425	0.43
20.	BHR ENTERPRISE SDN BHD	5,151,600	0.42
21.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (CLIENT ASSET S)	5,101,507	0.41
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD SETIAUSAHA KERAJAAN PULAU PINANG	4,950,000	0.40
23.	LEMBAGA TABUNG ANGKATAN TENTERA	4,931,627	0.40
24.	AMANAHRAYA TRUSTEES BERHAD PUBLIC DIVIDEND SELECT FUND	4,722,373	0.38
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	4,579,647	0.37
26.	CHIEF MINISTER, STATE OF SABAH	4,500,000	0.36
27.	STATE FINANCIAL SECRETARY SARAWAK	4,500,000	0.36
28.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)	4,490,871	0.36
29.	HSBC NOMINEES (ASING) SDN BHD BNY BRUSSELS FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	4,173,061	0.34
30.	KERAJAAN NEGERI PAHANG	4,100,000	0.33

C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 13 FEBRUARY 2014

1. The Minister of Finance (Incorporated)

D. SUBSTANTIAL SHAREHOLDERS AS AT 13 FEBRUARY 2014
(as shown in the register of substantial shareholders)

	No. of Shares held		
Name of Substantial Shareholders	**Direct**	**Indirect**	**Percentage**
Khazanah Nasional Berhad	498,930,726	–	40.22
Employees Provident Fund Board	157,301,624	–	12.68
AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera	137,337,351	–	11.07

E. DIRECTORS' SHAREHOLDINGS AS AT 13 FEBRUARY 2014
(as shown in the register of directors' shareholdings)

	No. of Shares		
Name of Directors	**Direct**	**Indirect**	**Percentage**
1. Tan Sri Dato' Sri Dr. Wan Abdul Aziz Bin Wan Abdullah	–	–	–
2. Tan Sri Bashir Ahmad Bin Abdul Majid	–	–	–
3. Datuk Seri Long See Wool	–	–	–
4. Eshah Binti Meor Suleiman	–	–	–
5. Jeremy Bin Nasrulhaq	–	–	–
6. Mohd Izani Bin Ghani	–	–	–
7. Tunku Dato' Mahmood Fawzy Bin Tunku Muhiyiddin	–	–	–
8. Datuk Seri Yam Kong Choy	–	–	–
9. Datuk Zalekha Binti Hassan	–	–	–
10. Rosli Bin Abdullah	–	–	–
11. Norazura Binti Tadzim *(Alternate Director to Eshah Binti Meor Suleiman)*	–	–	–
12. Chua Kok Ching *(Alternate Director to Datuk Seri Long See Wool)*	–	–	–

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
T : 603-2084 9000
F : 603-2094 9940/2095 0292

LISTING

The Company's shares are listed on the Main Market of Bursa Malaysia Securities Berhad in Malaysia.

MALAYSIAN TAXES ON DIVIDEND

The change in the tax structure from imputation to single tier system is the most significant change in Malaysia's tax laws.

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. Under this system, tax on dividends is imposed at the companies' and shareholders' level. However, tax imposed at the shareholders' level will take into account tax imputed at the companies' level through tax credits.

In accordance with Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Malaysian companies also have an irrecoverable option to disregard the Section 108 balance of Malaysian Income Tax Act, 1967 and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

MAHB did not elect for the irrecoverable option to disregard the Section 108 balance. Accordingly, during the transitional period, MAHB may utilise the credit in Section 108 balances as at 31 December 2012 and 2011 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 31 December 2013, the Company has fully utilised the credit in the Section 108 balance and can distribute its entire retained earnings under the single-tier system without any restrictions.

ANNUAL REPORT

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

The Company Secretary
Malaysia Airports Holdings Berhad
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan
T : 603-8777 7011
F : 603-8777 7512

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 2013 (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 25 years (Expiry date of 11 February 2034)	22,165 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 2066)	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	2,261
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia	4 units of apartments	Freehold	–	342	740
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. Location: Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia	10 units of apartments	Freehold	–	744	860

Registered Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value as at 31 Dec 2013 (RM'000)
LANDED PROPERTIES OWNED BY THE GROUP (CONTINUED)					
MALAYSIA AIRPORTS SDN. BHD. Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan Malaysia	32 units of apartments	Leasehold of 99 years (Expiry date of 31 December 2089)	–	3,175	–
MALAYSIA AIRPORTS SDN. BHD. Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Residential)	Leasehold of 99 years (Expiry date of 31 December 2090)	1.10 acres	–	262
MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. Location: CL 205317951 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Agriculture)	Leasehold of 99 years (Expiry date of 31 December 2077)	1.22 acres	–	215

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:
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
Kuala Lumpur International Airport
64000 KLIA, Sepang, Selangor Darul Ehsan
Tel: 603-8776 8401
Fax: 603-8776 8181

K.L. AIRPORT HOTEL SDN BHD (330863-D)
SAMA-SAMA HOSPITALITY MANAGEMENT SDN BHD (1029991-A)
Business Address:
Sama-Sama Hotel
Kuala Lumpur International Airport
Jalan CTA 4B, 64000 KLIA
Sepang, Selangor Darul Ehsan
Tel: 603-8787 3333
Fax: 603-8787 5855

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)
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)
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 DIRECTORY

KL INTERNATIONAL AIRPORT
64000 KLIA Sepang
Selangor Darul Ehsan, Malaysia
T : 603-8777 8888
F : 603-8926 5510

PENANG INTERNATIONAL AIRPORT
11900 Bayan Lepas
Pulau Pinang, Malaysia
T : 604-252 0252
F : 604-643 5339

LANGKAWI INTERNATIONAL AIRPORT
07100 Padang Mat Sirat, Langkawi
Kedah Darul Aman, Malaysia
T : 604-955 1311
F : 604-955 1314

KOTA KINABALU INTERNATIONAL AIRPORT
Beg Berkunci No. 134
Aras 5, Bangunan Terminal
88740 Kota Kinabalu Sabah, Malaysia
T : 6088-325 555
F : 6088-325 511

KUCHING INTERNATIONAL AIRPORT
Peti Surat 1070
93722 Kuching, Sarawak, Malaysia
T : 6082-454 242
F : 6082-458 587

SULTAN ABDUL AZIZ SHAH AIRPORT
Skypark Terminal
47200 Subang
Selangor Darul Ehsan, Malaysia
T : 603-7845 3245
F : 603-7846 3679

SULTAN AZLAN SHAH AIRPORT
31350 Ipoh
Perak Darul Ridzuan, Malaysia
T : 605-318 8202
F : 605-312 2295

SULTAN ABDUL HALIM AIRPORT
06200 Alor Setar
Kedah Darul Aman, Malaysia
T : 604-714 6876
F : 604-714 5345

SULTAN ISMAIL PETRA AIRPORT
Pengkalan Chepa
16100 Kota Bharu
Kelantan Darul Naim, Malaysia
T : 609-773 7400
F : 609-773 3852

SULTAN MAHMUD AIRPORT
21300 Kuala Terengganu
Terengganu Darul Iman, Malaysia
T : 609-667 3666
F : 609-662 6670

SULTAN AHMAD SHAH AIRPORT
26070 Kuantan
Pahang Darul Makmur, Malaysia
T : 609-531 2123/2100
F : 609-538 4017

MELAKA AIRPORT
75350 Melaka, Malaysia
T : 606-317 5860
F : 606-317 5214

SANDAKAN AIRPORT
P.O. Box 1719
90719 Sandakan
Sabah, Malaysia
T : 6089-667 782/667 786
F : 6089-667 778

LAHAD DATU AIRPORT
P.O. Box 213
91108 Lahad Datu
Sabah, Malaysia
T : 6089-881 033
F : 6089-881 618

TAWAU AIRPORT
P.O. Box 60132
91011 Tawau
Sabah, Malaysia
T : 6089-950 777
F : 6089-950 781

LABUAN AIRPORT
Jalan Tun Mustafa
Peti Surat 80569
87015 W.P. Labuan
Sabah, Malaysia
T : 6087-416 007/415 015
F : 6087-410 129

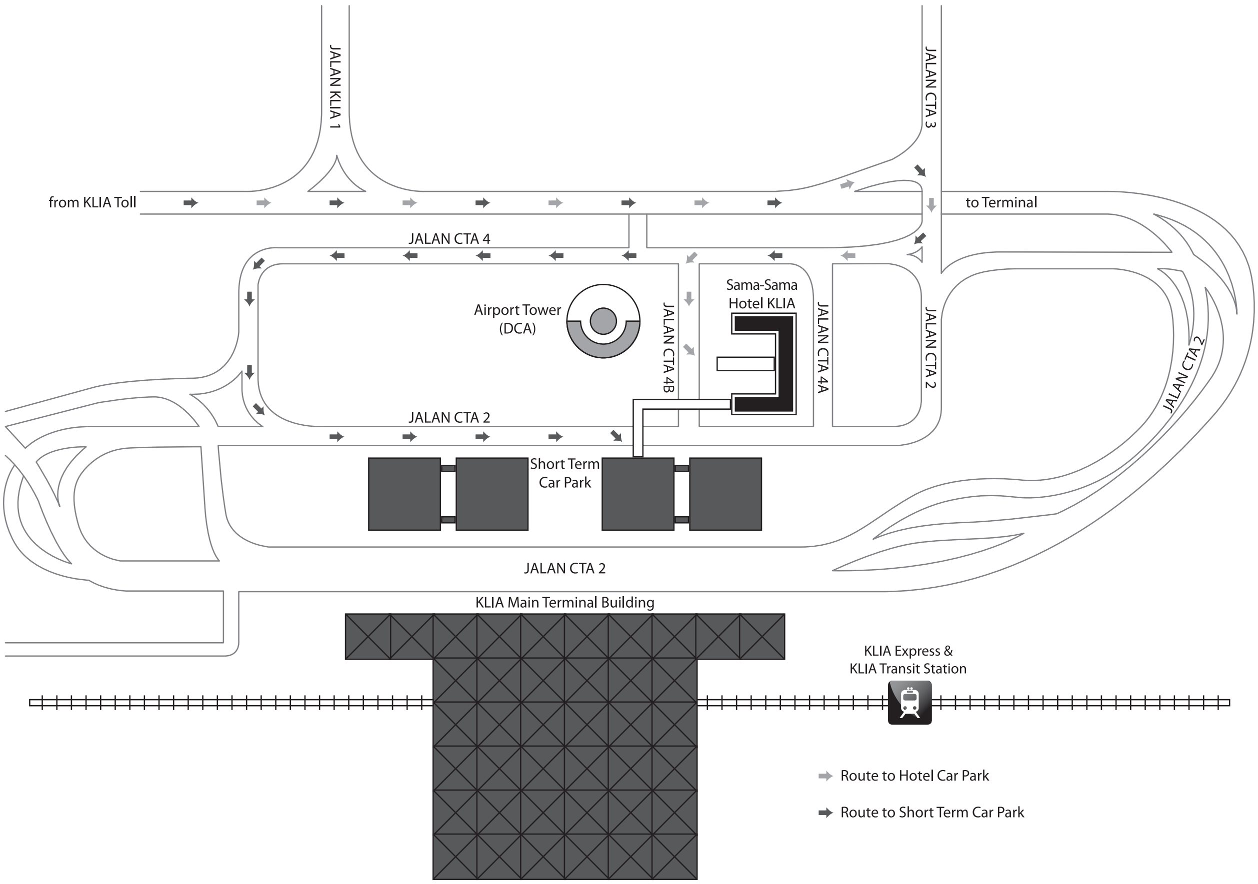
SIBU AIRPORT
Peti Surat 645
96000 Sibu
Sarawak, Malaysia
T : 6084-307 770
F : 6084-307 709

BINTULU AIRPORT
97000 Bintulu
Sarawak, Malaysia
T : 6086-339 163
F : 6086-337 011

MIRI AIRPORT
Peti Surat 851
98008 Miri
Sarawak, Malaysia
T : 6085-615 204/205
F : 6085-614 537

LIMBANG AIRPORT
98700 Limbang
Sarawak, Malaysia
T : 6085-212 090
F : 6085-214 979

MAP TO THE AGM VENUE



PROXY FORM

Malaysia Airports Holdings Berhad (487092-W)
Incorporated in Malaysia

CDS Account No.	
No. of Shares Held	

I/We ______________________________ NRIC No./Passport No./Company No. ______________________
[FULL NAME IN CAPITAL LETTERS]

of ____
[FULL ADDRESS]

being a Member(s) of MALAYSIA AIRPORTS HOLDINGS BERHAD, hereby appoint ______________________
[FULL NAME IN CAPITAL LETTERS]

______________________________________ NRIC No./Passport No. ______________________

of ____
[FULL ADDRESS]

or failing him/her ______________________________ NRIC No./Passport No. ______________________
[FULL NAME IN CAPITAL LETTERS]

of ____
[FULL ADDRESS]

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 20 March 2014 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 for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors.		
Resolution 2	To declare and approve the payment of a final single-tier dividend for the financial year ended 31 December 2013.		
Resolution 3	To approve the payment of Directors' fees for the financial year ended 31 December 2013.		
Resolution 4	To re-elect Datuk Seri Yam Kong Choy pursuant to Article 129.		
Resolution 5	To re-elect Datuk Zalekha binti Hassan pursuant to Article 129.		
Resolution 6	To re-elect Rosli bin Abdullah pursuant to Article 129.		
Resolution 7	To re-elect Datuk Seri Long See Wool pursuant to Article 131.		
Resolution 8	To re-elect Mohd Izani bin Ghani pursuant to Article 131.		
Resolution 9	To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
Resolution 10	Authority under Section 132D of the Companies Act, 1965 for Directors to allot and issue shares.		
Resolution 11	To approve the proposed renewal of the authority to allot and issue new ordinary shares of RM1.00 each in MAHB for the purpose of the Company's Dividend Reinvestment Plan.		

As witness my/our hands this ____________ day of ____________, 2014.

____
Signature of Member/Common Seal

Notes:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

2. *The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.*

3. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.*

4. *Shareholders' attention is hereby drawn to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") to appoint multiple proxies in respect of each Omnibus Account it holds.*

STAMP

The Company Secretary
Malaysia Airports Holdings Berhad (487092-W)
Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 KLIA, Sepang
Selangor Darul Ehsan

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