

# AN IMMERSIVE AIRPORT EXPERIENCE



i-MAHB

ANNUAL REPORT 2016



# AN IMMERSIVE AIRPORT EXPERIENCE



## HOW TO BREEZE THROUGH THE AIRPORT?



### AT HOME



01 > Opt for online or mobile check-in to avoid queuing



02 > Weigh both your check-in and hand luggage to avoid excess baggage charges



03 > Bring all your travelling documents



04 > Pack all Liquid, Aerosols and Gels (LAGs) in clear sealed plastic bags. Each container must not exceed 100ml and maximum capacity in a bag is 1 litre

### RECOMMENDED TIME TO BE AT THE AIRPORT FOR DEPARTURE



\* Depending on airlines

### AT THE AIRPORT

#### CHECK-IN



Go to Check-in counter or kiosk to check-in



Ensure passport, I/C and boarding pass is with you

#### BOARDING PASS SECURITY



Keep passport, I/C and boarding pass in a separate bag to ease boarding pass security process

#### IMMIGRATION



Check your lane and take your passport out of its sleeve

#### CUSTOMS



Place luggage on the conveyor belt. You are NOT required to remove your jacket, belt or empty your pockets at this point

#### SECURITY SCREENING



Remove jacket, belt, wallet and empty pockets for security screening

#### BOARDING GATE



Get your passport, I/C and boarding pass ready



Share your joyful journey at our airports and tag us



i-MAHB

ANNUAL REPORT 2016



Malaysia Airports



@MY\_Airports



malaysiaairports





1992-2017



### AN IMMERSIVE AIRPORT EXPERIENCE

We take seriously our role as one of the world's leading airport operators; responsible for the smooth-running of airports under our management - from busy international hubs to small rural STOLports.

As we celebrate our Silver Jubilee, we are proud of our achievements in creating a business that is efficient, sustainable and ethical, and renew our commitment to improving the quality of our services and creating a truly immersive airport experience.

#### WHAT IS i-MAHB?

i-MAHB combines image recognition and Augmented Reality (AR) technology to deliver messages that go beyond print. i-MAHB this page to find out how you can get the most out of this amazing technology.



Search for i-MAHB app from Apple App Store or Google Play with your smartphone.



Click the app and install. (Please check your device compatibility before installing).



Once installed, click open to launch the Augmented Reality (AR) app.



Click the start button from the i-MAHB app to launch the AR camera.



Look for the above icon on the front cover and scan the Annual Report cover image to enjoy interactive AR content.



You may click on the interactive button to explore additional contents.

# KLIA Premier Access

Fast Track Service

Take advantage of the seamless airport experience with KLIA Premier Access and sail through the journey when you purchase the Priority Access Pass today!



Concierge



Relax & Lounge



Priority Access



Buggy Service



Departure Gate

### Standard Rate

**RM68.00** nett per person  
**RM136.00** nett per couple  
**RM206.00** nett per family\*

\* Two adults and two children below 12 years old

Rates include lounge facility, refreshment, and dedicated priority access

### Premium Rate

**RM188.00** nett per person  
**RM300.00** nett per couple  
**RM390.00** nett per family\*

\* Two adults and two children below 12 years old

Rates include meet and greet at kerbside, buggy service, lounge facility, refreshment include wine and beer, escort service and dedicated priority access

All rates inclusive 6% GST

**Open Daily: Monday – Sunday | Operation Hours: 7am-11pm**

Our Lounge is located on Level 5, next to International Departure Gate A & B

Reservation: To pre-book KLIA Premier Access Service, please visit [www.samasamahotels.com/kliapremieraccess](http://www.samasamahotels.com/kliapremieraccess)

### KLIA Premier Access

KL International Airport, Level 5, Main Terminal Building, 64000,

KLIA, Sepang, Selangor, Malaysia

Tel: +603 877 64606 Email: [premieraccess.klia@samasamahotels.com](mailto:premieraccess.klia@samasamahotels.com)

Managed by



Owned by KL Airport Sdn Bhd (330863-D)



1992-2017



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## OUR VISION

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TO BE THE GLOBAL LEADER  
IN CREATING AIRPORT CITIES

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## OUR MISSION

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TOGETHER WE CREATE JOYFUL  
EXPERIENCES BY CONNECTING  
PEOPLE AND BUSINESSES

---

# MALAYSIA AIRPORTS **TODAY**

**5** OPERATING INTERNATIONAL AIRPORTS  
16 Domestic Airports  
18 STOLports in Malaysia

**2** OVERSEAS AIRPORT INVESTMENTS  
TURKEY  
Istanbul Sabiha Gokcen International Airport  
INDIA  
Rajiv Gandhi International Airport

SERVING **> 60** AIRLINES

A DYNAMIC TEAM OF NEARLY **11,000** employees

Listed on the Main Market of Bursa Malaysia since 1999 with market capitalisation of **RM 12.0 BILLION** as at 13 April 2017

**TOTAL EQUITY**  
**RM 8.7 BILLION** as at 31 December 2016

## KEY MILESTONES

ESTABLISHMENT  
OF MALAYSIA  
AIRPORTS



1992

1998



OPENING  
OF KLIA

MALAYSIA  
AIRPORTS  
listed on  
KLSE Main Board  
(now Main Market of  
Bursa Malaysia)



1999

2004



50% MINISTRY OF  
FINANCE (INC.)  
stake transferred  
to Khazanah  
Nasional

MALAYSIA  
AIRPORTS  
is Khazanah's  
Top 20 GLC



2006





# MEDIA HIGHLIGHTS

QR CODE

Scan this QR code to view more news on the Malaysia Airports' website.



**KLIA sambut pesawat gergasi**

KLIA menyambut kedatangan pesawat penumpang terbesar di dunia, Airbus A380-800, pada Selasa (12/12/2017). Pesawat ini datang dari destinasi di Dubai, Emiriah Arab Bersatu. Pesawat ini mampu membawa 476 penumpang dan 120 orang kru. Pesawat ini juga mampu terbang sejauh 17,700 kilometer.

**Mampu sumbang RM30 billion**

KLIA Aeropolis mampu menyumbang RM30 billion kepada ekonomi negara. Projek ini akan mewujudkan 100,000 pekerjaan dan meningkatkan pendapatan negara sebanyak RM1.5 bilion setahun.

**KLIA Aeropolis a major boon**

Low Profile Airport Terminal (APAT) and the new cargo city will be a major boon to the economy. The project will create 100,000 jobs and increase national revenue by RM1.5 billion annually.

**Aeropolis KLIA sasar sumbangan KDNK kira-kira RM30 billion**

Projek pembangunan KLIA Aeropolis dijangka menyumbang RM30 bilion kepada KDNK negara. Projek ini akan mewujudkan 100,000 pekerjaan dan meningkatkan pendapatan negara sebanyak RM1.5 bilion setahun.

**New Mukah airport expected to begin construction soon**

Projek pembangunan Lapangan Terbang Mukah dijangka bermula dalam masa terdekat. Projek ini akan meningkatkan akses ke kawasan pedalaman Sarawak dan meningkatkan ekonomi setempat.

**10 laluan baru di lima negara**

MAHB mengumumkan pembukaan 10 laluan baharu ke lima negara. Laluan-laluan ini akan meningkatkan akses ke destinasi-destinasi yang popular dan meningkatkan jumlah penumpang.

**MAHB bawa nama Malaysia ke Turki**

MAHB membawa nama Malaysia ke Turki dengan mengadakan pameran di Istanbul. Pameran ini akan memperkenalkan budaya dan keindahan Malaysia kepada rakyat Turki.

**MAHB optimis operasi SGIA**

MAHB optimis operasi SGIA akan berjalan lancar. Projek ini akan meningkatkan kapasiti lapangan terbang dan meningkatkan keselamatan penumpang.

**Global Airport Ranking**

KLIA dinobatkan sebagai lapangan terbang terbaik di Asia Tenggara. Projek ini akan meningkatkan kapasiti lapangan terbang dan meningkatkan keselamatan penumpang.

**KLIA Aeropolis a major boon**

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**隆机场航空城料吸资7亿**

Projek pembangunan KLIA Aeropolis dijangka memerlukan pelaburan sebanyak RM7 bilion. Projek ini akan meningkatkan kapasiti lapangan terbang dan meningkatkan keselamatan penumpang.

**Orphans get lessons in wildlife conservation at KLIA**

Projek konservasi haiwan liar di KLIA bertujuan untuk meningkatkan kesedaran masyarakat tentang pentingnya melindungi alam sekitar. Projek ini akan melibatkan kerjasama antara MAHB dan pihak-pihak berkepentingan.

**Vietjet mendarat di KLIA**

Vietjet mengumumkan pembukaan laluan baharu ke KLIA. Laluan ini akan meningkatkan akses ke destinasi-destinasi yang popular dan meningkatkan jumlah penumpang.

**Aeropolis to add RM30b to GDP**

Projek pembangunan KLIA Aeropolis dijangka menyumbang RM30 bilion kepada KDNK negara. Projek ini akan mewujudkan 100,000 pekerjaan dan meningkatkan pendapatan negara sebanyak RM1.5 bilion setahun.

**MAHB beri sumbangan RM16,000 bantu Madrasah Tahfiz Al-Redzuan**

MAHB menyumbangkan RM16,000 kepada Madrasah Tahfiz Al-Redzuan. Sumbangan ini akan digunakan untuk meningkatkan kualiti pendidikan dan meningkatkan kesejahteraan guru-guru.

**Greater capacity at SGIA by 2018**

Projek pembangunan SGIA dijangka meningkatkan kapasiti lapangan terbang. Projek ini akan meningkatkan keselamatan penumpang dan meningkatkan kualiti perkhidmatan.

**Aerospace to drive Selangor RM6b investment goal**

Industri aerospace dijangka menjadi penggerak utama pertumbuhan ekonomi Selangor. Projek ini akan meningkatkan kapasiti lapangan terbang dan meningkatkan keselamatan penumpang.

**MAHB records 4% y-o-y passenger growth in May**

MAHB mencatat peningkatan jumlah penumpang sebanyak 4% berbanding tahun yang sama tahun sebelumnya. Peningkatan ini menunjukkan keyakinan pelancong terhadap Malaysia sebagai destinasi yang selamat dan menarik.

**Kuching welcomes first HK flight**

Kuching menyambut kedatangan pesawat pertama dari Hong Kong. Pesawat ini datang dari destinasi di Hong Kong, China. Pesawat ini mampu membawa 120 penumpang dan 10 orang kru.

**Expansion mode**

MAHB memasuki fasa ekspansi dengan membuka laluan-laluan baharu. Projek ini akan meningkatkan kapasiti lapangan terbang dan meningkatkan keselamatan penumpang.

**Astro Awani iktiraf kejayaan GLC**

Astro Awani mengiktiraf kejayaan GLC dalam meningkatkan kualiti perkhidmatan. Projek ini akan meningkatkan kapasiti lapangan terbang dan meningkatkan keselamatan penumpang.

**Hotel Anjur Malam Penghargaan**

MAHB menganjurkan Malam Penghargaan untuk memperingati kejayaan-kejayaan yang telah dicapai. Malam ini akan dihadiri oleh para pemimpin dan tetamu kehormat.

**Hotel Anjur Malam Penghargaan**

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**Malaysia Airports lauded for promoting Sabah**

Projek pembangunan lapangan terbang di Sabah dijangka meningkatkan ekonomi setempat. Projek ini akan meningkatkan akses ke destinasi-destinasi yang popular dan meningkatkan jumlah penumpang.

**Saham MAHB antara yang paling untung**

Saham MAHB dinobatkan sebagai salah satu saham yang paling menguntungkan. Projek ini akan meningkatkan kapasiti lapangan terbang dan meningkatkan keselamatan penumpang.

# MEDIA HIGHLIGHTS

## MAHB eyes managing 5 more airports overseas

MAHB (KLSE: 4409) is looking to expand its portfolio of airports overseas. The airport operator has identified five potential locations for its expansion. The potential locations are: 1. Singapore, 2. Kuala Lumpur, 3. Medan, 4. Jakarta, and 5. Bangkok. MAHB is currently in the process of conducting feasibility studies for these locations. The operator is also looking for partners to manage these airports. MAHB is a public listed company and is regulated by the Securities Commission of Malaysia. The operator is also a member of the International Air Transport Association (IATA).

亞航3大贏家  
亞航在2016年表現出色，獲得了多個獎項。亞航的機隊規模不斷擴大，服務質量也得到了提升。亞航的機師和空乘人員都經過了嚴格的培訓，為乘客提供了優質的服務。亞航的機隊包括波音737和空客A320neo等型號。亞航的機師和空乘人員都經過了嚴格的培訓，為乘客提供了優質的服務。亞航的機隊包括波音737和空客A320neo等型號。

## VietJet to fly into KLIA in June

VietJet is set to commence its flight operations from Kuala Lumpur International Airport (KLIA) in June. The airline will operate flights to various destinations in Vietnam. VietJet is a low-cost carrier and is known for its affordable fares. The airline is also known for its excellent customer service. VietJet is a member of the Skyline Alliance. VietJet is a public listed company and is regulated by the Securities Commission of Malaysia. The operator is also a member of the International Air Transport Association (IATA).

## Lesson in wildlife conservation at the airport

A lesson in wildlife conservation was held at Kuala Lumpur International Airport (KLIA). The lesson was organized by the airport operator and was attended by airport staff and the public. The lesson was held at the airport's wildlife conservation area. The lesson was held at the airport's wildlife conservation area. The lesson was held at the airport's wildlife conservation area. The lesson was held at the airport's wildlife conservation area. The lesson was held at the airport's wildlife conservation area.

KLIA terus terima syarikat penerbangan baharu  
Kuala Lumpur International Airport (KLIA) terus menerima syarikat penerbangan baharu. Syarikat penerbangan baharu ini adalah VietJet. VietJet adalah syarikat penerbangan rendah kos yang beroperasi dari KLIA. VietJet akan beroperasi ke beberapa destinasi di Vietnam. VietJet adalah syarikat penerbangan rendah kos yang beroperasi dari KLIA. VietJet akan beroperasi ke beberapa destinasi di Vietnam.

## MAHB peruntuk RM1.5j tingkat khidmat AFRS

MAHB has allocated RM1.5 billion to improve its Airside Facility Revenue Service (AFRS). The operator is looking to enhance the quality of its services and to provide a better experience for its customers. MAHB is a public listed company and is regulated by the Securities Commission of Malaysia. The operator is also a member of the International Air Transport Association (IATA).

Mitsui Outlet Park 2 operasi 2016  
Mitsui Outlet Park 2 telah beroperasi pada tahun 2016. Mitsui Outlet Park 2 adalah pusat membeli-belah yang menawarkan pelbagai jenama dan produk. Mitsui Outlet Park 2 adalah pusat membeli-belah yang menawarkan pelbagai jenama dan produk. Mitsui Outlet Park 2 adalah pusat membeli-belah yang menawarkan pelbagai jenama dan produk.

## MAHB expects passenger growth at 5% for 2017

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NILAI PELUANG LUAR NEGERA  
Nilai Peluang Luar Negara (NPLN) adalah program yang menawarkan pelbagai peluang kepada warga Malaysia. NPLN adalah program yang menawarkan pelbagai peluang kepada warga Malaysia. NPLN adalah program yang menawarkan pelbagai peluang kepada warga Malaysia.

PRESTASI BAIK MAHB  
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MAHB plans €20m investment for Sabiha airport expansion  
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MAHB unjur perolehan RM7.5b pada 2020  
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MAHB rolls out 5-year road map  
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## 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) for the year ended 31 December 2016. The Annual Report also contains the Notice of the 18<sup>th</sup> 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, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 25 May 2017 at 11.00 a.m.

”

The Annual Report and Audited Financial Statements provides a comprehensive statement of our strategic direction, latest undertakings, achievements and awards, corporate responsibilities and government initiatives, as well as the Company's financial disclosure for the shareholders' attention and review. These documents can also be accessed at our corporate website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).

For the year 2017, 10 resolutions are proposed for the consideration at the AGM. The purpose and reasons for each resolution 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 an informed 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 6 sen per ordinary share in respect of the financial year ended 31 December 2016 with a total quantum of final single-tier dividend amounting to RM99.55 million, subject to the shareholders' approval at the AGM.

At the AGM, the Board is recommending the re-election of five Directors who are due for retirement, namely, Datuk Ruhaizah binti Mohamed Rashid, Dato' Ir. Mohamad bin Husin, Datuk Azailiza binti Mohd Ahad, Datuk Mohd Badlisham bin Ghazali and Dato' Mohd Izani bin Ghani and being eligible, offer themselves for re-election.

## LETTER FROM THE **CHAIRMAN**



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 and benefits payable to Non-Executive Directors, and the re-appointment of the auditors, 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 to 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 enclosed in the Annual Report, according to the instructions as provided in the Proxy Form, and submitting 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 24 hours before the time appointed for taking of the poll.

I look forward to meet all the shareholders at the forthcoming AGM and 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 18<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 18<sup>th</sup> Annual General Meeting (AGM) of Malaysia Airports Holdings Berhad (MAHB or the Company) will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 25 May 2017 at 11.00 a.m. for the following purposes:

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Directors and Auditors Reports thereon.  
*Please refer to Explanatory Note A*
2. To declare and approve the payment of a final single-tier dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2016 as recommended by the Directors. **Resolution 1**  
*Please refer to Explanatory Note B*
3. To approve the payment of Directors' fees totalling RM1,037,835.48 to the Non-Executive Directors of MAHB for the financial year ended 31 December 2016. **Resolution 2**  
*Please refer to Explanatory Note C*
4. To approve the payment of Directors' fees up to an amount of RM2,400,000.00 to the Non-Executive Directors of MAHB, as follows: **Resolution 3**
  - (i) MAHB amounting to RM1,740,000.00 with effect from 1 January 2017 until the next AGM of the Company; and
  - (ii) MAHB Subsidiaries amounting to RM660,000.00 with effect from 1 June 2017 until the next AGM of the Company.*Please refer to Explanatory Note D*
5. To approve the payment of Directors' benefits payable up to an amount of RM2,169,020.00 to the Non-Executive Directors of MAHB with effect from 1 January 2017 until the next AGM of the Company, as follows: **Resolution 4**
  - (i) MAHB amounting to RM1,697,210.00; and
  - (ii) MAHB Subsidiaries amounting to RM471,810.00.*Please refer to Explanatory Note E*
6. To re-elect Datuk Ruhaizah binti Mohamed Rashid who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election. **Resolution 5**  
*Please refer to Explanatory Note F*
7. To re-elect Dato' Ir. Mohamad bin Husin who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers himself for re-election. **Resolution 6**  
*Please refer to Explanatory Note G*

## NOTICE OF THE 18<sup>TH</sup> ANNUAL GENERAL MEETING

8. To re-elect Datuk Azailiza binti Mohd Ahad who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election. **Resolution 7**  
*Please refer to Explanatory Note H*
9. To re-elect Datuk Mohd Badlisham bin Ghazali who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election. **Resolution 8**  
*Please refer to Explanatory Note I*
10. To re-elect Dato' Mohd Izani bin Ghani who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election. **Resolution 9**  
*Please refer to Explanatory Note J*
11. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 10**  
*Please refer to Explanatory Note K*
12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

**SABARINA LAILA BINTI DATO' MOHD HASHIM**

LS 0004324

Company Secretary

Sepang, Selangor Darul Ehsan

28 April 2017

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

**Proxy**

1. Section 334 of the Companies Act 2016 (CA 2016) provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his rights to attend, participate, speak and vote at a meeting of members of the company. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. A corporation which is a Member, may by resolution of its Directors or other governing body authorises such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 104 of the Company's Constitution.
3. The instrument appointing a proxy/representative shall be in print or writing under the hand of the appointer or his/her 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/representative 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 24 hours before the time appointed for the taking of the poll, in accordance with Section 334 (3) of the CA 2016.

# NOTICE OF THE 18<sup>TH</sup> ANNUAL GENERAL MEETING

## Voting by Poll

5. Paragraph 8.29A (1) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in this notice to be voted by poll.

## Members Entitled to Attend

6. For the purpose of determining a member who shall be entitled to attend the 18<sup>th</sup> AGM, the Company shall request Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 48(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at 18 May 2017. Only a depositor whose name appears on the Record of Depositors as at 18 May 2017 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.
7. 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.
8. 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.

## Explanatory Note A:

9. The Audited Financial Statements is laid in accordance with Section 340(1)(a) of the CA 2016 and meant for discussion only as the Audited Financial Statements do not require shareholders' approval under the provision of Section 251(1) of the CA 2016. As such, this Agenda item is not to be put forward for voting.

## Explanatory Note B:

10. In accordance with Article 154 of the Company's Constitution, the Board is recommending that the shareholders approve the payment of the final dividend.

With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of available profits of the company if the company is solvent. On 28 February 2017, the Board of Directors' of MAHB (the Board) had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution date which would be announced by the Company after the AGM in accordance with Sections 132(2) and (3) of the CA 2016.

## Explanatory Note C:

11. The Board is recommending that the shareholders approve the payment of Directors' fees totalling RM1,037,835.48 to the Non-Executive Directors of MAHB (NEDs) for the financial year ended 31 December 2016 based on the following fee structure approved by shareholders at the 14<sup>th</sup> AGM held on 28 March 2013:

DESCRIPTION	CHAIRMAN	NEDS
MAHB Directors' Fee	RM15,000 per month	RM9,000 per month

The details of the Directors' fees totalling RM1,037,835.48 to the NEDs for MAHB for the financial year ended 31 December 2016 is provided on page 148 of the Statement of Corporate Governance in the 2016 Annual Report.

## Explanatory Notes D and E for Resolutions 3 and 4:

12. Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors, and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 18<sup>th</sup> AGM on the Directors' fees and benefits payable with effect from 1 January 2017 until the next AGM in 2018 (Relevant Period).



## NOTICE OF THE 18<sup>TH</sup> ANNUAL GENERAL MEETING

A review of the Directors' remuneration package comprising of Directors' fees and Meeting Allowances, for the external Directors and NEDs on the Board of MAHB's subsidiaries (MAHB Subsidiaries) was conducted internally by the Board via its Board Nomination & Remuneration Committee (BNRC) in order to be competitive with the other Government-Linked Companies (GLCs) to entice professionals and experts in specialised fields to be on the Boards of MAHB Subsidiaries and to acknowledge the accountability and responsibility of external Directors and NEDs as Directors.

The BNRC was of the view that the external Directors and NEDs on the Boards of MAHB Subsidiaries should be accorded with monthly Directors' fees over and above the Meeting Allowances that are currently paid to the respective external Directors and NEDs of MAHB Subsidiaries.

The Board has recommended that the effective date of the revised Directors' remuneration package for the external Directors and NEDs on the Boards of MAHB Subsidiaries is to be effective on 1 June 2017.

- (i) Resolution 3: Shareholders' approval is to be sought on the payment of Directors' fees up to an amount of RM2,400,000.00 to NEDs, as follows:
- (a) MAHB amounting to RM1,740,000.00 with effect from 1 January 2017 until the next AGM in 2018; and
  - (b) MAHB Subsidiaries amounting to RM660,000.00 with effect from 1 June 2017 until the next AGM in 2018.

The estimated amount of RM2,400,000.00 for the Directors' fees is derived from a total of RM480,000.00 for the period of 1 January 2017 until 31 May 2017 (five months period for MAHB) and a total of RM1,920,000.00 for the period from 1 June 2017 until the next AGM in 2018 (12 months period for both MAHB and MAHB subsidiaries), based on the following fee structure:

NO.	DESCRIPTION	CHAIRMAN	NEDs
1.	MAHB Directors' Fee	RM15,000 per month	RM9,000 per month
2.	Directors' fees for MAHB Subsidiaries: (The payment of the Directors' fees for MAHB Subsidiaries will only be effective from 1 June 2017)		
	2.1. First Tier Companies	RM4,000 per month	RM3,000 per month
	2.2. Second Tier Companies	RM3,000 per month	RM2,000 per month

- (ii) Resolution 4: Shareholders' approval is to be sought on the payment of Directors' benefits payable up to an amount of RM2,169,020.00 to the NEDs with effect from 1 January 2017 until the next AGM in 2018, as follows:
- (a) MAHB amounting to RM1,697,210.00; and
  - (b) MAHB Subsidiaries amounting to RM471,810.00.

The Directors' benefits payable comprises the allowances, other emoluments and other claimable benefit payable to the Chairman and NEDs of MAHB.

The estimated amount of RM2,169,020.00 for the Directors' benefits payable is derived from a total of RM595,200.00 for the period from 1 January 2017 to 31 May 2017 (five months period based on the current rate) and a total of RM1,573,820.00 for the period from 1 June 2017 until the next AGM in 2018 (12 months period based on the revised rate).

## NOTICE OF THE 18<sup>TH</sup> ANNUAL GENERAL MEETING

The benefits payable for NEDs are as set out below:

NO.	DESCRIPTION	CHAIRMAN	NEDs
1.	Senior Independent Director's Allowance of MAHB (per month)		RM1,000
2.	Meeting Allowance (per meeting)		
	<b>A. MAHB</b>		
	(i) Board	RM5,000	RM3,000
	(ii) Board Committees	RM4,000	RM2,000
	<b>B. Board of MAHB Subsidiaries</b>		
	(i) The following rate of meeting allowance is from 1 January 2017 until 31 May 2017:		
	(a) First Tier Companies	RM3,500	RM3,000
	(b) Second Tier Companies	RM3,000	RM2,000
	(ii) The following rate of meeting allowance rate will be effective from 1 June 2017 onwards:		
	(a) First Tier Companies	RM1,500	RM1,200
	(b) Second Tier Companies	RM1,200	RM1,000
	<b>C. Committee of MAHB Subsidiaries</b>		
	(i) The following rate of meeting allowance is from 1 January 2017 until 31 May 2017:		
	(a) Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. (ISG)	RM2,500	RM2,000
	(b) LGM Airport Operations Trade and Tourism Inc. (LGM)	RM2,500	RM2,000
	(ii) The following rate of meeting allowance rate will be effective from 1 June 2017 onwards:		
	(a) ISG and LGM <sup>#</sup>	RM2,500	RM2,000
	<b>D. Management Committee of MAHB</b>		
	(i) Land Development Advisory Committee	RM3,500	RM3,000
	(ii) Whistleblowing Independent Committee	RM1,500	RM1,000
	(iii) Other new Corporate Committee	RM1,500	RM1,000
3.	Other Claimable Benefits	Directors' appreciation gift, out of pocket expenses, retirement benefits, car allowance*, entertainment allowance*, petrol*, toll, telecommunication devices, club and professional membership.	

\*Chairman Only

<sup>#</sup> Deemed as one meeting due to the fact that the contents of the meetings are similar in nature and meetings are held on the same day.

Note: The Managing Director does not receive any Directors' fees.

## NOTICE OF THE 18<sup>TH</sup> ANNUAL GENERAL MEETING

In determining the estimated total amount of Directors' fees and benefits payable for the NEDs of the Board of MAHB, the Board considered various factors including the number of scheduled meetings for the Board, Board Committees, Board of Subsidiaries and Management Committees as well as the number of NEDs involved in these meetings.

Payment of the NEDs' fees and benefits payable will be made by the Company on a monthly basis and/or as and when incurred should the proposed Resolution 3 and Resolution 4 have been passed at the 18<sup>th</sup> AGM.

The Board is of the view that it is just and equitable for the NEDs to be paid the Directors' fees and benefits payable on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Relevant Period.

In the event where the payment of Directors' fees and benefits payable during the Relevant Period exceed the estimated amount sought on the 18<sup>th</sup> AGM, a shareholders' approval is to be sought in the next AGM in 2018 on the payment of the exceeded amount.

### **Explanatory Notes F, G and H for Resolutions 5 to 7:**

13. Article 129 of the Company's Constitution stipulates that any newly appointed Director shall hold office only until the next following AGM of the Company at which the Director is due to retire under this Article, when he shall retire but shall then be eligible for re-election.

The profiles of the Directors standing for re-election are provided on pages 80 to 95 of the Board of Directors' Profile in the 2016 Annual Report.

### **Explanatory Notes I and J for Resolutions 8 and 9:**

14. Article 131 of the Company's Constitution expressly states that in every subsequent AGM, 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.

Datuk Ruhaizah binti Mohamed Rashid, Dato' Ir. Mohamad bin Husin, Datuk Azailiza binti Mohd Ahad, Datuk Mohd Badlisham bin Ghazali and Dato' Mohd Izani bin Ghani are standing for re-election at the 18<sup>th</sup> AGM.

Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin, a Non-Independent Non-Executive Director, who also retires by rotation pursuant to Article 131 of the Company's Constitution does not offer himself for re-election. Hence, he will retire at the conclusion of the 18<sup>th</sup> AGM.

The Board has conducted an assessment on the independence of the NEDs who are seeking re-election at this 18<sup>th</sup> AGM inclusive of their skills, experience, character, integrity, competency and contribution.

The profiles of the Directors standing for re-election are provided on pages 80 to 95 of the Board of Directors' Profile in the 2016 Annual Report.

### **Explanatory Note K:**

15. The Board Audit Committee (BAC) and the Board of MAHB have considered the re-appointment of Messrs. Ernst & Young (EY) as Auditors of the Company and collectively agreed that EY has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## STATEMENT ACCOMPANYING NOTICE OF THE **18<sup>TH</sup> 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 Constitution and seeking re-election are as follows:

- (i) Datuk Ruhaizah binti Mohamed Rashid;
- (ii) Dato' Ir. Mohamad bin Husin; and
- (iii) Datuk Azailiza binti Mohd Ahad.

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

- (i) Datuk Mohd Badlisham bin Ghazali; and
- (ii) Dato' Mohd Izani bin Ghani.

The profiles of the above Directors are set out in the section entitled "Board of Directors' Profile" from pages 80 to 95 of this Annual Report. Their shareholdings in the Company are set out in the section entitled "Statement of Shareholdings" on page 361 of this Annual Report.

## AGM ADMINISTRATIVE DETAILS

**ADMINISTRATIVE DETAILS FOR THE 18<sup>TH</sup> ANNUAL GENERAL MEETING OF MALAYSIA AIRPORTS HOLDINGS BERHAD (MAHB OR THE COMPANY) WILL BE HELD AT GATEWAY BALLROOM, LEVEL 1, SAMA-SAMA HOTEL, KL INTERNATIONAL AIRPORT, JALAN CTA 4B, 64000 KLIA, SEPAANG, SELANGOR DARUL EHSAN ON THURSDAY, 25 MAY 2017 AT 11.00 A.M.**

### LOCATION OF THE AGM

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

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

Website: [www.samasamahotels.com](http://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 directions to the right location.

#### PARKING

- Ample parking spaces are available at the Hotel and at the short term car park, KLIA.
- The Company will only bear parking charges incurred by shareholder/proxies attending the AGM and who park their vehicles at the car park at the Hotel.
- The validation counter for the parking will be opened after the AGM.



#### BY EXPRESS RAIL LINK



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

#### REGISTRATION



- Registration will commence at 8.30 a.m. at the front entrance of the Gateway Ballroom.
- Please produce your original Identity Card (IC) to the registration staff for verification.
- Please note that you will not be allowed to register on behalf of another person even with the original IC of that other person is produced/presented.
- Please note that you will not be allowed to enter the Gateway Ballroom without wearing the identification wristband. After registration, please vacate the registration area immediately and proceed to the Gateway Ballroom.

#### DOOR GIFT POLICY



- Door gifts will be distributed upon registration. Each person, whether attending as shareholder or proxy, shall be eligible for one door gift only.
- A shareholder who is also attending as a proxy is entitled to a maximum of two door gifts.
- Where a shareholder appoints two proxies, only the proxy who registers first is eligible for the door gift.

#### TOUCH & GO



- A Touch & Go card will be distributed to each person, who is present personally, whether attending as shareholder or proxy, shall be eligible for one Touch & Go only.

#### REFRESHMENT



- Light breakfast will be served before the AGM.
- Brunch will be served after the AGM.

#### VOTING PROCEDURE



- The voting at the 18<sup>th</sup> AGM will be conducted on a poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Company has appointed Securities Services (Holdings) Sdn Bhd as Poll Administrator to conduct the poll by way of electronic voting (e-voting) and Commercial Quest Sdn Bhd as scrutineers to verify the poll results.
- E-voting for each of the resolutions as set out in the Notice of 18<sup>th</sup> AGM will take effect place only upon the conclusion of the deliberations of all the businesses transacted at the 18<sup>th</sup> AGM. The registration for attendance will be closed, to facilitate commencement of the poll.
- E-voting counters will be set up for the purpose of conducting the poll using e-voting system at the front entrance of the Meeting hall. Each counter will be equipped with a laptop and a barcode reader. Each shareholder/proxy will be directed to the e-voting counter with his/her personalised passcode slip which is issued during registration for the 18<sup>th</sup> AGM.
- Each shareholder/proxy is invited to cast his/her vote, and the whole polling process for the 18<sup>th</sup> AGM is expected to be concluded in 30 minutes. Thereafter, the 18<sup>th</sup> AGM will resume for the declaration of the poll results by the Chairman.



#### Mobile Phones

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

# MEETING BASIC NEEDS



GETTING THE BASICS RIGHT FOR OUR VALUED STAKEHOLDERS - AIRLINE PARTNERS, RETAILERS AND THE MILLIONS OF AIRPORT USERS. EFFICIENT SERVICE, CLEAN AND WELL-MAINTAINED FACILITIES LEADING TO A JOYFUL EXPERIENCE.



**FREE  
BUGGY SERVICE  
TO REDUCE  
WALKING  
TIME**

AT klia2



**WiFi @ KLIA**  
CATERING TO THE  
NEEDS OF AIRPORT  
USERS TO ENSURE

**FAST  
INTERNET  
ACCESS**



**TOILET  
REFURBISHMENT**

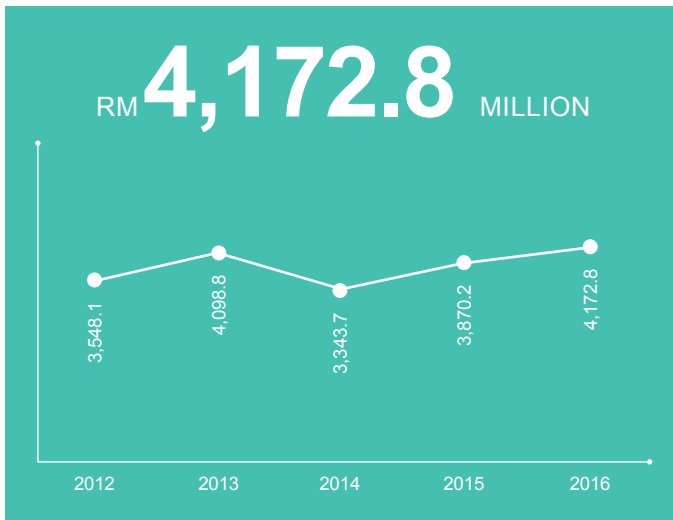
NEW FEATURES  
PROVIDING

**OPTIMUM  
COMFORT**

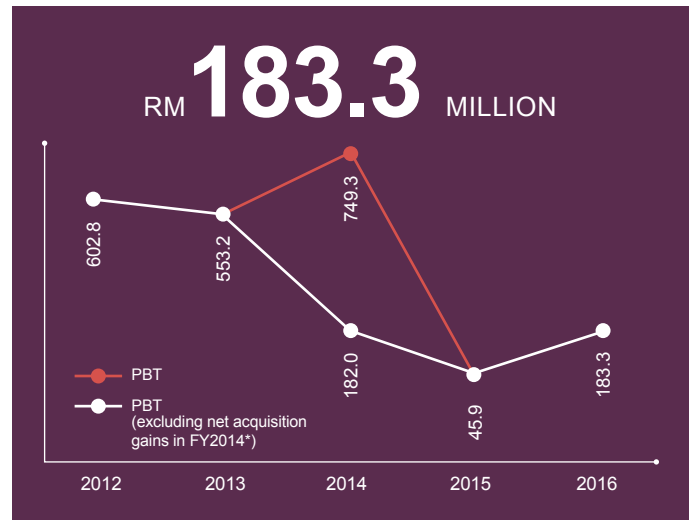


## FIVE-YEAR FINANCIAL HIGHLIGHTS

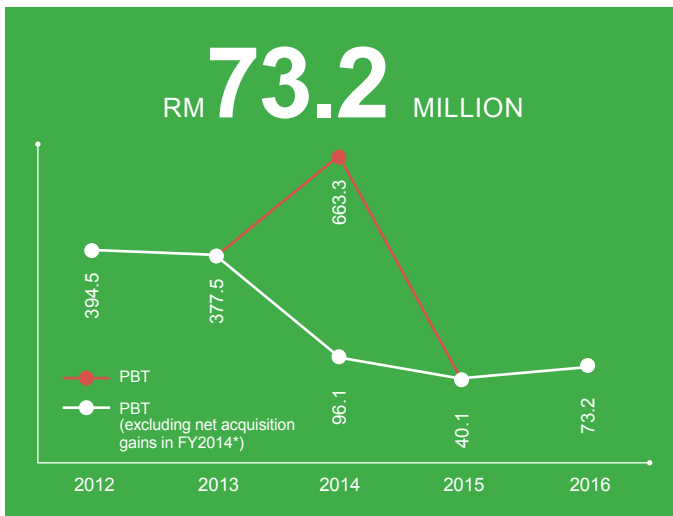
**REVENUE**  
(RM Million)



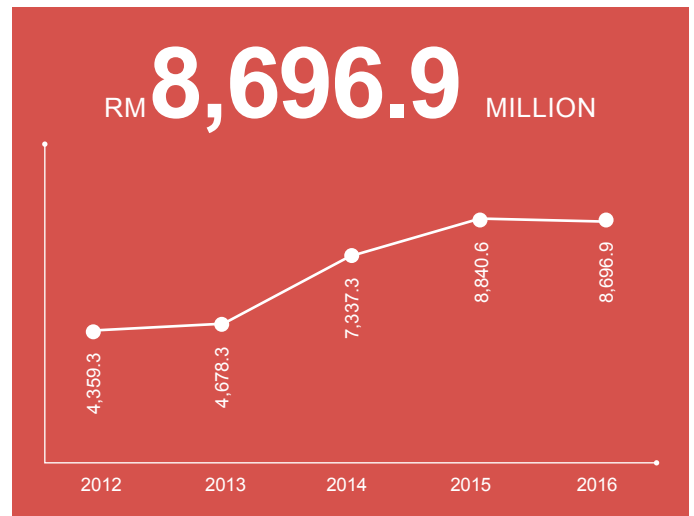
**PROFIT BEFORE TAXATION**  
(RM Million)



**PROFIT FOR THE YEAR**  
(RM Million)



**TOTAL EQUITY**  
(RM Million)



\* Net acquisition gains in FY2014 includes gain on bargain purchase, gain arising from re-measurement of fair value of investment and impairment of goodwill totalling RM567.3 million



## GROUP FIVE-YEAR SUMMARY

### Statement of Profit or Loss

for the financial years ended 31 December

In RM Million	2016	2015	2014	2013	2012
<b>Revenue</b>	4,172.8	3,870.2	3,343.7	4,098.8	3,548.1
<b>Profit before tax and zakat from continuing operations</b>	183.3	45.9	749.3	553.2	602.8
Taxation and zakat	(110.2)	(5.8)	(85.9)	(175.5)	(208.5)
<b>Profit from continuing operations, net of tax</b>	73.2	40.1	663.4	377.7	394.3
(Loss)/profit for the year from discontinued operations, net of tax	(0.0)	(0.0)	(0.1)	(0.1)	0.2
<b>Profit for the year</b>	<b>73.2</b>	<b>40.1</b>	<b>663.3</b>	<b>377.5</b>	<b>394.5</b>
<b>Profit attributable to:</b>					
Owners of the parent	70.4	40.9	663.4	377.4	394.5
Non-controlling interest	2.8	(0.8)	(0.1)	0.1	-
Profit for the year	<b>73.2</b>	<b>40.1</b>	<b>663.3</b>	<b>377.5</b>	<b>394.5</b>
<b>Earnings per share attributable to equity holders of the Company (sen)</b>					
Basic, for profit/(loss) from continuing operations	0.94	(1.09)	49.10	30.80	33.24
Basic, for (loss)/profit from discontinued operations	-	-	-	(0.01)	0.02
Basic, for profit/(loss) for the year	<b>0.94</b>	<b>(1.09)</b>	<b>49.10</b>	<b>30.79</b>	<b>33.26</b>

## GROUP FIVE-YEAR SUMMARY

### Consolidated Statements of Financial Position for the financial years ended 31 December

In RM Million	2016	2015	2014	2013	2012
<b>ASSETS</b>					
Non-current assets	18,698.8	19,415.3	19,285.9	9,485.1	7,326.2
Current assets	2,589.6	2,576.9	2,912.2	1,038.2	1,513.5
Asset of disposal group classified as held for disposal	0.2	0.2	0.1	0.1	0.1
<b>Total assets</b>	<b>21,288.6</b>	<b>21,992.3</b>	<b>22,198.2</b>	<b>10,523.3</b>	<b>8,839.8</b>
<b>EQUITY</b>					
Share capital	1,659.2	1,659.2	1,374.2	1,232.4	1,210.0
Perpetual sukuk	997.8	997.8	997.8	-	-
Share premium	3,455.1	3,455.1	2,373.1	1,409.4	1,320.4
Distributable retained earnings	2,321.2	2,449.5	2,591.9	2,037.4	1,826.8
Fair value adjustment reserve	8.3	5.3	(1.9)	(0.6)	5.1
Hedging reserve	(37.4)	(13.5)	-	-	-
Other reserves	6.8	5.1	2.6	2.5	2.6
Foreign exchange reserve	283.8	282.8	(0.5)	(2.9)	(5.6)
	<b>8,694.9</b>	<b>8,841.4</b>	<b>7,337.3</b>	<b>4,678.3</b>	<b>4,359.3</b>
Non-controlling interest	2.0	(0.8)	-	-	-
<b>Total equity</b>	<b>8,696.9</b>	<b>8,840.6</b>	<b>7,337.3</b>	<b>4,678.3</b>	<b>4,359.3</b>
Non-current liabilities	10,825.9	10,927.7	11,129.7	4,674.5	3,646.9
Current liabilities	1,765.7	2,224.0	3,731.1	1,170.4	833.5
Liability of disposal group classified as held for disposal	0.0	0.0	0.0	-	0.1
<b>Total liabilities</b>	<b>12,591.7</b>	<b>13,151.7</b>	<b>14,860.8</b>	<b>5,845.0</b>	<b>4,480.5</b>
<b>Total equity and liabilities</b>	<b>21,288.6</b>	<b>21,992.3</b>	<b>22,198.2</b>	<b>10,523.3</b>	<b>8,839.8</b>
<b>Net asset per share (RM)</b>	<b>5.24</b>	<b>5.33</b>	<b>5.34</b>	<b>3.80</b>	<b>3.60</b>

## GROUP QUARTERLY PERFORMANCE

<b>Year 2016</b> <b>In RM Million</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Year 2016</b>
Operating revenue	1,019.5	997.6	1,075.7	1,080.0	4,172.8
Profit before tax and zakat from continuing operations	38.2	17.5	43.0	84.6	183.3
Profit net of tax	16.5	8.6	11.0	37.1	73.2
Earnings per share (sen)	0.13	(1.21)	(0.21)	1.36	0.94

<b>Year 2015</b> <b>In RM Million</b>	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Year 2015</b>
Operating revenue	876.2	940.0	1,017.9	1,036.1	3,870.2
Profit/(loss) before tax and zakat from continuing operations	39.3	1.7	58.8	(53.8)	45.9
Profit/(loss) net of tax	32.0	(20.1)	68.5	(40.3)	40.1
Earnings per share (sen)	1.28	(3.20)	3.44	(3.44)	(1.09)

## KEY FINANCIAL HIGHLIGHTS

### Statement of Profit or Loss

for the financial year ended 31 December 2016

In RM Million	2016	2015	% Change
<b>Revenue</b>	<b>4,172.8</b>	<b>3,870.2</b>	<b>7.8</b>
Operating profit	857.4	777.3	10.3
Finance costs	(689.8)	(741.9)	(7.0)
Share of results of associates	1.7	(0.3)	580.2
Share of results of joint ventures	14.1	10.8	30.7
<b>Profit before tax and zakat from continuing operations</b>	<b>183.3</b>	<b>45.9</b>	<b>299.1</b>
Taxation and zakat	(110.2)	(5.8)	(1,793.4)
<b>Profit from continuing operations, net of tax</b>	<b>73.2</b>	<b>40.1</b>	<b>82.4</b>
<b>Profit attributable to:</b>			
Owners of the parent	70.4	40.9	72.1
Minority interests	2.8	(0.8)	(452.0)
	<b>73.2</b>	<b>40.1</b>	<b>82.4</b>
<b>Earnings/(loss) per share attributable to owners of the parent (sen per share)</b>			
- Basic, for profit for the year	<b>0.94</b>	(1.09)	

## KEY FINANCIAL HIGHLIGHTS

### Consolidated Statement of Financial Position as at 31 December 2016

In RM Million	2016	2015	% Change
<b>Assets</b>			
Property, plant and equipment	455.5	435.0	4.7
Investments	353.6	441.5	(19.9)
Intangible asset	17,231.0	17,842.4	(3.4)
Other non-current assets	658.7	696.4	(5.4)
Current assets	2,589.6	2,576.9	0.5
Asset of disposal group classified as held for disposal	0.2	0.2	-
<b>Total assets</b>	<b>21,288.6</b>	<b>21,992.3</b>	<b>(3.2)</b>
<b>Equity and liabilities</b>			
Share capital	1,659.2	1,659.2	-
Perpetual sukuk	997.8	997.8	-
Share premium	3,455.1	3,455.1	-
Retained earnings	2,321.2	2,449.5	(5.2)
Fair value adjustment reserve	8.3	5.3	56.0
Hedging reserve	(37.4)	(13.5)	(177.3)
Other reserve	6.8	5.1	33.8
Foreign exchange reserve	283.8	282.8	0.4
	<b>8,694.9</b>	<b>8,841.4</b>	<b>(1.7)</b>
Non-controlling interest	2.0	(0.8)	368.2
<b>Total equity</b>	<b>8,696.9</b>	<b>8,840.6</b>	<b>(1.6)</b>
Non-current liabilities	10,825.9	10,927.7	(0.9)
Current liabilities	1,765.7	2,224.0	(20.6)
Liability of disposal group classified as held for disposal	0.0	0.0	0.2
<b>Total liabilities</b>	<b>12,591.7</b>	<b>13,151.7</b>	<b>(4.3)</b>
<b>Total equity and liabilities</b>	<b>21,288.6</b>	<b>21,992.3</b>	<b>(3.2)</b>
<b>Net asset per share (RM)</b>	<b>5.24</b>	<b>5.33</b>	<b>(1.6)</b>
<b>Return on assets</b>	<b>0.3%</b>	<b>0.2%</b>	

## GROUP SEGMENTAL ANALYSIS

### MALAYSIA OPERATIONS

2016 TOTAL REVENUE  
RM4,172.8 MILLION

2016 TOTAL PROFIT BEFORE TAXATION  
RM183.3 MILLION

In RM Million

Segment	2016	2015	2016	2015
Duty Free & Non-Dutiable Goods	740.9	673.4	25.6	(72.5)
Airport Services	2,223.0	2,037.8	366.0	144.2
Agriculture & Horticulture	34.3	29.9	5.8	2.3
Hotel	82.9	73.9	1.4	0.4
Repair & Maintenance	18.1	20.4	38.2	20.4
Other <sup>Ⓢ</sup>	-	-	(183.2)	(95.8)

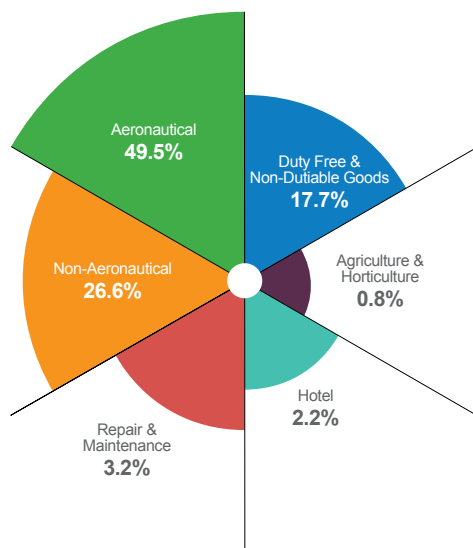
### OVERSEAS OPERATIONS

Airport Services	2016	958.8	2015	919.3	2016	(56.7)	2015	29.9
Repair & Maintenance	2016	114.7	2015	115.5	2016	(13.7)	2015	17.1

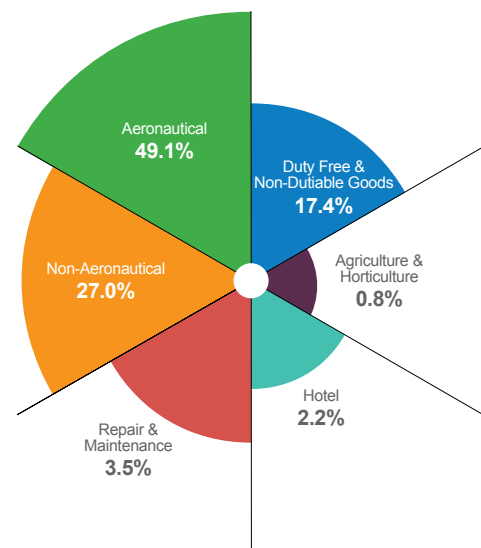
Note: The Group revenue segmental analysis above excludes inter-segment transactions.

<sup>Ⓢ</sup> Other profit before taxation includes inter-segment eliminations and consolidation entries.

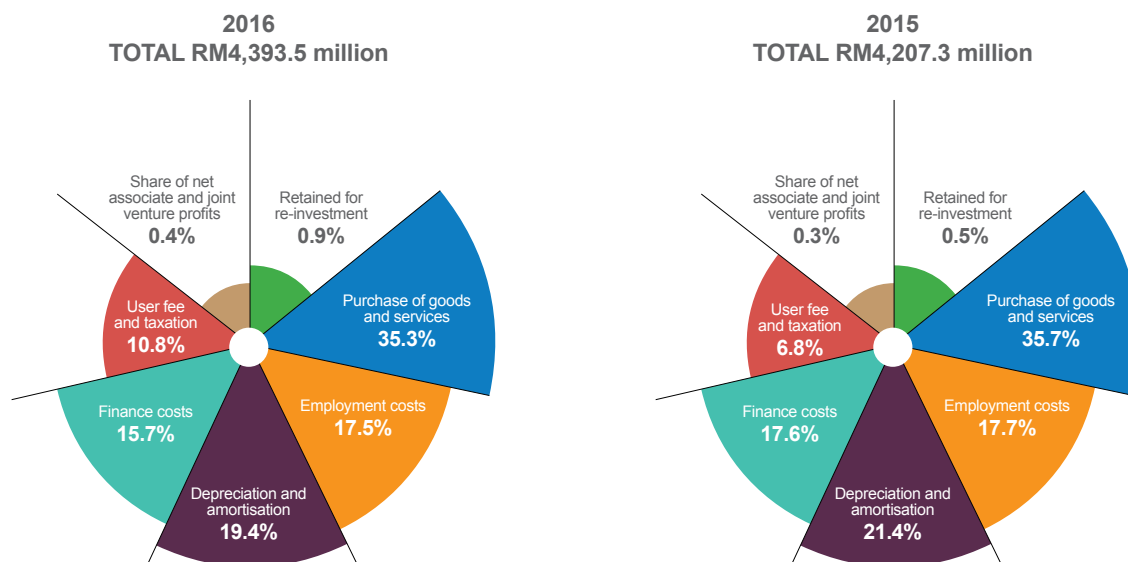
### REVENUE



2016  
TOTAL RM4,172.8 million



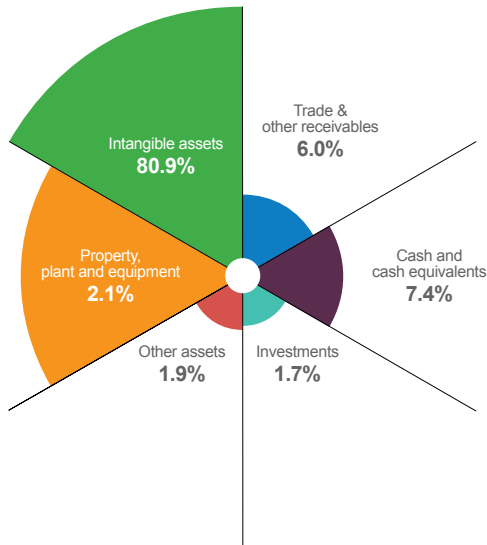
2015  
TOTAL RM3,870.2 million

STATEMENT OF **INCOME DISTRIBUTION**

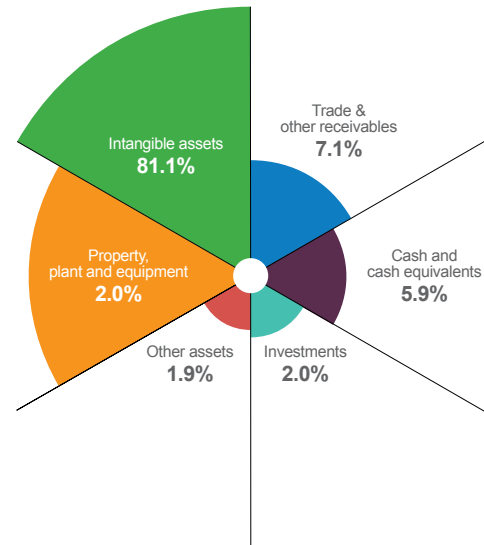
In RM Million	2016	%	2015	%
<b>Current income available for distribution</b>	<b>4,393.5</b>		<b>4,207.3</b>	
<b>To supplier</b>				
Purchase of goods and services	1,550.6	35.3	1,502.2	35.7
<b>To employees</b>				
Employment costs	770.3	17.5	744.0	17.7
<b>Utilisation of assets</b>				
Depreciation and amortisation	852.5	19.4	901.7	21.4
<b>To financier</b>				
Finance costs	689.8	15.7	741.9	17.6
<b>To government</b>				
User fee and taxation	472.6	10.8	287.9	6.8
<b>To share of net associate and joint ventures profits</b>				
Share of net associate and joint ventures profits	15.7	0.4	10.4	0.3
<b>Retained for re-investment and future growth and dividend payment</b>				
Current year	42.0	0.9	18.5	0.5
	<b>4,393.5</b>	<b>100.0</b>	<b>4,207.3</b>	<b>100.0</b>

## STATEMENT OF FINANCIAL POSITION

### ASSETS

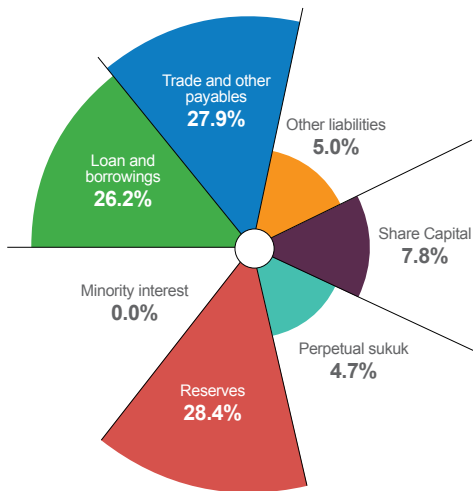


2016  
TOTAL RM21,288.6 million

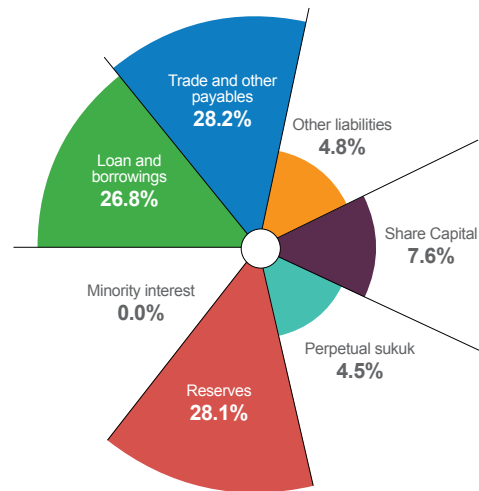


2015  
TOTAL RM21,992.3 million

### EQUITY AND LIABILITIES



2016  
TOTAL RM21,288.6 million

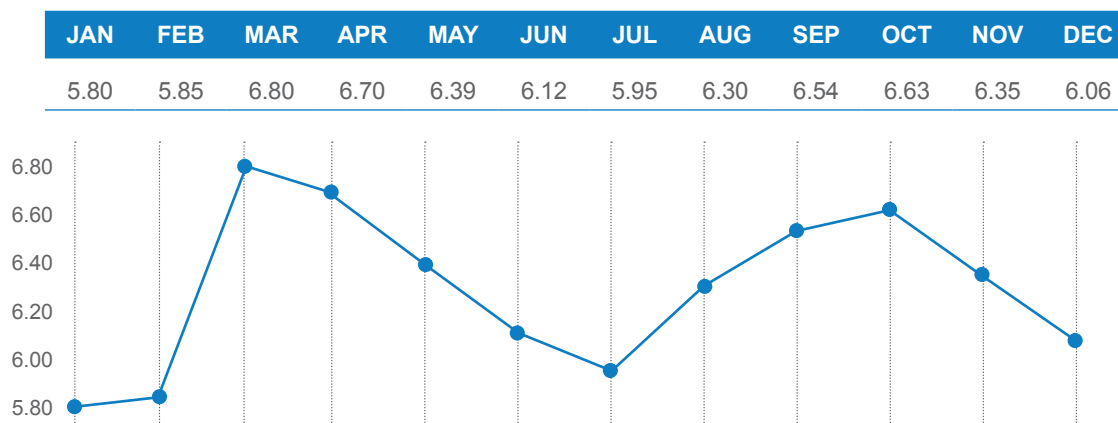


2015  
TOTAL RM21,992.3 million



## SHARE PRICE, VOLUME TRADED, MARKET CAPITALISATION

### SHARE PRICE MOVEMENT

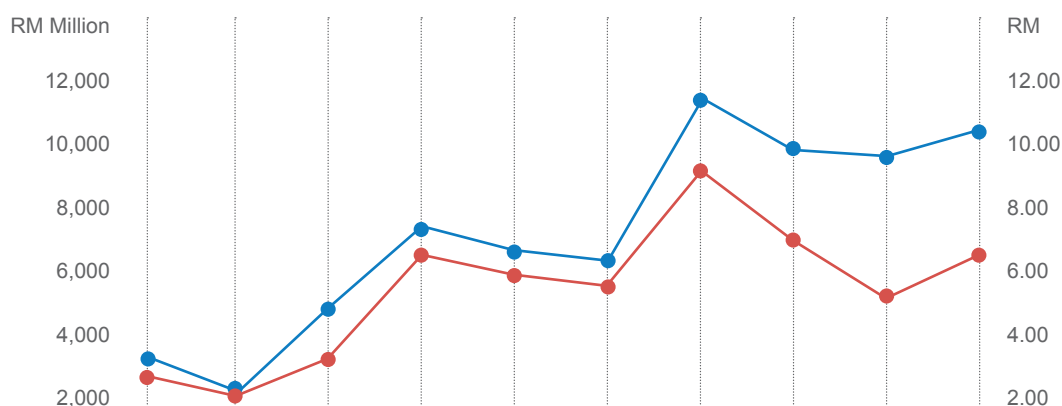


### 2016 MONTHLY TRADING VOLUME & SHARE PRICE STATISTICS

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume (million)	17.66	21.22	40.55	27.42	36.14	26.08	56.69	35.17	29.31	29.80	28.37	25.26
High (RM)	5.91	6.32	6.97	6.86	6.84	6.63	6.47	6.40	7.30	6.76	6.64	6.45
Low (RM)	5.37	5.63	5.81	6.27	6.05	5.97	5.76	5.86	6.15	6.44	6.11	5.91
Closing Price (RM)	5.80	5.85	6.80	6.70	6.39	6.12	5.95	6.30	6.54	6.63	6.35	6.06

### CLOSING PRICE AND MARKET CAPITALISATION

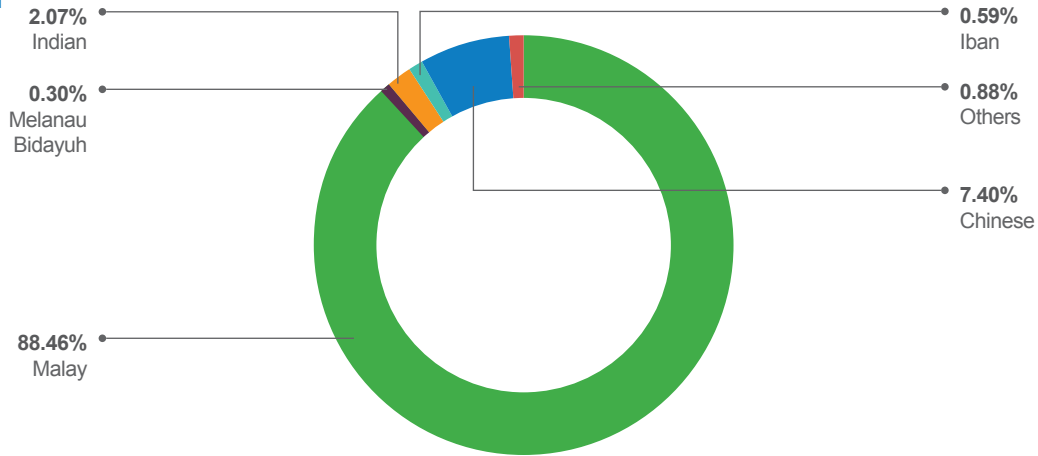
YEAR	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Closing price for the year (RM)	3.02	2.21	3.97	6.28	5.80	5.21	9.00	6.80	5.61	6.06
Market capitalisation (RM Million)	3,322	2,431	4,367	6,908	6,380	6,304	11,092	9,344	9,308	10,055



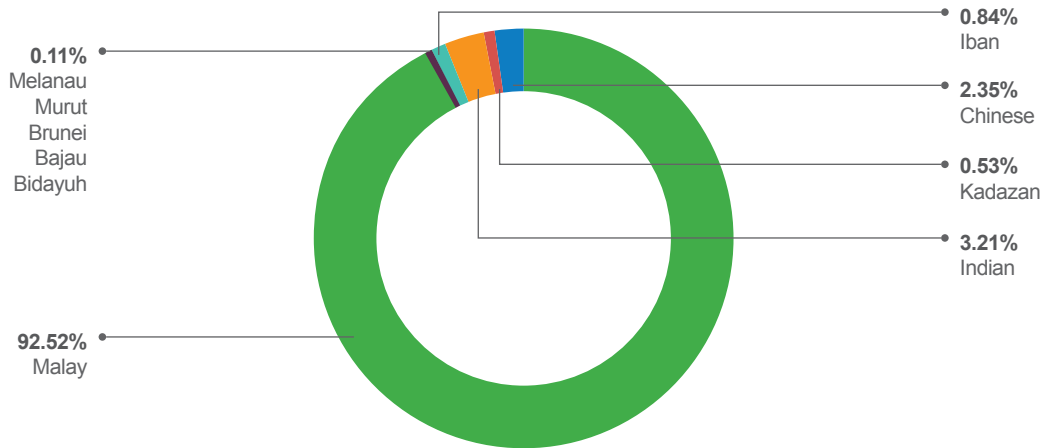
# STATEMENT OF WORKFORCE

## YEAR 2016

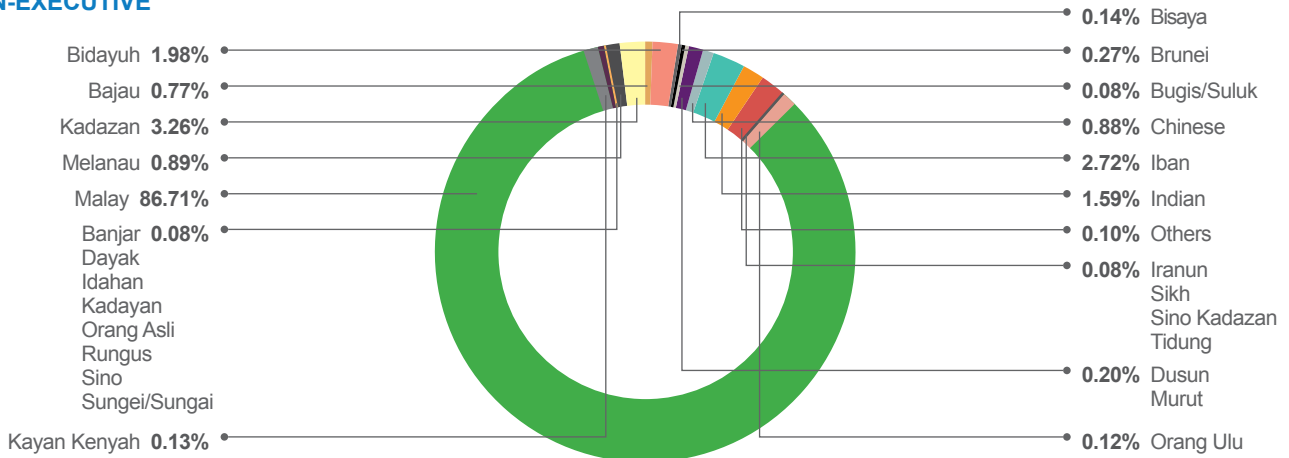
### MANAGEMENT



### EXECUTIVE



### NON-EXECUTIVE



# GROUP FINANCIAL PERFORMANCE

## KEY FINANCIAL PERFORMANCE

Malaysia Airports Holdings Berhad (Malaysia Airports) had registered earnings before interest, tax, depreciation and amortisation (EBITDA) of RM1,709.9 million for the financial year ended 31 December 2016 (FY2016), representing a growth of 1.8% when compared to the financial year ended 31 December 2015 (FY2015). The achievement was on the back of the strong growth in revenue, primarily arising from the Group's Malaysian Operations.

## GROUP PROFITABILITY

Malaysia Airports registered revenue of RM4,172.8 million for FY2016 which was 7.8% higher than the RM3,870.2 million registered in its corresponding period in FY2015. PBT had increased by 299.1% to RM183.3 million while profit after tax (PAT) had also increased by 82.4% to RM73.2 million from RM40.1 million in FY2015.

The higher operating revenues were attributable to the improved results from airport operations segment which grew by 8.1% to RM3,912.8 million. Revenue in non-airport operations segments grew by 3.2% to RM259.9 million. Malaysia Airports recorded a favourable PBT and PAT in line with improved revenue and lower total cost from its Malaysia operations. Decrease in this total cost was mainly due to lower amortisation and depreciation by 33.2% resulting from the extension of the operating agreement by an additional 35 years, ending 2069. However, this favourable variance was negated by a higher Overseas operation loss before tax by 91.7% to RM296.9 million.

## OPERATIONS REVIEW

The increase in airport operations revenue segment as mentioned above was mainly driven by the 8.6% growth in aeronautical revenue to RM2,062.6 million. This was largely attributed to the strong passenger growth of 5.8% to 118.6 million passengers. Total commercial aircraft movements grew by 1.0% to 1,031,874 movements while cargo movements dropped by 7.1%, registering a volume of 948,613,216 metric tonnes.

The growth in non-aeronautical revenue also contributed to the overall increase in the airport operations segment. Non-aeronautical revenue recorded a growth of 7.6% to RM1,850.2 million on the back of improved performance in the retail and commercial businesses. Revenue from rental of space, advertising and other commercial segments grew 6.1% to RM1,110.2 million, contributed by higher occupancy rate and higher average rental resulting from increased in rental space at klia2. Malaysia Airports' own retail business also registered a growth of 10.0% in FY2016.

## 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, Hotel and the Free Commercial Zone at KLIA.

## GROUP FINANCIAL PERFORMANCE

Total commercial activities above continues to be a key earnings driver for Malaysia Airports, accounting for 44.3%, or RM1,850.2 million, to the Group's revenue and this is in line with the Group's long term plan to further grow this branch of business.

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

### BUSINESS SEGMENT

In RM Million	FY2016	FY2015	Variance
I) Airport Operations	<b>3,912.8</b>	3,618.4	8.1%
1. Airport Services:			
Aeronautical	<b>2,062.6</b>	1,899.3	8.6%
Non-aeronautical	<b>1,110.2</b>	1,046.5	6.1%
2. Duty Free and Non-Dutiable goods	<b>740.0</b>	672.5	10.0%
II) Non-airport Operations	<b>259.9</b>	251.8	3.2%
Hotel	<b>92.8</b>	86.0	7.9%
Agriculture and horticulture	<b>34.3</b>	29.9	14.8%
Project and repair maintenance	<b>132.8</b>	135.9	-2.3%
	<b>4,172.8</b>	<b>3,870.2</b>	<b>7.8%</b>

### 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 ISG Airport 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.

# GROUP FINANCIAL PERFORMANCE

## SEGMENTAL REVENUE

### MALAYSIA OPERATIONS

#### 1. Airport operations

- (a) **Airport services:** This business segment comprises of aeronautical and non-aeronautical revenues. Aeronautical revenue consists of collection of PSC, landing and parking fees, and other ancillary charges to airlines; while non-aeronautical revenue is generated from rental and other commercial activities. Aeronautical revenue increased by 9.9% to RM1,563.9 million in tandem with growth in passenger traffic. The improvement was also attributed to the recognition of Marginal Cost Support for Passenger Service Charge (MARCS PSC) as the PSC rates are lower than the benchmark rate as stipulated in the Operating Agreements signed with the Government.

Non-aeronautical revenue rose by 7.1% to RM659.2 million. This favourable variance was due to more aggressive marketing campaign and higher occupancy rate resulting from increase in rental space at klia2.

- (b) **Duty free and non-dutiable goods:** 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 10.1% to RM740.9 million in FY2016 attributed to stronger spending from North Asian and Asean passengers.

#### 2. Non-airport operations

- (a) **Agriculture and horticulture:** The agriculture and horticulture business segment activities include the cultivation and sale of oil palm and other agriculture products. The higher revenue contribution is due to the higher price attained for Fresh Fruit Bunch (FFB) per tonne, despite the lower production volume (FY2016: RM588.48/57,624MT; FY2015: RM440.22/67,056MT) resulting in revenue for the agriculture and horticulture segment to increase to RM34.3 million in FY2016, or 14.8% higher than the RM29.9 million registered in FY2015.

- (b) **Hotel:** The hotel segment manages and operates Sama-Sama Hotel and Sama-Sama Express in Malaysia. The hotel segment revenue increased by 12.2% to RM82.9 million, mainly attributed to higher average room rate in Malaysia (FY2016:RM405.18; FY2015: RM392.09).

- (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 negative growth of 11.3% in revenue to RM18.1 million in FY2016.

### OVERSEAS OPERATIONS

#### 1. Airport operations

- (a) **Airport services:** The increase in airport services revenue by 4.3% to RM958.8 million was mainly due to improved aeronautical revenue that grew by 4.6% to RM498.7 million. The growth is in line with the positive passenger growth at ISG by 4.8%. The increase in revenue was also contributed by better non-aeronautical performance by 4.0% to RM460.1 million mainly from rental revenue.

## GROUP FINANCIAL PERFORMANCE

### 2. Non-airport operations

- (a) **Project and repair maintenance services:** The project and repair maintenance segment revenue relates to MACS Middle East LLC which provides facilities maintenance services at Hamad International Airport. The segment recorded flat growth at RM114.7 million in FY2016.

### SEGMENTAL PROFITABILITY

#### MALAYSIA OPERATIONS

##### 1. Airport operations

- (a) **Airport services:** In line with the increase in the airport services revenue and lower depreciation and amortisation costs, Malaysia operations recorded a PBT of RM366.0 million or 153.8% higher compared to RM144.2million in FY2015.
- (b) **Duty free and non-dutiable goods:** This segment generated a PBT of RM25.6 million in FY2016 from a loss before tax of RM72.5 million in FY2015, in tandem with the higher growth in sales.

##### 2. Non-airport operations

- (a) **Agriculture and horticulture:** The agriculture and horticulture business PBT had increased by 158.5% to RM5.8 million from a PBT of RM2.3 million in FY2015 due to higher price attained for FFB per tonne despite lower production output.
- (b) **Hotel:** The hotel business recorded PBT of RM1.4 million in FY2016, a 253.6% improvement compared to PBT of RM0.4 million recorded in FY2015. This was mainly due higher average room rate.
- (c) **Project and repair maintenance:** This segment recorded a PBT of RM38.2 million in FY2016 compared to a PBT of RM20.4 million in FY2015.

#### OVERSEAS OPERATIONS

##### 1. Airport operations

- (a) **Airport services:** Overseas operations recorded an increase in loss before tax (LBT) of RM56.7 million compared to a PBT of RM29.9 million in the previous year. The unfavourable variance was mainly due to the increase in depreciation and amortisation.

##### 2. Non-airport operations

- (a) **Project and repair maintenance:** The segment recorded a LBT of RM13.7 million as compared to a PBT of RM17.1 million in the previous year due to lower revenue generated by MACS ME and higher labour costs.

### 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 RM661.5 million for FY2016 as compared to a loss of RM595.0 million in FY2015. The higher economic loss in 2016 was mainly due to higher average cost of capital.

## GROUP FINANCIAL PERFORMANCE

### DIVIDENDS

Malaysia Airports has declared and paid a single tier interim dividend amounting to RM66.4 million (4.0 sen per ordinary share) in cash.

The board will propose a final dividend in respect of the financial year ended 31 December 2016 of 6.0 sen per ordinary share amounting to RM99.6 million for shareholders' approval at the forthcoming Annual General Meeting. Subject to approval of the shareholders, the total dividend declared will translate into a payout of 55.5% of total adjusted PAT, surpassing Malaysia Airports' Dividend Policy of a minimum 50% payout ratio.

### HEADLINE KEY PERFORMANCE INDICATORS (KPIs) FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017 (FY2017)

The Headline KPIs are targets or aspirations meant to drive Malaysia Airports' performance in 2017. These Headline KPIs are disclosed publicly on a voluntary basis, signalling Malaysia Airports' commitment towards transparent performance measures and good corporate governance.

These Headline KPIs shall not be construed as forecasts, projections or estimates of Malaysia Airports 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 business will continue to grow as expected.

### FY2017 HEADLINE KPIs

FINAL	FY2017
<b>(i) Group EBITDA</b>	<b>RM1,796.6 million</b>
Malaysia Operations	RM980.0 million
Overseas Operations	
Turkey Operations	EUR172.8 million (RM795.0 million - constant currency)
Qatar Operations	QAR19.4 million (RM21.6 million - constant currency)
<b>(ii) Airport Service Quality Awards</b>	<b>Above 40 million pax category: KLIA Ranking Top 12</b>

Malaysia Airports' Headline KPIs for FY2017 are as follows:

The Group's EBITDA KPI target for the financial year ending 2017 is RM1,796.6 million. The increase in the Group EBITDA will be in tandem with the expected growth in passenger traffic, both in Malaysia and Turkey.

However, the Group expects to incur additional operating expenditure in 2017, in line with several initiatives lined up under its five year business plan, Runway to Success 2020 (RtS2020). RtS2020 places priority on establishing KLIA as a preferred ASEAN hub, improving airport experience for all stakeholders, developing KLIA Aeropolis, and expanding our presence overseas. Some of the initiatives include enhancing passenger experience via digitalisation, uplifting airport service quality and offerings, providing improved transfer connectivity between KLIA and klia2 and further development of KLIA Aeropolis.

## 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 compared to non-profit government-owned airports. Larger airports are likely to focus on different performance indicators compared to 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, benchmarking becomes relatively complex. These are well-illustrated in the International Civil Aviation Organisation's (ICAO) Airports Economics Manual and Airport Council International's (ACI) 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. Malaysia Airport'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 include passenger volume, capacity constraints, mix of international and domestic traffic, mix of local and transfer passengers, mix of passenger by service carrier (full-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 involved 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.



## AIRPORT PERFORMANCE BENCHMARK

- (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.

ICAO produces airport financial statistics annually but it is published not early enough and the financial information on airports is often 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 Malaysia Airports' published accounts does not carry detailed accounts of individual airports. Other organisations which have done airport benchmarking include ACI, LeighFisher, 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 and passenger security service charges and landing charges when compared against other airports in the region. LeighFisher's Report 2016 that tracks the world's top 50 airports (or airport group), indicate that aeronautical revenue per passenger as well as aeronautical revenue per aircraft movement at Malaysia Airports are only around one-third of the benchmarked average.

On the passenger traffic side, KLIA continues to register high growth in the region in 2016. The traffic performance of some airports in the region is as follows:

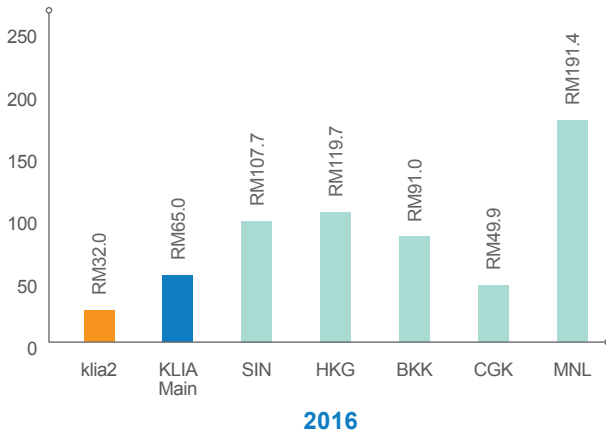
AIRPORT	2016 (MILLION)	% CHANGE
Hong Kong International Airport (HKG)	70.32	3.0
Changi Airport Singapore (SIN)	58.70	5.9
Soekarno-Hatta International Airport Jakarta (CGK)	54.97	1.7
Suvarnabhumi Airport Bangkok (BKK)	55.89	5.7
Incheon International Airport Seoul (ICN)	57.86	17.1
KL International Airport (KUL)	52.64	7.6

# AIRPORT PERFORMANCE BENCHMARK

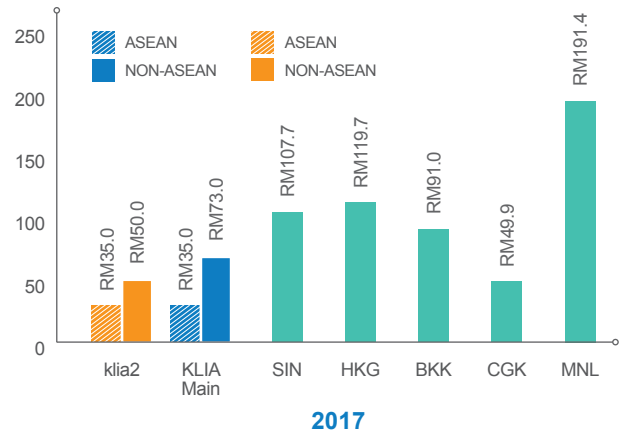
Source: ACI (Preliminary)

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 PSC



## INTERNATIONAL PSC

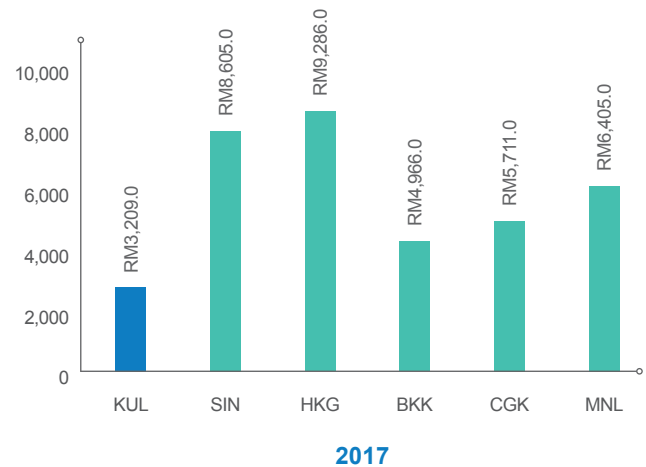


## DOMESTIC PSC



\* No domestic passengers

## LANDING CHARGES (A330-300)



With 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 Malaysia Airports' 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, Malaysia Airports 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 Malaysia Airports 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 Malaysia Airports for the financial years ending 31 December 2007 to 2016 are tabulated below:

### DIVIDENDS DECLARED FROM 2007 TO 2016

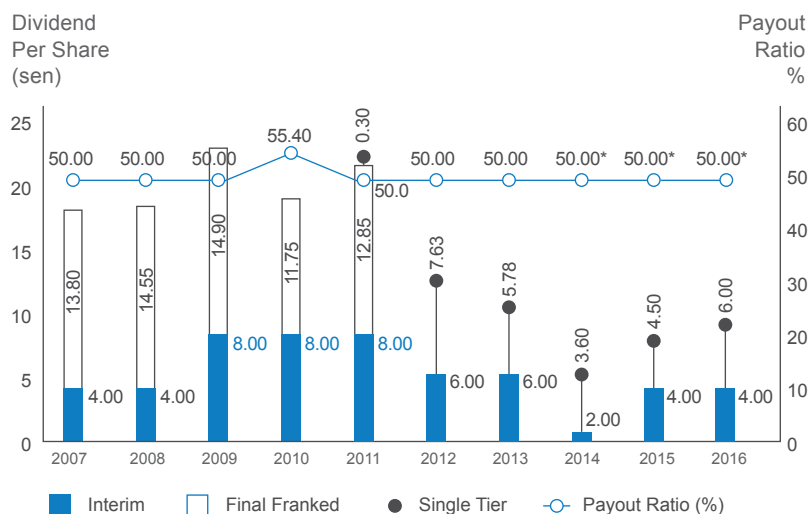
Financial Year	Interim Dividend (Sen)		Final Dividend (Sen)		Payout Ratio (%) <sup>*</sup>
	Franked	Single Tier	Franked	Single Tier	
2007	4.00		13.80		50.00%
2008	4.00		14.55		50.00%
2009	8.00		14.90		50.00%
2010	8.00		11.75		55.40%
2011	8.00		12.85	0.30	50.00% <sup>1</sup>
2012		6.00		7.63	50.00% <sup>1</sup>
2013		6.00		5.78	50.00% <sup>1</sup>
2014		2.00		3.60	61.20% <sup>1</sup>
2015		4.00		4.50	58.10%
<b>2016</b>		<b>4.00</b>		<b>6.00</b>	<b>55.50%</b>

<sup>\*</sup> The minimum dividend payout ratio of 50% is based on adjusted core net profit of the company (excluding exceptional & one-off items).

<sup>1</sup> Excluding IC 12.

## DIVIDEND POLICY

### Dividend per share (sen)



\* The dividend payout ratio of 50% is based on adjusted core net profit of the company (excluding exceptional & one-off items)

The graph above shows that Malaysia Airports 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.

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

Financial Year	Type of dividend	Dividend per share	Total dividend amount (RM Million)	Number of shares made available for investment	Number of shares re-invested	Subscription (%)
2012	Interim	6.00	72.60	15,343,229	7,088,046	46.2%
	Final	7.63	92.86	18,060,421	15,355,833	85.0%
2013	Interim	6.00	73.95	9,169,678	8,102,473	88.4%
	Final	5.78	78.87	10,901,346	9,553,502	87.6%
2014	Interim	2.00	27.48	4,479,556	2,391,485	53.4%
	Final	3.60	59.47	9,909,098	7,342,222	74.1%

### DIVIDEND REINVESTMENT PLAN

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

- (i) enhance shareholders' value via the subscription of new Malaysia Airports shares where the new Malaysia Airports shares 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 Malaysia Airports
- (iii) dividends that are reinvested are utilised to fund the continuing business growth of the Group
- (iv) improve liquidity of Malaysia Airports' shares traded on the Main Market of Bursa Malaysia Securities Berhad

## FINANCIAL CALENDAR

## GENERAL MEETING

28

April 2017

Notice of 18<sup>th</sup> Annual  
General Meeting

25

May 2017

18<sup>th</sup> Annual  
General Meeting

## FINANCIAL YEAR 2016

## Quarterly Results Announcements

27 April 2016	Unaudited consolidated results for the 1 <sup>st</sup> quarter ended 31 March 2016.
28 July 2016	Unaudited consolidated results for the 2 <sup>nd</sup> quarter ended 30 June 2016.
27 October 2016	Unaudited consolidated results for the 3 <sup>rd</sup> quarter ended 30 September 2016.
28 February 2017	Unaudited consolidated results for the 4 <sup>th</sup> quarter ended 31 December 2016.

## Headline Key Performance Indicators Announcement

28 February 2017	2017 Headline Key Performance Indicators.
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## Dividends

## Final Single-Tier Dividend of 4.5 sen per ordinary share of RM1.00 each

27 April 2016	Notice of book closure date.
13 May 2016	Entitlement date.
3 June 2016	Payment date.

## Single-Tier Interim Dividend of 4 sen per ordinary share of RM1.00 each

28 July 2016	Notice of book closure date.
12 August 2016	Entitlement date.
26 August 2016	Payment date.

## INVESTOR RELATIONS

QR CODE  
Scan this QR code to  
view Malaysia Airports'  
Investor Relations Portal.



At Malaysia Airports, we dedicate our efforts in continuously creating and maximising values for our esteemed shareholders. We understand the importance to continuously engage our existing shareholders and prospective investors to keep them up to date with insights, strategies, business performance and latest developments within the Group. Our comprehensive Investor Relations Programme was implemented to consistently deliver effective, timely and transparent communication with the investment community.

### QUARTERLY FINANCIAL RESULTS AND ANALYST BRIEFING

Malaysia Airports 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 investment community for better understanding of the financial, operational performance as well as key strategies of the Group.

Malaysia Airports 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 our 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. We participated in over 450 meetings, conference calls and large group presentations organised by local and foreign research houses, as an effort to continuously reaching out to wider investor base.

The team's efforts have not come unnoticed, as the company and its representative had bagged awards by IR Magazine for 2016 Best Investor Relations Company (for Malaysia) and the Institutional Investor 2015 All-Asia Executive Team for the Best Investor Relations Company and Best Investor Relations Professional (Industrials), being the only Malaysian ranked recipient.

#### • 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](mailto: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.

### MALAYSIA AIRPORTS CREDIT RATING

Malaysia Airports is committed towards sound financial position and robust balance sheet. In FY2016, Malaysia Airports continues to exhibit strong fundamentals; evident by its strong investment grade credit ratings:

Rating Agency	Credit Rating
RAM	AAA
Moody's	A3

Malaysia Airports 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.

#### Investor Relations Contact:

##### Zeid Abdul Razak, Investor Relations

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Fax : +603 8777 7830

E-Mail : [investorrelations@malaysiaairports.com.my](mailto:investorrelations@malaysiaairports.com.my)

## INVESTOR RELATIONS

### CONFERENCES, ROADSHOWS AND EVENTS IN 2016

<b>6 JAN</b> CIMB Annual Malaysia Corporate Day, Kuala Lumpur	<b>5 - 6 MAY</b> Bursa Malaysia Invest Malaysia, Kuala Lumpur	<b>3 - 6 OCT</b> JP Morgan US Non Deal Roadshow, New York & Boston
<b>21 - 22 JAN</b> UBS Malaysia Corporate Day, Hong Kong	<b>17 MAY</b> Maybank Invest Malaysia, London	<b>11 NOV</b> Citibank Non Deal Roadshow, Singapore
<b>29 JAN</b> MIDF Corporate Day, Kuala Lumpur	<b>23 MAY</b> KLIA Aeropolis Launch, Kuala Lumpur	<b>21 NOV</b> JP Morgan Asia Rising Dragons 1x1 Forum, Kuala Lumpur
<b>14 MAR</b> RHB Corporate Day, Istanbul	<b>4 AUG</b> CIMB Investor Day, Kuala Lumpur	<b>28 - 29 NOV</b> Nomura Investment Forum, Tokyo
<b>29 MAR</b> Maybank Aviation Day, Kuala Lumpur	<b>7 - 9 SEP</b> Global Airport Development Conference Asia, New Delhi	<b>29 NOV - 1 DEC</b> Global Airport Development Conference, Lisbon
<b>5 - 6 APR</b> Credit Suisse Asian Investment Conference, Hong Kong	<b>19 - 20 SEP</b> CLSA Investors' Forum, Hong Kong	<b>8 DEC</b> Credit Suisse Malaysia Transport & Logistics Corporate Day, Kuala Lumpur
<b>25 APR</b> Runway to Success 2020 Launch, Kuala Lumpur		

### EQUITY RESEARCH COVERAGE

Affin Hwang Investment Bank Bhd	JP Morgan Securities (Malaysia) Sdn. Bhd.
Alliance DBS Research Sdn. Bhd.	KAF-Seagroatt & Campbell Securities Sdn. Bhd.
AmResearch Sdn. Bhd.	Kenanga Investment Bank Berhad
BNP Paribas Capital (Malaysia) Sdn. Bhd.	Macquarie Capital Securities (Malaysia) Sdn. Bhd.
CIMB Investment Bank Berhad	Maybank Investment Bank Berhad
Citi Research	MIDF Research
CLSA Limited	Nomura Securities Malaysia Sdn. Bhd.
Credit Suisse Securities (Malaysia) Sdn. Bhd.	RHB Research Institute Sdn. Bhd.
Deutsche Bank Equity Research	TA Securities Holdings Berhad
Goldman Sachs Global Investment Research	UBS Securities Malaysia Sdn. Bhd.
Hong Leong Investment Bank Berhad	UOB Kay Hian Pte. Ltd.

## CHAIRMAN'S STATEMENT



### DEAR STAKEHOLDERS

When I wrote to you this time last year, I said that we were prepared for a challenging year in 2016, but that we were also in a strong position to face any difficulties and were positioning ourselves for sustainable long-term growth. ”

I am delighted to report that for the financial year ended 31 December 2016 (FY2016), the Group recorded an encouraging performance, with revenue increasing by 7.8% to RM4,172.8 million. Meanwhile, profit after tax (PAT) had increased by 82.4% to RM73.2 million for the same period.

Most heartening was the solid growth in our Malaysian operations, where we handled 89.0 million passengers, 6.1% more than in 2015 and well above our expectations of 2.5%. Also of note, the strong double digit growth in four of our international and domestic airports in Malaysia ranging from 10% to 21%.

I am delighted to inform you that in December, the government of Malaysia approved the extension period of our Operating Agreement for a further 35 years. In effect, the agreement means we now have a 60-year concession to operate nearly all the country's airports, including its major gateway, KLIA. While we are still in the process of finalising the terms and conditions, this extension will provide us with the long-term stability necessary to achieve our business objectives.

Events in Turkey proved far more challenging than we had imagined as the country grappled with a failed coup in July, and a series of terror attacks in Istanbul and further afield. The instability undermined the confidence of many potential foreign tourists resulting in a decline in the number of international arrivals.



REVENUE

**RM4,172.8**  
MILLION

7.8%



PROFIT AFTER TAX

**RM73.2**  
MILLION

82.4%



EBITDA

**RM1,709.9**  
MILLION

1.8%



## CHAIRMAN'S STATEMENT

Our wholly-owned airport, Istanbul Sabiha Gokcen International Airport (ISG), located on the eastern side of Istanbul, did not escape the fallout, but resilient domestic demand, which grew 8.3% compared with our forecast of 5.9%, helped offset the impact on international traffic.

The events of the year are a reminder of the geopolitical risks that can affect the aviation industry and we believe ISG's performance was commendable given the circumstances as it was the only major airport in Turkey which had experienced growth. Despite the difficulties of 2016, ISG remains well-placed for growth over the longer term. The Turkish government's ongoing efforts for capacity expansion in ISG through the construction of the airport's second runway, is expected to double ISG's capacity by 2019. The government is also investing in better road and rail connections in and around Istanbul, including constructing a tunnel under the Bosphorus and this is anticipated to enhance ISG's position as a hub within the region. Malaysia Airports will also continue to invest in capacity expansion by earmarking EUR25 million in capital expenditure to improve the terminal and increase capacity by another eight million passengers per annum

(mppa). The work is scheduled to be completed in 2018 and will help enhance our competitive advantage when the Istanbul Grand Airport opens.

Last year, also marked the first year of implementation of our new business plan, Runway to Success 2020 (RtS2020) which we had launched in April 2016. Later in this statement, I will share with you the progress of RtS2020 in its first year, including developments that are crucial to its long-term success. I also aim to provide you with a brief overview of the business and the risks, financial and non-financial, that may present themselves in the coming years.

First, however, I would like to review our performance in FY2016.

Despite lower oil prices, which generally boost demand for air travel, the health of the global economy as well as rising geopolitical uncertainty following the political developments in the United Kingdom and the United States of America added to the uncertain mood in 2016. Here in Malaysia, GDP growth was a steady 4.2%, and the ringgit remained volatile against the world's major currencies, including the US Dollar and the British Pound.



GROUP PASSENGER  
TRAFFIC MOVEMENTS

**118.6**  
MILLION

⬆️ 5.8%



MALAYSIA PASSENGER  
TRAFFIC MOVEMENTS

**89.0**  
MILLION

⬆️ 6.1%



ISG PASSENGER  
TRAFFIC MOVEMENTS

**29.7**  
MILLION

⬆️ 4.8%



## CHAIRMAN'S STATEMENT

Against the challenging global and domestic market conditions, we had achieved all-time record high results and achieved several firsts. Apart from growing by 7.8%, the Group had surpassed the RM4 billion revenue mark in FY2016. On top of that, we registered earnings before interest, tax, depreciation and amortisation (EBITDA) of RM1,709.9 million, with our Malaysia operations reaching the RM1 billion EBITDA mark for the first time.

Meanwhile, the Group registered passenger traffic movements of 118.6 million in FY2016 increasing by 5.8% compared to FY2015. Out of 89.0 million passenger traffic movements for our Malaysia operations, KL International Airport (KLIA) registered 52.6 million, surpassing the 50 million mark for the first time.

Our investment and effort in improving airport efficiencies are also paying off, with more people using the upgraded facilities at our airports. For instance, Langkawi International Airport registered passenger growth of 13.7% while Kota Kinabalu International Airport (KKIA) registered growth of 10.5%. Meanwhile, introduction of a direct Singapore service at Sultan Azlan Shah Airport Ipoh, and an increased number of chartered and scheduled flight connections with China at Penang International Airport and KKIA had also contributed to overall growth.

### KLIA passenger traffic movements

**52.6** MILLION  
 ↑ 7.6%



At ISG, we registered 29.7 million passenger traffic movements in FY2016. The 8.3% increase in domestic passenger traffic movements helped offset the decrease in international passenger traffic movements of 1.8%, giving rise to an overall growth of 4.8% compared with the year before.

Throughout the year, and as part of our continuing strategy to establish KLIA as the preferred ASEAN hub, we welcomed new airlines into the KLIA family and were pleased to see existing carriers increasing frequencies. I am particularly encouraged by the overall increase of passenger traffic and new airlines from North Asia, with Shenzhen Airlines adding a new route to KLIA in December, Hong Kong Airlines starting twice weekly flights between Kuching and Hong Kong in May

2016, China Southern Airlines operating every five days between Guangzhou in southern China and Melaka, Lucky Air operating from Kunming to Kuala Lumpur, Pulau Pinang, Kota Kinabalu, as well as Spring Airlines flying to Kota Kinabalu.

### THE AVIATION INDUSTRY IN 2016

As we had anticipated, last year turned out to be a lacklustre one for the world economy, as well as the region. Global growth was expected to remain flat at 3.1% for 2016, the same as in 2015, according to the IMF.

However, the performance of the aviation industry has remained robust. Although IATA reported reduction in its net profit forecast for airlines over the course of 2016 compared to earlier estimates,

## CHAIRMAN'S STATEMENT



reflecting slower growth and rising costs, the association estimates profit for its members would still reach a record USD35.6 billion.

Our strong performance in Malaysia, which is the core of our operations had helped to offset our performance in the international arena, specifically ISG, where traffic was affected by the ongoing political developments and a number of security-related incidents which had resulted in some uncertainties. Nevertheless, we are mindful of the geopolitical risks, and as I had mentioned earlier, we are encouraged that the Turkish government's commitment to improving the airport's connectivity continues to underline its potential for long-term growth.



### A FOUNDATION FOR FURTHER GROWTH

RtS2020 is a statement of our business goals, and our vision for the future. It sets out how we intend to create a sustainable business that delivers growth and allow us to capitalise on future opportunities, providing a firm financial base from which to expand and make further investments.

The plan has two main thrusts – to strengthen our core airport business, and to expand and diversify our operations. This means we will strengthen KLIA's position as an established hub within ASEAN, and improve the total airport experience for all our stakeholders. We will also develop KLIA Aeropolis, leveraging on KLIA's substantial land bank to develop a thriving airport city that will serve as an economic enabler not only for Malaysia but also the region, as well as continue to increase our international footprint.

For this purpose, five working committees have been established and they are KUL Hub, Total Airport Experience (TAE), KLIA Aeropolis, International Expansion, and Innovation and Value Enhancement. In order to meet the business objectives, our Transformation Management Office division has been tasked with ensuring that all our planned initiatives are integrated and cohesive across the entire company.

### KUL\* Hub

Over the past year and in the first few months of 2017, we have made significant progress in strengthening our core airport business. KLIA's central location within the Asia-Pacific region, as well as its combined terminal capacity of 75 million passenger per annum (mppa), three independent runway system that improves efficiency of flight operations, and a competitive cost structure are factors which give our flagship airport its strategic advantage within the region.

We will continue to place emphasis on traffic development in KLIA. Recent development growth by our local carriers indicates that KLIA is on the path to becoming a strong connectivity hub. For example, Malindo Air expanded its fleet and network considerably while the AirAsia Group also added new destinations and increase frequencies. Several more foreign carriers have also begun operations at KLIA since last year, namely Cathay Dragon, Himalaya Airlines, US Bangla Airlines, to name a few.

We have also been working towards enhancing airport efficiencies in order to promote seamless connectivity and facilitate the growth of our partner airlines. Plans such as improving transfer process

\* KUL is the IATA code for KLIA

## CHAIRMAN'S STATEMENT



between our two terminals through the KLIA-klia2 Terminal Transfer initiative, and implementation of auto bag drops at both terminals have begun and we expect to launch these initiatives some time this year.

### TOTAL AIRPORT EXPERIENCE (TAE)

Since it opened in 1998, KLIA has won numerous awards as one of the best airports in the region if not the world. Airport Service Quality, the benchmarking programme by Airports Council International, inducted KLIA into the Director General's 'Roll of Excellence' 2011 – 2016, as recognition of its rank in the top five airports by size or region over five of the previous six years.

However, we recognise that excellent service is something that requires dedication and attention to detail. We cannot rest on our laurels. Thus, we have structured our TAE initiative into three key areas which are meeting basic needs, providing unique experience and creating memorable moments.



In meeting basic needs, we have taken concrete measures to respond to feedback received such as on walking distance and toilet cleanliness. 2016 marked the completion of our initiative to install additional walkalators in klia2. With an additional 25 units, klia2 now has a total of 42 units of walkalators to ease walking distance, on top of a buggy service that is free and available to all customers.

We have also enhanced collaboration with our cleaning service contractors to improve toilet cleanliness level at our airports. Last year we had embarked on a large scale maintenance exercise on the condition of 130 of our toilets which involved works such as repainting the ceiling, as well as replacing fixtures and fittings. Starting 2017, we have begun plans to completely refurbish 131 of our toilets in order to ensure that our toilets are easier to maintain thus improving passenger comfort. This exercise will be completed in phases up until the year 2020.

Our ongoing efforts in improving service levels also include regular engagements with the airport community such as airlines and government agencies on a formal and informal basis; as well as employing the use of data analytics to improve our understanding of customer needs. This was evident with KLIA's recent win as the World's Best Airport for Immigration Services at the 2017 Skytrax World Airports Awards in Amsterdam, Netherlands.

One of the unique experience which we launched last year was KLIA Premier Access - an exclusive and seamless end-to-end airport concierge service that includes meet and greet, buggy service, fast track immigration and customs lane, and premier lounge usage for our passengers at KLIA. This service is provided by one of our subsidiaries, Sama Sama Hotel KL International Airport. Early this year, we also extended this unique service offering by launching KUL VIP Access through working

## CHAIRMAN'S STATEMENT



with our partners such as KLIA Ekspres and Plaza Premium Lounge.

We also wish to provide more memorable moments at our airports. In conjunction with our 25<sup>th</sup> Anniversary celebrations this year, we are bringing the Malaysian experience to our airports through several initiatives such as Joyful Malaysia, Proudly Malaysian and KULinary. These initiatives are implemented through collaboration with various government agencies and retail partners. Passengers passing through our airport will be treated to exciting cultural shows, delicious local cuisine and unique Malaysian products.

We have also not forgotten that service quality mainly lies in the hands of our greatest asset – our employees. In late 2016, we had formed the Customer Experience Management unit to spearhead the revamp of our customer service model. Also underway is a training

programme for frontline staff to give them the tools and confidence in dealing with customers in an engaging and friendly manner. These employees are expected to be more mobile and visible at key touch points of the passenger journey and are to serve as 'ambassadors' not only for Malaysia Airports, but also the country.

### KLIA AEROPOLIS

We made good progress on KLIA Aeropolis in 2016. The KLIA Aeropolis Master Plan which was completed in 2016 has earmarked about 60% out of the total 22,000-acre land bank for airport and aeronautical use.

The development of KLIA Aeropolis is focused on three key clusters – Aerospace & Aviation, Air Cargo & Logistics, and MICE & Leisure – which are synergistic to the larger airport system and will serve to benefit the aviation supply chain as a whole. These three clusters are also aligned to the national development agenda specifically the National Aerospace Blueprint (2015 -2030), the Logistics Trade and Facilitation Masterplan (2015-2020) and the Kuala Lumpur Tourism Master Plan (2015-2025).

As part of the aerospace belt which spans across Subang – KLIA Aeropolis – Melaka, the development will provide space for aviation businesses including fixed-base operators (FBO), maintenance, repair and operations (MRO) companies, and original equipment manufacturers (OEM). Following this, Malaysia Airports had also opened discussions with several industry players such as General Electric, Global Turbine Asia, RUAG Aviation and TCR Solutions to develop KLIA Aeropolis and Subang Aerospace Park as an ASEAN aerospace hub. Earlier this

year, we had also signed a Memorandum of Understanding (MoU) with Invest Selangor to support and expand the aerospace industry's future growth with the development of an MRO and an aircraft conversion centre.

The current focus for the Air Cargo & Logistics cluster will be to establish a regional e-commerce and logistics hub in KLIA Aeropolis to cater to business-to-business (B2B) and business-to-consumer (B2C) segments. KLIA Aeropolis – has been identified to be the site of the initial phase of the Digital Free Trade Zone – specifically at the KLIA Air Cargo Terminal 1 or what was before, the LCCT. Following this, Cainiao Network and Lazada – affiliates within the Alibaba Group will cooperate with Malaysia Airports for the development of an e-fulfilment hub which we hope to launch by the end of 2019.

Meanwhile for the MICE & Leisure cluster, Mitsui Outlet Park KLIA Sepang (MOP), a Malaysia Airports joint venture with Japan's Mitsui Fudosan, had started construction works on its second phase of development beginning November 2016. Covering over 27,500 square metres, the second phase will add another 60 shops and 500 parking lots bringing the total to 188 and 2,600 lots respectively. The works is expected to complete by early 2018.

Mitsui Outlet Park KLIA Sepang

**188**  
**SHOP LOTS**  
by 2018

## CHAIRMAN'S STATEMENT



### INTERNATIONAL EXPANSION

As mentioned earlier, we remain confident that ISG will prove to be a sound investment over the longer-term. We also continue to be open to international opportunities, whether equity investments or management contracts. I am pleased to note that in August 2016, a major service contract for Hamad International Airport, Doha was extended by three years to June 2019.

### GOVERNANCE

Governance and transparency are matters of immense importance to me, as Chairman of the Board, and Malaysia Airports.

In recent years, Bursa Malaysia has been amending the listing requirements for publicly-traded companies to improve transparency, and provide shareholders with a clearer picture of company operations and management's strategy for the future.

The Managing Director's Review of Operations that usually forms a significant part of this report will become the Management Discussion and Analysis (MD&A). Managing Director Datuk Mohd Badlisham bin Ghazali will provide more detail on our financial and non-financial performance over the past year, to give you, our shareholders, a clearer picture of

Malaysia Airports' business and operations, as well as where we are headed over the short, medium and longer-term. We hope that this analysis will enable you to participate more fully in our shareholder meetings.

For now, I would like to reiterate that sustainability and the highest standards of corporate governance are at the heart of Malaysia Airports' business strategy. We are fully committed to the enhanced Companies Act 2016, as well as the updated Malaysian Code of Corporate Governance.

The success of this approach was acknowledged in the GLC Transformation Plan (GLCTP), the ten-year programme to transform Malaysia's government-linked companies into high-performing businesses. Malaysia Airports emerged the number two performer in terms of shareholder returns when it completed the GLCTP in August 2015, recognising our ability to create value in what is a highly-regulated environment.

In line with the new Bursa Malaysia requirements, we are introducing e-voting at our shareholder meetings to ensure an accurate count and give all shareholders a clear voice in decision-making. The vote itself will be shown in real-time, and the process will be overseen by an independent monitor.

The GLCTP programme also acknowledged our commitment to improving corporate governance by creating frameworks for procurement, leadership development and social responsibility. Malaysia Airports has also signed the gender diversity pledge and we actively work towards ensuring at least 30% female representation on our Senior Management Team and Board of Directors.

The regulatory environment for our industry evolved significantly last year when the Malaysian Aviation Commission (MAVCOM) started formal operations in March. MAVCOM, which was established as an independent regulator under the Malaysian Aviation Commission Act in 2015, works to ensure the country has a commercially viable, consumer-oriented and resilient civil aviation industry. Improving airport service levels is a key part of the Commission's remit, and a prerequisite for the higher Passenger Service Charge (PSC) that was announced in October and came into effect in January. MAVCOM has made clear that high service levels and financial efficiency will be linked to the charges levied.

These talks are still ongoing, but as I mentioned earlier, Malaysia Airports has continuously put improved service standards at the centre of our business strategy. We aim to be a service leader, by establishing a customer-centric culture at our airports, and reimagining the airport experience.

### OUTLOOK FOR 2017

In our 25<sup>th</sup> year of operations, the prospects for the aviation industry appear to be brightening after a challenging couple of years. The momentum in the growth of international passenger traffic accelerated in the second half of 2016 – 11% compared with 5% in the first half – and 27 airlines reported double or triple digit growth over the year.

## CHAIRMAN'S STATEMENT

We expect these trends to continue into 2017, supported by Malaysian GDP growth that is forecast at 4-5%. The global economy is estimated to grow at 3.4% in 2017, compared with 3.1% in 2016, according to the IMF. Malaysia's recent visa relaxation and the depreciated Malaysian Ringgit will further stimulate higher volume of passenger.

IATA is predicting global passenger traffic for scheduled services to rise 5.1% in 2017 with growth in the Asia Pacific at 7%. Cargo demand is also expected to rise. Although, the airline association expects oil prices to rise to USD55 a barrel (2016: USD44.6 a barrel), it is confident that airlines will record a net profit of USD29.8 billion in 2017.

Even at ISG, we were pleased to note gradual return of international travellers as the 2016 came to an end. Restoring confidence will be the key to the return of foreign visitors and to this effect security has been stepped up to ensure the safety of our airport users. We believe ISG is now entering a new phase of development and growth. Earlier this year we have instituted some management changes that will allow us to shift to a more global perspective and create bigger opportunities for ISG.

As we look ahead to 2020, we have set ourselves what we consider to be ambitious, but achievable targets. Under RtS2020 we are targeting revenue from our Malaysia operations to be at RM5.0 billion by 2020 with EBITDA increasing to RM1.5 billion. These increases represent a compounded annual growth return (CAGR) of 12% and 15%, respectively.

Aided by technology, we are improving our engagement with all our stakeholders from airlines to vendors and passengers; a signal of our commitment to ensuring a pleasurable airport experience for all who use our facilities.

Over the past quarter of a century, Malaysia Airports has laid the foundations for a sustainable future. Our airports are the gateway to Malaysia – the country we call home – and we have taken an active role in making Malaysia into the great nation that it is today. We can be proud of our achievements so far. We move towards 2020 confident that the business strategies we are enacting today will prove to be the foundation of our future success.

### THE BOARD

Throughout 2016, the Board proved an invaluable resource to the success of Malaysia Airports operations.

In particular, I would like to thank Jeremy bin Nasrulhaq for the nine years he has served as an independent director. Jeremy resigned in November in line with the Malaysian Code of Corporate Governance, which recommends independent directors serve no more than nine years on the Board. Following his resignation, Datuk Seri Yam Kong Choy was appointed as the Senior Independent Director.

I would also like to welcome three Board members who joined us in 2016 – Datuk Ruhaizah binti Mohamed Rashid, Dato' Ir. Mohamad bin Husin and Datuk Azailiza binti Mohd. Ahad. Meanwhile, Dato' Chua Kok Ching was appointed as an Alternate Director to Datuk Ruhaizah, and Mohd Shihabuddin bin Mukhtar replaced Norazura binti Tadzim in 2017 as the Alternate Director to Dato' Sri Dr Mohamad Isa bin Hussain.

The Board is fully invested in ensuring the successful implementation of RtS2020 and I have every confidence in their ability to guide the company forward.

### APPRECIATION

Finally, I would like to record my deepest appreciation to all those who have helped ensure the continued success of Malaysia Airports not only throughout 2016 but also for the past 25 years.

To the government of Malaysia, as well as the regulatory agencies, for devising the framework for our future development.

To our valued customers, vendors, bankers and airline partners, we look forward to your continued support.

To Malaysia Airports' management team – my sincere thanks for your leadership, commitment and contribution towards ensuring the company's continued growth.

To all our dedicated employees, for your commitment to Malaysia Airports and all that the company wants to achieve.

And last, but by no means least, our shareholders, for the trust and confidence that you have placed in us. I can assure you that Malaysia Airports will continue to deliver sustainable growth even as we embark on the next exciting phase of our development.

Thank you.



**Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS



### DEAR STAKEHOLDERS

This year we are adopting a more critical approach to our annual report in line with Bursa Malaysia's revised reporting guidelines. Rather than providing you with a simple synopsis of how we performed in the last financial year, we aim to give you a deeper insight into the performance of our business for the financial year ended 31 December 2016 (FY2016), as well as the prospects for the future. ”

First, I would like to take this opportunity to share with you the highlights of FY2016.

A strong performance from our Malaysia operations helped underpin our growth in FY2016, despite the challenges faced at our wholly owned airport in Turkey, Istanbul Sabiha Gokcen International Airport (ISG), after the country went through the challenges of an attempted coup and a series of terror attacks.

Revenue for the Group rose to RM4,172.8 million in FY2016, fuelled by increased passenger numbers in Malaysia, an improved retail performance and a rise in commercial revenue. Profit Before Tax (PBT) nearly quadrupled to RM183.3 million.

Our performance in FY2016 is testament to our past and moving forward business strategy. In view of the elevated performance and foregoing confidence in our business prospects, the Board has proposed a final dividend of 6 sen per ordinary share for FY2016, which combined with an interim dividend of 4 sen per share, brings the total dividend for the year to 10 sen per ordinary share. This is above the 8.5 sen per share dividend for the financial year ended 2015 (FY2015).

### FIRST TIME ACHIEVEMENTS OF MALAYSIA AIRPORTS



EBITDA FOR MALAYSIA  
OPERATIONS

RM **1.0**  
BILLION

7.8%



KLIA PASSENGER  
TRAFFIC MOVEMENTS

> **50**  
MILLION



LANGKAWI  
INTERNATIONAL  
AIRPORT

**3<sup>rd</sup> World's  
Best Airport**

2 - 5 MPPA  
ACI ASQ AWARD 2016



## MANAGEMENT DISCUSSION AND ANALYSIS



### HIGHLIGHTS OF FY2016

- Passenger traffic at our airports in Malaysia rose 6.1% in FY2016, compared with an earlier forecast of 2.5%. Passenger traffic movements at KLIA surpassed the 50 million mark for the first time, recording growth that was relatively higher than major airports in the region. Aeronautical revenue per passenger in Malaysia rose by 3.6%.
- Passenger growth at ISG proved more difficult given the challenging environment, nevertheless it pulled through the year with a positive performance of 4.8% to 29.7 million passenger movements. Slower growth in international passengers, who pay higher charges, caused a dent in earnings growth.
- Total passenger traffic movements at all our airports rose 5.8% to 118.6 million movements.
- Revenue for the Group rose 7.8% to RM4,172.8 million in FY2016, supported by the growth in passengers and higher contribution from the retail and commercial segments.
- Total commercial aircraft movements for the Group rose 1.0% to 1,031,874. Commercial aircraft movements at ISG increased by 6.8% to 220,290, while in Malaysia there was a marginal decline to 811,584.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) rose to RM1,709.9 million.
- EBITDA for our Malaysia operations crossed the RM1 billion mark for the first time.
- EBITDA for ISG was below our target of RM813.9 million, though it did record an increase of 2.7% over FY2015 with RM719.1 million.
- In December 2016, the government of Malaysia has approved in principle an extension of the Operating Agreement by 35 years to 2069, from the original term that was to terminate in 2034. This has provided a new dimension to our operations, entrenching our lead position in charting a thriving aviation industry in Malaysia.
- One of our major management contracts at Hamad International Airport (HIA) in Qatar has been extended by three years, and we have been awarded additional sub-contracts at the airport; testament to our success in operating the facility.
- KLIA retained its place among the world's Top 10 airports in its category of above 40 million passengers, according to Airports Council International's (ACI) Airport Service Quality (ASQ) Awards, where it was placed 9<sup>th</sup>.
- Langkawi International Airport was ranked third in the ASQ Awards in the category of airports handling 2-5 mppa.
- In the Skytrax 2017 World Airport Awards, immigration services at KLIA was voted the world's best.
- The Malaysian Aviation Commission (MAVCOM) began operations in 2016 with the objective of regulating economic matters pertaining to the civil aviation industry. It carried out a study on passenger service charges (PSC) and recommended several changes to the PSC which became effective in January 2017. The PSC for domestic sector and some international sectors including at klia2 was raised, while a new ASEAN tier was introduced with the aim of stimulating ASEAN travel.

## MANAGEMENT DISCUSSION AND ANALYSIS



Our Malaysia operations exceeded all expectations in FY2016, benefiting from the expansion of the global airline industry and sustained economic growth within the region, helping to mitigate the impact of the slowdown at ISG.

Traffic growth of 6.1% in FY2016 for our Malaysia operations was an indication of continuing latent demand for air travel. It is encouraging to note that international passenger growth momentum year-on-year had picked up in the second half of FY2016, improving from 5.0% in the first half to 11.0% in the second half. In addition, average load factors remained buoyant for both domestic and international traffic at 74.4% and 75.3% respectively.

Overall international passenger growth in Malaysia was contributed by both local and foreign carriers. 27 airlines registered double or triple digit growth over FY2015 including AirAsia, AirAsia X, Malindo Air, Air China, All Nippon Airways, KLM, British Airways, China Southern Airlines, Mahan Air, Oman Air, Royal Jordanian, Shanghai Airlines, Xiamen Airlines, Spring Airlines, Eastar Jet, Saudi Arabian Airlines, Qatar Airways, China Airlines and Turkish Airlines.

Domestic passenger growth was contributed by AirAsia, Malaysia Airlines and Malindo Air.

All the five international airports in Malaysia grew between 3.0% and 14.0%, and 11 of the 21 international and domestic airports posted growth ranging from 1.0% to 21.0%. This growth was achieved despite capacity reduction by Malaysia Airlines as part of its restructuring process.

Passenger traffic to and from a large number of countries increased in FY2016 by double digits, including China, Vietnam, Korea, Japan, Qatar, Saudi Arabia, Oman, Taiwan, Turkey, Sri Lanka, Iran, Laos, Pakistan, Mauritius and New Zealand.

Despite the solid performance in 2016, we are mindful of the potential risks to world trade from the election of governments of a more protectionist stance, and the effect that could have on global growth.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL PERFORMANCE

Group EBITDA of RM1,709.9 million in FY2016 increased by 1.8% when compared with RM1,679.1 million in FY2015. Strong revenue growth, with Malaysia's airport operations outperforming Turkey, boosted EBITDA.

Revenue in FY2016 climbed 7.8% to RM4,172.8 million at the Group level with our Malaysia and Qatar operations contributing RM3,214.0 million or more than three quarters of the Group's total. Meanwhile, revenue from ISG increased by 4.3% to RM958.8 million.

PBT was more than four times the level of FY2015 at RM183.3 million, supported by the strong performance in our Malaysia operations, which offset the impact of the slower growth at ISG. In Malaysia, PBT more than doubled to RM466.5 million, while ISG reported losses increased to RM283.2 million.

The continued growth in revenue represents the underlying strength of our core airport operations, and the proactive measures we have taken in recent years to grow the business, working closely with airlines on route development.

The Group's aeronautical revenue rose 8.6% to RM2,062.6 million in FY2016. The increase in passenger traffic boosted income from PSC. Excluding our Turkish operations, where PSC grew moderately because of lower contribution from international passengers, aeronautical revenue rose 9.9% to RM1,563.9 million.

Our 39 airports across Malaysia, including the international hubs at Kuala Lumpur, Kota Kinabalu and Penang, experienced increased passenger traffic movements throughout FY2016, together handling 89.0 million passengers, as airlines

opened new routes and increased frequencies. Malindo Air's decision to move its operations from klia2 to KLIA Main Terminal also helped lift revenue.

PSC revenue rose 13.2% to RM999.6 million in FY2016, while the increase in the Marginal Cost Support (MARCS) for PSC as well as MARCS ERL also helped boost aeronautical revenue.

The MARCS PSC is the restitution for the difference between the actual PSC and the benchmark PSC by the government as provisioned in the Operating Agreement (OA) that was signed with the government of Malaysia in February 2009. Under the OA, benchmark PSC rates are revised every five years, with the second tariff cycle revision taking effect on 12 February 2014.



## MANAGEMENT DISCUSSION AND ANALYSIS

MARCS PSC was RM106.2 million in FY2016, compared with RM87.7 million FY2015. MARCS ERL, the reimbursement by the government of subsidies paid to the operator of the Express Rail Link, rose to RM97.2 million compared with RM56.5 million.

Meanwhile, the Group's non-aeronautical revenue rose 7.6% to RM1,850.2 million, among others contributed by the increase in retail and rental income from our Malaysia operations.

The Group's revenue from non-airport operations rose 3.2% to RM259.9 million as our hotel, and agriculture and horticulture segments reported improved performances.

### ECONOMIC PROFIT

The Economic Profit statement is provided on a voluntary basis. It is a measure of value created by a business during a single period and reflects the return made by a company over its cost of capital.

Malaysia Airports recorded a wider economic loss of RM662.0 million in the financial year under review (RM595.0 million in FY2015) due to the higher weighted average cost of capital.

### TRAFFIC PERFORMANCE

#### Passenger Traffic Movements

In FY2016, the Group registered 118.6 million passenger movements for the combined operations in Malaysia and Turkey. In contrast to FY2015 when our operations in Turkey reported a double-digit increase in passenger traffic, in



FY2016, it was our Malaysia operations that performed stronger. Our Malaysia operations posted solid growth of 6.1%, well above our expectations for a 2.5% increase.

International passenger traffic movements in Malaysia surged 8.1% to 43.3 million passengers, while there were 45.7 million domestic passengers, a rise of 4.3%. Additional capacity both in terms of higher frequencies and new routes underpinned the growth in passenger traffic with Sultan Azlan Shah Airport in Ipoh now having a regular connection with Singapore, reporting a 21.2% increase, Langkawi International Airport reporting 13.7% and Kota Kinabalu International Airport (KKIA), which saw more scheduled and charter traffic, up 10.5%.

Passenger traffic movements from a large number of countries, including China, Saudi Arabia, Mauritius and New Zealand reported double digit growth.

Our KLIA hub handled 52.6 million passenger movements (KLIA Main Terminal: 25.5 million; klia2: 27.1 million), crossing the 50 million mark for the first time. International traffic movements at KLIA Main Terminal rose 7.8% to 18.9 million as airlines increased frequencies. Malindo Air's move to KLIA Main Terminal from klia2 also significantly added volume to domestic traffic at KLIA Main Terminal, which surged 30.4%. klia2, meanwhile, saw international traffic rise 6.1% while domestic traffic declined slightly by 2.8%.

# MANAGEMENT DISCUSSION AND ANALYSIS



We are particularly heartened by the strong growth in the fourth quarter of FY2016. Our facilities in Malaysia registered the highest number of passengers for the year in the fourth quarter (Q4) of FY2016, increasing by 11.0% over Q4 FY2015. Meanwhile, international passenger traffic movements climbed 12.2% during the same period, the fastest quarterly growth for the year. In addition, average load factors remained high at 74.4% for domestic flights and 75.3% on international routes.

In Turkey, the situation was more moderate, with international demand hurt by security threats and political instability. While ISG handled 4.8% more passengers than it did in FY2015, the increase was fuelled by an 8.3% rise in the number of domestic travellers. International passenger traffic declined by 1.8% as foreign tourists remained hesitant.

Although it was encouraging to see a slight improvement in the final quarter, our expectations for passenger growth at ISG remain moderate.

### Aircraft Movements

There were 1,031,874 commercial aircraft movements across the Group in FY2016, a rise of 1.0%.

For our Malaysia operations, there was a marginal decline in aircraft movements both for international and domestic sectors. The high passenger traffic contribution mainly came from increased load factors. KLIA Main Terminal and klia2 combined, currently cater to more than 60 airlines serving more than 130 direct destinations, and handle more than 1,000 flights daily.

Turkey reported the strongest growth, led by domestic aviation, which rose 8.2%. International aircraft movements increased by 4.5% showing some resilience against the challenging geopolitical backdrop.



International passenger traffic movements for Malaysia operations

# 43.3 MILLION

⬆️ 8.1%

## MANAGEMENT DISCUSSION AND ANALYSIS



### Cargo Movements

Cargo movements for our Malaysia operations declined by 9.1% to 885,672 metric tonnes in FY2016 (974,330 metric tonnes in FY2015). 2016 was a positive year for cargo in general, though the global growth was only 3.8% over 2015. The negative growth may be attributable to shipping dynamics and relatively lower import/export in US Dollar terms for Malaysia.

### OVERSEAS VENTURES

ISG, Istanbul's second airport, is the main focus of our operations outside Malaysia and a business which we believe offers an attractive growth story and the opportunity for us to play a lead role in crafting its long-term success.

With the full acquisition of ISG, we became the first Asian company to own a European airport. Despite the challenges in 2016, we remain convinced the airport offers significant potential over the longer-term.

Our airport in Turkey, which is named after the country's first female fighter pilot, has a 20 + 2 year concession from the Turkish government on a design-build-operate contract, which began in May 2008. Some 66 airlines offer direct flights to 39 domestic and 97 international destinations, catering to a catchment area of nearly 21 million people.

In FY2016, ISG welcomed two new scheduled airlines and one new charter airline. Etihad Airlines started a service connecting ISG and Abu Dhabi in July

2016, operating four times a week on the route. In the same month, Nile Air also started operating a thrice weekly route connecting ISG and Cairo.

The past year proved more challenging than we anticipated as Turkey was hit by a series of terror attacks and an attempted coup. As a result of the political situation, and the temporarily suspension of visas for Russian tourists, the growth in passenger traffic was slower than anticipated, and the number of international visitors fell.

ISG reported a total of 29.7 million passengers in FY2016, but the decline in the number of international visitors adversely affected income as PSC for international passengers is five times the level for domestic passengers. Aircraft

## MANAGEMENT DISCUSSION AND ANALYSIS

movements rose 6.8% over the year. The airport reported a core loss before tax of RM56.7 million, compared with a PBT of RM29.9 million in FY2015, prior to reflecting the amortisation of fair value of concession rights.

We remain committed to our key international asset. We expect that growth will remain moderate in the near-term and driven predominantly by outbound traffic. The restoration of cordial ties between Turkey and Russia earlier this year was welcome news. With it, came the relaxation of visa entry for Russian nationals and we expect that it will pave the way for improved passenger traffic movements between the two countries for both business and leisure travellers.

Moving forward, we are focusing on optimising revenue and improving operational efficiency, as well as continuing to invest in order to ensure the long-term success of the business.

We are working to improve the passenger transfer facility between international and domestic flights, build a new boarding hall to cater to expanding local traffic, and improve the airport's rapid exit taxiways. Two new rapid exit taxiways which will be completed by April 2017 will increase ISG's present runway capacity. A second runway will be completed by 2019, almost doubling capacity and allowing more carriers to take off and land during the peak morning period.

As we shift to a more global perspective to create bigger opportunities for ISG, we are making changes across all segments of the business to ensure that we are positioned for the next phase of growth. These changes include new leadership for the airport. I would like to take this opportunity to thank Gokhan Bugday who stepped down as CEO in March 2017, after eight years at the helm.

We are confident that ISG's strategic location and enhanced road and rail connections to the city will provide it with a strong competitive edge as we move forward.

Malaysia Airports currently has several management consultancy contracts in Qatar. One of our major management contracts for HIA was extended by three years from June 2016, with additional sub-contracts added, reflecting the airport owner's confidence in our management ability. Malaysia Airports owns 49% in the joint venture that manages the airport with the remainder held by Wataad Group. It is worth noting that HIA was voted a five-star airport by Skytrax and the 6<sup>th</sup> best in the world in the 2017 World Airport Awards. The airport handles about 30 million passengers a year.

Malaysia Airports also continues to own an 11% stake in Rajiv Gandhi Hyderabad International Airport.



## MANAGEMENT DISCUSSION AND ANALYSIS

### RUNWAY TO SUCCESS 2020 (RtS2020)



### FY2016 MARKED THE OFFICIAL LAUNCH OF OUR NEW FIVE-YEAR BUSINESS PLAN RUNWAY TO SUCCESS 2020 (RtS2020) GUIDED BY OUR VISION OF ‘BECOMING THE GLOBAL LEADER IN CREATING AIRPORT CITIES’.

We believe that RtS2020 is the key to sustainable growth not only for Malaysia Airports but also for the nation’s aviation industry. While we forge ahead to create a better future, we will give careful consideration to the way in which we balance our competing resources.

#### **KUL\* Hub**

To bolster our core airport business, we are working on establishing KLIA as the preferred hub for ASEAN. Apart from strengthening the national aviation industry, KLIA’s position as a connectivity hub is also a critical success factor to achieve the goals of RtS2020.

The opening of klia2 – the world’s largest terminal serving low-cost carriers – has allowed KLIA to enjoy a combined capacity of 75 mppa, thus catering to future growth. Additionally having a three independent airport runway system further optimises flight operations and efficiencies, allowing KLIA to handle 78 flight movements per hour. We are also delighted to share that the ground breaking ceremony for the Department of Civil Aviation’s (DCA) new KL Air Traffic Control Centre (KL ATCC) was held in February 2017. The new KL ATCC in KLIA will further optimise flight operations by increasing our capacity to handle up to 108 flight movements per hour.

\* KUL is the IATA airport code for KLIA



## MANAGEMENT DISCUSSION AND ANALYSIS

### RUNWAY TO SUCCESS 2020 (RtS2020)

As part of our ongoing efforts to develop connectivity at KLIA, we have also been stepping up our efforts to engage with our airline partners. In FY2016, we engaged with more than 50 airlines, with the aim of encouraging and supporting network growth in Malaysia, or soliciting prospective airlines to begin operations at KLIA. This has resulted in an increase in international routes and frequencies across Asia, the Middle East and Africa.

Another key initiative is to improve connectivity and streamline transfers between KLIA's two terminals. A study done in late 2016 had shown that transfers between KLIA Main Terminal and klia2 have tripled to 1.5 million passengers. Given the growing demand for inter-terminal transfers, we have initiated plans to introduce the KLIA-klia2 Terminal Transfer service in the later part of 2017. A smoother journey between terminals will not only improve passenger experience at KLIA, but also contribute to the growth of our airline partners at both terminals. Apart from this, we will also introduce automation such as auto bag drop services with the installation of between 15 to 20 units at KLIA Main Terminal and klia2.

### TOTAL AIRPORT EXPERIENCE

Total Airport Experience (TAE) represents the company's commitment to continuously improve service standards. This is in line with our mission to 'Create Joyful Experiences by Connecting People and Businesses' and our target of placing KLIA among the top in the ASQ rankings. Thus, we will step up efforts to enhance the airport experience across all touchpoints for all our stakeholders.

We are proud to say that KLIA currently ranks in the top ten of ACI's list of the world's best airports within its category, with a score of 4.68 out of 5.00 for 2016. As a comparison, the global industry average score for airports in the same category of above 40 million passengers is 4.23 while the best score is 4.99. As such, TAE is a key strategy for us to improve our service levels so that we can be considered to be among the world's best airports.

In designing the TAE, we have identified 40 initiatives across the passenger journey to enhance passenger experience. Some of the expected outcomes of these initiatives include shorter queuing times during the check-in process, immigration, customs and security checkpoints, as well as waiting times for baggage delivery.

As part of this customer-centric approach, we have worked with AeroDarat Services, the ground-handler for Malaysia Airlines and several other carriers, to reduce check-in queuing time from 18 minutes to 13 minutes. The Department of Immigration has also deployed more officers to KLIA, and this has reduced immigration queuing times for departing and arriving passengers. We are also focusing our attention on improving baggage delivery and aerotrain services. Among initiatives implemented is an alternative service to the aerotrains whereby six buses are available to transport passengers at all times. While we have made headway in some areas as mentioned above, there are still opportunities for improvement.



## MANAGEMENT DISCUSSION AND ANALYSIS

### RUNWAY TO SUCCESS 2020 (RtS2020)

We have begun to implement toilet refurbishment plans, including plans to refurbish nine special needs toilets. We have also increased monitoring on toilet cleanliness levels to 15-minute intervals during peak hours to ensure cleanliness standards are maintained. Apart from this, a dedicated hotline has been set up, for the public to notify us immediately of any problems that they encounter while using our facilities.

ASQ is a holistic benchmarking programme, where it also looks at airport ambience. In FY2016, we also initiated several ambience improvement initiatives that include a newly revamped customer experience centre, a children's playground and a vertical garden wall at KLIA. These new features are meant to provide our airport users with a differentiated experience when they pass through our airport.

Meanwhile, our investments in Big Data analytics will enable us to understand and serve the needs of airport users more effectively. Enhancements to our analytics capabilities and digital readiness is necessary to enable faster, more insightful data not only to gain competitive advantage, improve profitability, and efficiency of airport operations, but also to enhance customer experience through service quality. The first phase of our Big Data and digital implementation journey will deal with customer experience management, retail analytics, wayfinding, crowd and congestion management, and financial analytics.

Through this initiative we expect to achieve at least 20% improvement in service levels, 30% improvement in retail revenue and 20% savings in total cost of asset ownership in the initial stages.

### KLIA AEROPOLIS

We are also focusing on diversifying our business through the development of KLIA Aeropolis; our own airport city of logistics and aviation parks together with world-class business and leisure facilities. It is an ecosystem development that is synergistic with the airport business and aligned with Malaysia's development agenda.

KLIA has evolved from being a major transportation interchange into a maturing centre of economic activity. By improving on KLIA's functional core as an airport, the KLIA Aeropolis development will propel further domestic economic growth and emerge as a regional economic enabler. We will leverage our strategic location within the Asia Pacific region which has one of the fastest growing air traffic growth, available land bank and also our competitive cost of doing business.

We also aim to capitalise on global market uptrends - evident from the GDP growth of ASEAN that is expected to double by 2020 to approximately USD5 trillion. Meanwhile, Malaysia's GDP growth is expected to be about 4.9% per annum up to 2020.

In FY2016, we had incorporated KLIA Aeropolis Sdn. Bhd. which will act as a Special Purpose Vehicle (SPV) intended to invite participation from both local and foreign, institutional and private investors.

In developing KLIA Aeropolis, our aim is to maintain a 'capital expenditure-light' approach modelled on the development of the Mitsui Outlet Park KLIA Sepang (MOP), a joint venture between Mitsui Fudosan Co. Ltd., which owns a 70% stake, and Malaysia Airports. As such, we will be able to limit the financial impact on our own accounts, as well as the need for fund-raising, recognising that shareholders are wary of private



## MANAGEMENT DISCUSSION AND ANALYSIS

### RUNWAY TO SUCCESS 2020 (RtS2020)

placements which would potentially dilute their holdings and that additional debt could affect the AAA credit rating which currently enables us to borrow at cheaper rates.

Focusing on three key clusters which are Air Cargo & Logistics, Aerospace & Aviation, and MICE & Leisure, we have begun to make progress on various initiatives as identified in the KLIA Aeropolis Masterplan.

For instance, the conversion of the former low-cost carrier terminal (LCCT) was completed at the end of 2016 and is now renamed as the KLIA Air Cargo Terminal 1 (KACT 1). Our cargo ecosystem will focus on three core business areas which are cargo express delivery, e-commerce and cool ports – purpose-built airfreight terminals that are able to handle temperature-sensitive goods.

IATA notes that Asia Pacific is the world's largest market for air cargo with a 37.5%



share, followed by Europe with 23.5% and North America at 20.7%. We believe our position at the heart of Southeast Asia places us in a strong position to capitalise on the industry's likely expansion in the coming years.

A much welcome news in 2017 was the announcement of KACT 1 as the site of the initial phase of the Digital Free Trade Zone (DFTZ) – the world's first outside of China, incorporating the Electronic World Trade Platform (eWTP) concept. In conjunction with the DFTZ launch, we had signed a Memorandum of Understanding (MoU) with Cainiao Network, the logistics arm and affiliated network of the Alibaba Group to explore the establishment of a regional e-commerce and logistics hub in KLIA Aeropolis in order to cater to the business-to-consumer (B2C) and business-to-business (B2B) segments. We believe this will unlock the value of the South East Asia's e-commerce market which is expected to reach USD88 billion by 2025.

Meanwhile for the Aerospace & Aviation cluster, KLIA Aeropolis will provide space for aviation businesses including fixed-base operators (FBO), maintenance, repair and operations (MRO) companies, and original equipment manufacturers (OEM). It is part of the the aerospace belt which spans across Subang – KLIA Aeropolis – Melaka. In 2016, we signed various MoUs with several industry players such as General Electric, Global Turbine Asia, RUAG Aviation and Area Management. Since then, we have concluded an agreement with RUAG Aviation who has already commenced operations of its MRO rotary component facilities in Subang Aerospace Park.

Earlier this year, we had also signed a Memorandum of Understanding (MoU) with Invest Selangor to further promote and market KLIA Aeropolis and Subang Aerospace Park as an ASEAN regional aerospace hub, as well as signed an agreement with TCR Solutions to offer its ground support equipment (GSE) facilities at KLIA which will serve as TCR International's Asia Pacific headquarters.



## MANAGEMENT DISCUSSION AND ANALYSIS

RUNWAY TO SUCCESS 2020 (RtS2020)



MOP is a development under the MICE & Leisure cluster. Work on the expansion of MOP has begun in November 2016, just over a year after the completion of the outlet's first phase. This second phase will be built on a 27,500 square meter site, adding another 60 shops to the current 128. It will introduce more premium brands into the outlet and will explore a new ambient experience with its Sky Walk and River Walk themes. A third and final phase of construction is planned for completion in 2021 when the park will host 260 shops over 46,000 square meters. Upon completion, MOP will potentially be one of the largest outlet malls in South East Asia.

The MOP project was granted entry Point Project status under the Economic Transformation Programme (ETP), National Key Economic Area (NKEA) for Tourism.

As we envision the development of KLIA Aeropolis to have world-class amenities, earlier this year we had also signed an MoU with VADS Lyfe, a subsidiary of TM to explore ways in which to strengthen the telecommunications infrastructure at KLIA Aeropolis, as well as incorporating smart services to improve efficiency into areas of security, building management and energy use.

The development of KLIA Aeropolis is expected to take place over the next 15 to 25 years, bringing in about RM7 billion in investments.

### INTERNATIONAL EXPANSION

Malaysia Airports aims to increase its international footprint by building a balanced portfolio of investments beyond Malaysia, from equity acquisitions to management contracts. We believe that our experience in managing a variety of airports from simple take-off and landing strips to single runway airports and the three-runway hub that is KLIA, gives us a unique edge in our industry.

By strategically investing, growing and diversifying assets overseas, we will be able to establish continuous revenue streams while contributing to overall value accretion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### AIR SERVICES DEVELOPMENT

Malaysia Airports continues to benefit from sustained economic expansion in Asia's emerging markets, and China's deepening relationships with the region.

Apart from KLIA, several of our airports in Malaysia also welcomed new airlines in FY2016. KLIA welcomed three new airlines, namely VietJet Air from Ho Chi Minh City, Shenzhen Airlines from Guangdong, and Shaheen Air from Karachi. KKIA saw the arrival of Tigerair Taiwan from Taipei, Lucky Air from Kunming, and Jeju Air from Seoul. The latter had also added Penang International Airport to its route later in the year and KLIA in early 2017. On top of this, Kuching International Airport and Penang International Airport welcomed Hong Kong Airlines from Hong Kong and Thai Smile from Thailand respectively. Meanwhile, Melaka Airport had attracted Xpress Air flying from Pekanbaru and charter flights by China Southern Airlines from Guangzhou.

Existing airlines also opened new routes and increased frequencies to cater to growing demand, fuelling the growth of passenger traffic through our terminals. Malindo Air, which moved from klia2 to KLIA Main Terminal in March 2016, was among the most aggressive, adding 15 additional aircraft and launching nine new international destinations namely, Ho Chi Minh City, Hong Kong, Lahore, Wuhan, Medan, Hanoi, Taipei, Chiang Mai and Phuket. It has continued to grow its network in 2017, adding Jeddah, Guangzhou, and Brisbane. Over the past year it has also increased frequencies to international destinations such as Perth, as well as on domestic routes such as Kota Kinabalu and Kuching.

At klia2, AirAsia X resumed expansion adding six new destinations including New Delhi, Auckland, Tehran, and Mauritius. At the same time, it also stepped up services to six other destinations including Shanghai, Beijing and Macau. AirAsia also introduced new destinations from its secondary hubs including Kota

Kinabalu-Wuhan, Langkawi-Guangzhou, Pulau Pinang-Yangon and Ho Chi Minh City. Other airlines also expanded. All Nippon Airways added a daily service to Tokyo Haneda International Airport in October 2016, a year after it began operations between KLIA and Tokyo Narita International Airport, while KLM increased its Amsterdam-Kuala Lumpur service from daily to ten times weekly.

On top of that, several airlines had also upgraded its service. One example is Emirates which introduced the 611-seater A380 aircraft for one of its Dubai-Kuala Lumpur turnaround flights. The same flight also operated beyond to Melbourne from Kuala Lumpur. Another example is Japan Airlines which had upgraded to the Dreamliner B787-9 for its Tokyo-Kuala Lumpur service.

We will continue to work closely with our airline partners on market intelligence and traffic forecasts, and provide carriers with the chance to market their services and promotions through Airlink, a special section of the KL Lifestyle magazine. Our Airline Incentive Programme has proved a useful tool for encouraging airlines to join us in Malaysia, while our aeronautical and landing charges – even with the latest revisions – remain among the most affordable in the region.

### AIRPORT IMPROVEMENTS

Malaysia Airports operates a policy of continual improvement for its facilities with a view to ensuring our airports run efficiently – in the past year we had resurfaced the runways in Penang International Airport and Long Lellang, a remote short take-off and landing port (STOLport) – to preserve the safety of flight operations.



## MANAGEMENT DISCUSSION AND ANALYSIS

The government of Malaysia had also approved two airport development projects in FY2016 – the expansion of Sultan Ismail Petra Airport, Kota Bharu and the construction of a new Mukah Airport in Sarawak. Mukah is being developed as a ‘smart city’ under the Sarawak Corridor of Renewable Energy (SCORE), a large-scale development project.

The RM453.3 million Mukah Airport will have a 1,500 metre runway that will be able to handle ATR-72 type (3C) aircraft, with a terminal capacity of 265,000 passengers per year and a new air traffic control (ATC) tower. Construction will start in 2017 and is scheduled for completion in 2019.

Work to improve the Sultan Ismail Petra Airport, Kota Bharu will also start in 2017 and is expected to take three years. Once construction is complete, the airport should be capable of handling 4 mppa, from 1.5 mppa currently, in a more comfortable terminal building. It will also have an extended runway, six additional aircraft parking bays and a new multi-storey car park.

The opening of the klia2 terminal in May 2014 was a milestone for Malaysia Airports, reducing congestion and improving the travelling experience for passengers on low-cost carriers.

Since operations began, we have upgraded the terminal to include more walkaltors and reduce walking times between the immigration counters and the arrival/departure gates. The defects liability for construction of the terminal expired in January 2017, and we anticipate some increase in spending on maintenance in order to maintain the facility at an optimal condition.

### AIRPORT OPERATIONS PERFORMANCE

Malaysia Airports’ Engineering Division is responsible for the maintenance of our airport infrastructure to ensure we continue to offer the most efficient and secure service to airport users. Every year, the condition of our infrastructure and development needs are discussed at our Engineering seminar, which is attended by engineering staff from across the company.

Our equipment is monitored based on an Asset Replacement Master Plan (ARM) that reflects industry best practice. It also recognises the importance of properly functioning equipment and airport infrastructure in ensuring exemplary service levels.

The ARM is linked to the life cycle cost (LCC) structure of the airport specialised systems enabling us to optimise cost and repair over the equipment’s useful life and determine a time for replacement. In FY2016, we successfully established LCC for airport pavement, track transit system (aerotrans), people movers, air conditioning system and airfield ground lighting (AGL).

This approach has already resulted in cost savings. For example, the implementation of the asset replacement programme in relation to the air-conditioning system at Langkawi International Airport was completed in 2016 and has led to an energy saving of 3%. The group has also embarked on a parts replacement programme for the people movers at KKIA, Sultan Ismail Petra, Kota Bharu and Miri airports.

In line with our green commitments, and our support for the national goal of reducing 45% of carbon emission by 2030, we are working to reduce energy consumption and ensure more of our power is derived from renewable sources.

Already, we have been able to reduce electricity consumption by 9,510,583 kWh/year – equivalent to 1,463 homes electrified per year. The installation of light emitted diode (LED) masts has created a significant energy saving of 69% or 782,784 kWh/year, and also reduced carbon emissions at KLIA by 1,951 tonnes CO<sub>2</sub>e per year.

The e-Energy Management System (EnMS), a globally accepted framework for managing energy, has been in use since 2015 at KKIA and Langkawi, and allows us to monitor and adjust the energy performance, profile and building energy index of each facility.

### SAFETY AND SECURITY

Safety and security are at the heart of the global aviation industry and crucial to passenger confidence. Malaysia Airports is proud that KLIA is certified in full compliance with the International Civil Aviation Organisation’s (ICAO) Standards and Recommended Practices (SARPs) under the Universal Security Audit Programme, which is conducted by ICAO auditors.

Nevertheless, recent security-related incidents at several airports around the world had further reinforced the importance of security to our business. These incidents have given us an indication of the way in which our security strategies are working, but also highlighted to us the opportunities

## MANAGEMENT DISCUSSION AND ANALYSIS



**“DURING THE YEAR, THERE WERE 182 CONFISCATION CASES OF SCHEDULED WEAPONS SUCH AS FIREARMS, REPLICA FIREARMS AND BULLETS. OF THESE, 104 WERE IN KLIA ALONE”**

for improvement. As an organisation, we take safety and security extremely seriously and have implemented stricter security measures. We are also focusing on identifying potential threat areas. In December 2016, for the first time we had embarked on a full-scale Airport Terminal Attack and Hijacking exercise in KKIA involving all the intelligence and enforcement agencies. This exercise will also be conducted in KLIA in the later part of 2017. Prior to this, our full scale airport exercises had focused on aircraft hijacking scenarios only.

We continue to invest in technology such as surveillance and screening apparatus to ensure that we provide a secure airport environment. We are also stepping up controls in airport staff screening process and vehicle movements at the landside area.

Crime prevention at the airport is a collaboration between our Aviation Security division and the Royal Malaysia Police. Initiatives undertaken in FY2016 have helped prevent major security incidents and security breaches – during the year, there were 182 confiscation cases of scheduled weapons such as firearms, replica firearms and bullets. Of these, 104 were in KLIA alone. Meanwhile, seizures of prohibited items such as knives and scissors have declined as passenger awareness has improved with regards to what can and cannot be taken on board an aircraft.

AVSEC has also reduced baggage theft and pilfering at KLIA to 156 cases against total 36.6 million pieces of luggage in FY2016, compared with 182 cases against 36.7 million pieces of luggage in FY2015.

Throughout FY2016, we have undertaken risk management initiatives designed to improve our response to any crises that may emerge, whether natural or manmade. Measures taken include strengthening Business Continuity Management strategies for both terminals in KLIA and fine-tuning emergency response plans for floods at affected airports.

At ISG, we are mindful of the fluid nature of Turkey's geopolitical situation, and have taken steps to enhance security in and around the airport. Apart from hiring more security staff, we are also collaborating with the government of Turkey in increasing measures. For instance, the government has invested in car scanning technology for use at the airport, as well as installed a police watch tower outside the airport perimeter.

## MANAGEMENT DISCUSSION AND ANALYSIS



Malaysia Airports' Airport Fire and Rescue Services (AFRS) division, which manages all airport rescue and firefighting at our airports, completed all 74 of its planned Airport Emergency Exercises in 2016, the third consecutive year of 100% achievement. Some 54 new officers were hired by AFRS during the year under review and began seven months of AFRS basic training in November 2016.

AFRS also took delivery of a HAZMAT (hazardous material) vehicle and a Mobile Command and Control Vehicle to increase its ability to respond to emerging threats and emergencies. The vehicles were procured at a cost of RM1.2 million.

### COMMERCIAL PERFORMANCE

Our Commercial Services division is responsible for the Group retail outlets, as well as services such as banks, customer lounges and hospitality in Malaysia. As well as reviewing and improving the mix of retailers and service providers to boost revenue per passenger, the division also devises marketing and advertising campaigns to drive both spending and loyalty by prioritising customer needs.

Commercial Services posted revenue growth of 3.9% in FY2016, as Malindo Air and AirAsia expanded their networks and Umrah pilgrimage traffic increased, thereby boosting the number of people using our airport facilities.

Our commercial revenue is derived from both minimum guaranteed payments (MGP) or fixed rents, and royalty or percentage rents. Total revenue from retail and F&B, which includes MGP and royalty grew by 6.3% to RM560.7 million in FY2016, reflecting the return of higher spending visitors from mainland China, and the growth in passenger traffic.

The royalty growth trend at KLIA showed phenomenal double digit growth of 38.7% in FY2016 against compounded annual growth rate (CAGR) for the last five years of 13.8% - with KLIA Main Terminal recording growth of 31.2% against CAGR of 25.9% and klia2 recording 47.6% against CAGR of 5.5%.

Total sales at KLIA Main Terminal reached RM1.1 billion compared to RM939.7 million in FY2015, and RM741.5 million at klia2 compared to RM644.9 million in FY2015. In terms of sales per passenger, it rose by 5.2% overall to RM32.23.

Our retail division, MA Niaga, which operates more than 50 outlets across Malaysia Airports' five international airports under its Eraman brand, also saw strong growth at klia2, where revenue grew faster than KLIA Main Terminal by 2 percentage points. Aggressive marketing and quick win initiatives including promotions and contests helped boost revenue by 10% to RM648.1 million in FY2016.

The occupancy rate at both terminals at KLIA went beyond 90%, and as contracts at KLIA Main Terminal came up for renewal, we were able to introduce a raft of new brands including Sunglass Hut, Michael Kors and Rolex. We have also refreshed and expanded the retail offering at klia2. About 12% of the 257,845 square metre terminal is devoted to commercial use. We will begin a contract renewal exercise in 2017 that is likely to result in more brands making their debut at the airport.

In line with our commitment to total airport experience, we are also exploring plans to install automated vending machines close to departure and arrival gates, and a sleeping/business pod initiative to provide a convenient meeting point for business travellers, and allow passengers to rest comfortably.

Beyond Kuala Lumpur, the retail experience and food and beverage offerings at Malaysia's other airports have also improved. Several brands that had presence in KLIA have opened their doors in other parts of the airport network. The consolidation of operations at KKIA into one terminal at the end of FY2015 also had a positive effect on occupancy and rental income. Rental income rose to RM12.8 million in FY2016, while the occupancy rate improved to 91.5%.



## MANAGEMENT DISCUSSION AND ANALYSIS

Our decision to take over management of car parks at several airports continues to pay dividends. Total car park revenue at Kota Kinabalu, Penang, Kuching, and Langkawi International Airports, as well as Miri Airport has risen by about 113.9% since this decision was made. This initiative was extended to Sultan Mahmud Airport, Kuala Terengganu and Sultan Abdul Halim Airport, Alor Setar in FY2016 whereby combined car park revenue at both these facilities showed an increase of 3.1%.

### Enhancing Engagement

We continued to operate a number of marketing campaigns throughout the year that were designed to entice passengers to spend while they are at the airport. 'Indulge and Explore' is an umbrella campaign in KLIA that offers an opportunity to win an overseas trip for a minimum spend of RM250. Throughout the year, we also rolled out campaigns linked to major national and international events including the Rio 2016 Summer Olympics, and sought to showcase our Malaysian identity through cultural performance and local cuisine.

We launched a month-long KULinary campaign in December 2016 to promote the dining experience in KLIA. This campaign was a follow up to our collaboration with FriedChillies.com, an independent online food reviewer. We facilitated FriedChillies' efforts to mystery shop and evaluate food and service quality. As a result, 18 F&B outlets received the Dining Choice Awards to recognise their outstanding performance in food quality and overall dining experience.

### Supporting Bumiputera Businesses

Malaysia Airports' retail development programme under the Bumiputera Empowerment Agenda (BEA) is designed to support Bumiputera retailers and brands, focusing on small and medium-sized enterprises (SME) owned by Malaysia's Bumiputera communities. It is part of the company's Bumiputera empowerment initiatives and a sign of our commitment to the nation's call for government-linked companies to support the Bumiputera Empowerment Agenda.



The programme provides a platform for these SMEs to gain retailing experience in an international airport environment, and performance is closely monitored to ensure their operations meet our service and quality standards.

There are 106 Bumiputera outlets across KLIA and klia2, which were awarded through tender exercises that were organised in collaboration with the Ministry of International Trade and Industry (MITI) and Unit Peneraju Agenda Bumiputera (TERAJU). Among the Bumiputera brands that have made their debut at the airport are the Upin & Ipin Café, inspired by the popular Malaysian cartoon series, Santai Reflexology, Print Expert, Rasa Tidbit and Agrobazaar Malaysia, to name a few.



Royalty growth trend at KLIA

# 38.7%

VS 5-YEAR CAGR OF 13.8%

## MANAGEMENT DISCUSSION AND ANALYSIS

### ETHICS AND INTEGRITY

Malaysia Airports places a premium on good governance and is committed to operating a highly principled business in line with its adoption of the Code of Ethics and Conduct. Among related policies in place include whistleblowing, employee asset declaration and no gift policies. We have also developed an integrity plan that outlines various strategies and activities aimed at inculcating the values of integrity and ethical culture in the company.

The Corporate Integrity Unit operates independently and is a secretariat for the whistleblowing programme, designed to provide staff with a safe and secure environment in which to raise concerns about possible wrongdoing. On top of which, we have also introduced a Vendor Code of Ethics to outline Malaysia Airports' expectations of the companies with which it does business.

### A REWARDING PLACE TO WORK

Malaysia Airports aspires to be an employer of choice and invests heavily in training, career development and employee recognition programmes to ensure that excellence in work performance is rewarded.

At the end of FY2016, the Group had 10,584 employees on the payroll, compared with 10,239 the year before.

In line with RtS2020, our Human Resources division has undertaken a series of studies on manpower productivity to ensure our staffing structure is optimised to meet the challenges of the new business plan.

We intend to reduce cumbersome reporting structures, speed up decision making process, improve efficiency, strengthen customer engagement, enrich job functions and encourage multi-tasking. We will also be implementing a 'Total Rewards' remuneration structure that will be grounded in productivity, initiative and high performance, rather than tenure and cost of living, and have been holding a series of briefing sessions to explain the policy to employees since October 2016.

We recognise that in order for us to achieve our RtS2020 goals, it is crucial for us to attract, nurture and retain the best talent.

The Employee of the Year Award was started in 2013 and is given to individuals who show excellence in their job and

contributes significantly to the company's development. Heroes of the Quarter, meanwhile, recognises extraordinary performance on a quarterly basis.

Employees at all levels can take advantage of training opportunities whether in-house or through industry groups such as ACI and INSEAD.

Malaysia Airports also collaborates with Department of Skills Development under the Ministry of Human Resources to offer our non-executive staff the National Dual Training System (NDTS) – an up-skilling programme. In 2016, 38 employees graduated from the programme specifically designed to enhance their understanding of financial management including accounts payable, payroll and cash and bank transactions.

HR has been deepening our talent development functions through a number of leadership development programmes. These initiatives allow us to identify the next generation of talent and provide them with the kind of training that will enable them to meet their potential. Through a People Review mechanism, we have discovered 219 potential successors for manager roles and above, with 100 seen as 'ready now' and the others likely to be in a position to take on a more senior role in one or two years.

We continue to participate in the government-backed Skim Latihan 1Malaysia (SL1M), which we have branded as the Airport Apprentice Programme. The scheme provides graduates with a six-month introduction to all aspects of the airport. In 2016, 415 people joined this programme, with 20 trainees being offered permanent employment at the end of their training period.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OUTLOOK FOR 2017

Malaysia Airports marks its silver jubilee in 2017, and the traffic trends and forecasts for the global economy suggest that it should be a year of steady growth, particularly for our Malaysian businesses.

The IMF estimates global growth at 3.4% in 2017 with advanced economies expanding 1.9%, and the economies in Europe steady at 1.6% growth. China will moderate to 6.5%, while ASEAN-5 will increase slightly to 4.9% in 2017 accelerating to 5.2% into 2018. Malaysia's economy is forecast to grow between 4.3% and 4.8% in 2017, compared with 4.2% in 2016.

Traffic has shown strong growth at the beginning of 2017, with IATA reporting worldwide passenger growth of 9.6% in January compared with the same period in 2016, the biggest increase in five years. Meanwhile, load factor in the Asia-Pacific, increased to 81.5% during the same period as airlines increased flight frequencies and opened new routes. European carriers also had a strong start to 2017 with load factor rising to 80.3% for January 2017.

At home, we have also had a strong start. International traffic at KLIA increased 13.6% in January, 9.8% in February and 13.1% in March, while domestic passenger numbers surged nearly 19.8% in January thanks to the early Lunar New Year holiday. In February, domestic traffic grew 5.6%, despite the high base in 2016 when the holiday fell during the month while in March it grew by 13.2%. The average load factor in March was 76.0% suggesting both latent and emerging demand.

Malindo Air, AirAsia and Malaysia Airlines are all offering more capacity,

suggesting a confidence in the industry outlook, while visitor interest in Malaysia itself should increase as the country hosts Kuala Lumpur 2017, covering both the 29<sup>th</sup> Southeast Asian Games and the 9<sup>th</sup> ASEAN Para Games in August and September 2017 respectively, as well as participates in the Visit ASEAN@50 tourism campaign. The government's continued initiatives to attract greater tourist arrivals from China and India also bode well for us.

IATA predicted that global scheduled passenger traffic growth for 2017 will be in the range of 5.1% and for Asia Pacific, it is expected to be 7.0%. Cargo demand is expected to increase by 3.5%. The Malaysia passenger traffic in 2017 is expected to continue to perform well in view of the upward trend in the second half of 2016. Seat capacity offered by airlines for the immediate future does provide a positive outlook for 2017. We expect 2017 passenger growth of 6.5% in Malaysia, fuelled by a 4.7% expansion in international traffic and 8.2% growth at the domestic level.

In Turkey, we are forecasting growth of 7.2%, and remain mindful of the risks from the political situation in Turkey. Passenger numbers for the first quarter of 2017 were down 1.9% to 6.6 million, with international arrivals declining 2.7% to 1.4 million with bad weather adding to the gloom.

We take a cautious approach to capital expenditure, but as KLIA Aeropolis gathers momentum, there will inevitably be some increase in operational expenditure. Maintenance costs are also likely to rise now that the defect liability period for klia2 has expired.

We are forecasting an increase in EBITDA at the Group level to RM1,796.6 million.

EBITDA for our Malaysia operations is forecast at RM980.0 million, and EUR172.8 million for ISG in Turkey and QAR19.5 million for HIA in Qatar.

With the government agreeing to extend our Operating Agreement for the management and operations of our airports in Malaysia, we are now in the process of finalising the terms and conditions of the said agreement. While there is no fixed timeline for this, we are hopeful the discussions will conclude within the next one to two years.

### WORDS OF APPRECIATION

Before I conclude, I would like to thank Malaysia Airports' Board of Directors for their guidance as we navigated a mixed year, and record my appreciation for putting their trust in the senior management team.

Appreciation is also due to my colleagues in the senior management team, as well as all our employees in Malaysia and Turkey for their continual hard work and commitment to the company. Without them, we would not be able to achieve our goals.

Finally, I would like to take this opportunity to extend my sincere thanks and appreciation to all our airline partners, vendors, suppliers, joint venture partners and government agencies. I would also like to extend my thanks to our shareholders and customers for their continued support.



**Datuk Mohd Badlisham bin Ghazali**  
Managing Director

## SUBSIDIARIES' PERFORMANCE



MA (SEPANG)



MASB



MA (NIAGA)



MA (PROPERTIES)



KL AIRPORT HOTEL



MACS



MAAH



UTW



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

Malaysia Airports (Sepang) Sdn. Bhd. is responsible for managing and operating our airport in Sepang, KL International Airport (KLIA). In FY2016, KLIA handled passenger movements of 52.6 million, attracted two new passenger carriers and two new freighter airlines. The company handled more than 350,000 total aircraft movement and approximately 33.9 million bag movements last year.

Our fastest growing routes include Lahore, Madinah, Karachi, Zhengzhou and Shenzhen of which the growth rates were double digit or more. On top of that, we also have new links to many cities including Luang Prabang, Guiyang, Haikou and many more.

Being one of the top 10 Best Airports in the ASQ World ranking last year, we continue to ensure our maintenance improvement plans are well-planned

and executed effectively. Recently, we presented our idea for innovation, the Timing Belt Replacement project at the International Convention on Quality Control Circle (QCC) 2016 held in Bangkok from 23-25 August 2016 for which we won Gold. We also won another award from Suruhanjaya Pengangkutan Awam Darat (SPAD) for 'Best Practices in Complaint Management for Train Transit System' for our aerotrain services.

Malaysia Airports (Sepang) places great emphasis on airport safety and health performance and has obtained accreditation for ISO 9001:2015 certification, ISO 14001:2004, OHSAS 18001:2007 and ISO/IEC 27001:2013. We had also won the MSOSH OSH Gold Class 1 award presented by the Malaysian Society for Occupational Safety and Health (MSOSH). The company was recognised as an organisation with commendable safety and health records which had also shown good process improvement through our safety and health management system.

## SUBSIDIARIES' PERFORMANCE

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

Malaysia Airports Sdn. Bhd. (MASB) is responsible for managing, operating, and maintaining all the Group's airports in Malaysia apart from KLIA. This includes international and domestic airports, as well as Short Take-off and Landing Ports (STOLports).

The company ensures that all the airports are managed efficiently, safely and securely, ensuring a smooth service for everyone. The airports' management complies with present standards and procedures, and consistently meet regulatory requirements. Various awards won by the international airports are testament to our efficient airport management.

Pursuant to RtS2020 initiatives, MASB had taken over several commercially viable MASB airports' car park operations and management. In 2016, MASB took over six car park operations and management, and is still outsourcing another 10 car park operations at other airports. This initiative first started in the Penang International Airport in 2015, followed by Kuching International Airport in February 2016 and Kota Kinabalu International Airport as well as Miri Airport in April 2016.

The initiative has proven to be more profitable than out sourcing it to the third party and the company expects to extend it to other potential airports in future.

With regards to major projects at other airports and STOLports, runway resurfacing at Long Lellang STOLport and for Penang International Airport was completed in July 2016.

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

Malaysia Airports (Niaga) Sdn. Bhd. [MA (Niaga)], which is known through its Eraman Malaysia branding, is the premier duty-free and retail operator at our airports in Malaysia, with more than 50 outlets across five international airports, Sultan Ismail Petra Airport, Kota Bharu and Labuan Airport.

After a challenging couple of years, MA (Niaga) surpassed its overall financial target in FY2016, the result of better than expected passenger traffic and more aggressive marketing. Its revenue grew 10% to RM741.7 million in FY2016, compared with the year before. Profit before tax (PBT) more than RM20 million.

One of our campaigns, the Eraman Shopping Extravaganza, took place over three phases offering passengers the chance to win attractive weekly prizes and enter a grand prize draw for a car by spending a minimum of RM250. The third and final phase of the campaign ended in February 2017 with a Mazda 6 as the grand prize. In FY2016, MA (Niaga) had also unveiled the new Bally store at the satellite building in KLIA.



## SUBSIDIARIES' PERFORMANCE

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

Malaysia Airports (Properties) Sdn. Bhd. handles the non-passenger related revenue (excluding aviation and hangar services) of the Group, and manages the Southern Common Amenities and Facilities (SCAF) area. It is also responsible for the management of fixed asset, Staff Homestay, and Child Care Centre for Malaysia Airports Group in Malaysia. On top of that, it provides facilities management services for the Malaysia Airports Corporate Office KLIA.

The Malaysia Airports Child Care Centre was completed in December 2015 and opened for operations in January 2016. It is a corporate responsibility initiative that is meant to facilitate and ease routine challenges faced by employees in sending their children to affordable nurseries and kindergartens. Able to accommodate 75 0-4-year old children and 75 5-6-year old children, the facility currently has 104 children under its care.

A pre-school operator has been appointed to run the facility with school fees partly subsidised by Malaysia Airports. The children are looked after by 15 trained and certified personnel.

During the year, we organised a number of activities for the children including a Merdeka Day event at the Sepang Mini Stadium.

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

Overlooking KL International Airport, Sama-Sama Hotel is K.L. Airport Hotel Sdn. Bhd.'s five-star flagship property. The company also operates two airside transit hotel, Sama-Sama Express, at KLIA Main Terminal and klia2. These two facilities extend the Sama-Sama signature hospitality to transit passengers and provide travellers with an opportunity to refresh and relax after or before a flight.

For the year under review, Sama-Sama Hotels achieved total revenues of RM82.9 million, a growth of 12.2% when compared to the same period in FY2015. This was a 9.0% growth against budget. Sama-Sama Hotels has an exclusive identification affiliation agreement with Worldhotels AG, supported by its global distribution system, reservation and marketing services, since November 2015. In 2016, the Worldhotels partnership contributed RM6.3 million in sales, ahead by 42.2% against FY2015 and 33.4% against FY2014, in comparison to our previous affiliation with Pegasus Solutions.

Our hotels continue to pick up awards. In FY2016, Sama-Sama Hotel won the 'Best Luxury Airport Hotel' from World Luxury Hotel Awards for the fourth straight year. For the first time, the hotel also won two awards from Haute Grandeur – 'Best Airport Hotel' in the Global category and 'Best Luxury Hotel' in the



## SUBSIDIARIES' PERFORMANCE

Malaysia region. TripAdvisor named the hotel among the 'Top 10 Luxury Hotels in Malaysia' from 2014 – 2016, awarding the property a TripAdvisor 'Certificate of Excellence'. Sama-Sama Express KLIA was recommended on Holiday Check as one of the 'Best Rated Hotels' while Sama-Sama Express klia2 won a 'Bravo Badge' and was voted 'Excellent' by TripAdvisor's travellers. Both Sama-Sama Express KLIA and klia2 were awarded a KULinary 2016 Dining Choice Award for their Lamb Rack and Satay Pizza dishes. We have also been named as one of the 'Best Companies to Work for in Asia' in the HR Asia Awards for the third time.

### **MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN. BHD.**

Malaysia Airports Consultancy Services Sdn. Bhd. (MACS) has a proven track record in providing airport consultancy both at home and abroad, stretching back to its first international project in Cambodia 20 years ago. It was involved in a number of new projects in 2016.

Through its MACS Middle East (MACS ME) unit, MACS secured a three-year extension to its contract to manage facilities at the Hamad International Airport in Qatar. The contract is valued at QAR163.9 million and expires in June 2019. MACS ME also provides a range of repair and maintenance services at the airport.

MACS is also recognised as an ICAO Aviation Security Training Centre, an ACI Global Training Hub for the Asia Pacific region, and last year conducted Crisis Management courses as well as Aviation Security (AVSEC) Screener Certification and Recertification Programmes.

In the middle of the year, MACS provided training on Airport Council International's ASQ Benchmarking Programme to Istanbul Sabiha Gokcen International Airport, Turkey (ISG) to prepare the airport for the programme. In the third quarter, the company also assisted Senai International Airport, Johor Bahru conduct the Airport Customer Satisfaction Program (ACSPP), a precursor to the ASQ Benchmarking Programme.

In May 2016, Sarawak Timber Industry Development Corporation appointed MACS to prepare a pre-audit of the Tanjung Manis airport and ensure the facility meets the minimum safety specifications set down by ICAO. MACS also helped the Jabatan Laut Malaysia (JLM) to conduct a study on the efficiency of its boat maintenance system at Tanjong Pelepas in Johor. The findings will help JLM decide whether to improve the current facility or outsource the work.

MACS has MS 1900:2015 certification from SIRIM QAS in relation to Syariah management, and MACS is now expanding its services in Syariah and halal compliance services in collaboration with MA (Niaga) Sdn. Bhd. at Food Apron Restaurant.

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

A certified ISO9001:2008 company, MAB Agriculture-Horticulture Sdn. Bhd. (MAAH) is mainly involved in the cultivation of mature oil palm (5,140.27 hectares) and coconut (126.78 hectares) as well as landscape activities at KLIA (472.90 hectares).

During the year under review, MAAH was also managing immature oil palm areas covering 1,557.93 hectares at KLIA, Sibul, Miri and Bintulu. These green areas not only provide recurring revenue, they also help mitigate the effect of noise pollution.

Sales of oil palm fresh fruit bunches accounted for 98.9% of MAAH's total turnover, while coconut and landscape activities made up the remaining 1.1%. MAAH expects to make a positive contribution to the overall Group revenue in 2017, given the improvement in the Crude Palm Oil price, and the expectation of higher yields.

### **URUSAN TEKNOLOGI WAWASAN SDN. BHD.**

Urusan Teknologi Wawasan Sdn. Bhd., certified with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 standards, has provided asset and facilities management solutions to clients across Malaysia since 1998.

UTW continues to play an important role in ensuring that KLIA remains one of the world's best airports, implementing continuous improvement programmes, and ensuring the airports are more environmentally friendly.

Over the years UTW has expanded its customer base beyond the Malaysia Airports Group, securing contracts from companies including KLCC Urusharta, and Airbus Helicopters Malaysia. More recently, Port of Tanjung Pelepas and ExxonMobil Tower became clients of UTW.

UTW clinched three major awards in 2016 from KLCC Urusharta as the Best Contractor for Operations & Maintenance, Best Team Leader and Demonstrated Knowledge of Services.

## SUSTAINABILITY AT MALAYSIA AIRPORTS



# SUSTAINABILITY AT MALAYSIA AIRPORTS



# SUSTAINABILITY AT MALAYSIA AIRPORTS

QR CODE  
Scan this QR code to view Malaysia Airports' Sustainability page.



At Malaysia Airports, we put strong emphasis on managing our business responsibly and with integrity. We are committed to creating sustainable world-class aviation gateways; as we focus on five pillars of corporate responsibility in our business operations namely Practicing Sensible Economics, Environmental Consciousness, Creating an Inspiring Workplace, Community Friendly Organisation and Memorable Airport Experiences.



## MALAYSIA AIRPORTS FIVE PILLARS OF SUSTAINABILITY

 <p><b>PRACTICING SENSIBLE ECONOMICS</b></p>	 <p><b>ENVIRONMENTAL CONSCIOUSNESS</b></p>	 <p><b>CREATING AN INSPIRING WORKPLACE</b></p>	 <p><b>COMMUNITY FRIENDLY ORGANISATION</b></p>	 <p><b>MEMORABLE AIRPORT EXPERIENCE</b></p>
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Our 2016 Sustainability Report was recognised as one of the Top 10 Shortlisted Malaysia's standalone report at the ACCA Malaysia Sustainability Reporting Awards (MaSRA). This year's sustainability initiatives and activities can be found in our standalone Sustainability Report titled which is available for download from our Malaysia Airports corporate website at <http://www.malaysiaairports.com.my>.

# CREATING MEMORABLE MOMENTS



ENJOY MEMORABLE MOMENTS AT OUR AIRPORTS - THE COLOURFUL CULTURE OF MALAYSIA, DELICIOUS LOCAL AND INTERNATIONAL CUISINE, AND MALAYSIAN HOSPITALITY.

**TOP 25  
FOOD DISCOVERIES  
AT KLIA & klia2**  
BY FRIEDCHILLIES.COM



**JOYFUL MALAYSIA  
AT KLIA & klia2**  
MALAYSIA'S DIVERSE  
HERITAGE,  
CULTURE AND  
CUISINE



**KULinary  
AT KLIA & klia2**  
MEMORABLE  
DINING  
EXPERIENCE



TOUCHING THE LIVES OF

**> 100** MILLION  
PASSENGERS AT  
OUR AIRPORTS



## BOARD OF DIRECTORS' PROFILE



01

### **Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah**

Chairman  
Non-Independent  
Non-Executive

Malaysian  
Male  
Aged 64

Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah 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 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., MAB Agriculture-Horticulture Sdn. Bhd., Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. and LGM Airport Operations Trade and Tourism Inc., 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, United States of America (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 also served as an Executive Director of Islamic Development Bank Group based in Jeddah from 2011 until 2013.

He holds a Bachelor of Economics (Honours) in Applied Economics from University of Malaya and a Master of Philosophy in Development Studies from the Institute of Development Studies, University of Sussex, UK. He also holds a Doctor of Philosophy (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, Sime Darby Motors Sdn. Bhd., and GOM Resources Sdn. Bhd., a subsidiary of Puncak Niaga Holdings Berhad. He is also the Deputy Chairman of Sime Darby Berhad and sits on the Boards of Permodalan Nasional Berhad and RAM Holdings Berhad.

## BOARD OF DIRECTORS' PROFILE



02

### Datuk Mohd Badlisham bin Ghazali

Managing Director  
Non-Independent  
Executive

Malaysian  
Male  
Aged 54

Datuk Mohd Badlisham bin Ghazali was appointed as Managing Director of MAHB on 23 June 2014. He is currently the Chairman of Malaysia Airports (Sepang) Sdn. Bhd. and Malaysia Airports Sdn. Bhd.

He began his career with Hewlett Packard Group (HPG) after his graduation from the United States of America in 1987. His career in HPG progressed well where he was steadily promoted over 18 years of service until reaching his last position there as the Director and Country General Manager of Hewlett Packard Technology Solutions Group in 2005.

Datuk Mohd Badlisham was appointed as the Chief Executive Officer (CEO) and Non-Independent Director of the Multimedia Development Corporation (MDeC) on 16 January 2006. At the helm of MDeC, Datuk Mohd Badlisham led the development of the National Information and Communications Technology (ICT) Initiatives for Malaysia. The MSC Malaysia Initiative has evolved and grown, giving rise to over 3,400 ICT companies that are innovative and globally competitive via a thriving ICT ecosystem in Malaysia. The Digital Malaysia Initiative is underway towards a growing and robust digital economy for Malaysia.

As the CEO of MDeC, he was also a member of the Ministry of Education's Cluster School Advisory Board and co-chairperson with Tan Sri Chief Secretary to the Government of Malaysia (KSN) on the Flagship Coordination Committee (FCC) and co-chair of the Ministry of Education's Smart School Programme.

He graduated with a Bachelor of Science Degree majoring in Computer Science from the University of Northern Illinois, USA and Diploma in Computer Science from Universiti Teknologi MARA.

Datuk Mohd Badlisham currently sits on the Boards of MAHB wholly-owned subsidiary companies, namely Malaysia Airports (Niaga) Sdn. Bhd., Malaysia Airports Consultancy Services Sdn. Bhd., K.L. Airport Hotel Sdn. Bhd., Malaysia Airports Capital Berhad, Malaysia Airports Capital (Labuan) Limited, MAHB (Mauritius) Private Limited, Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc., and LGM Airport Operations Trade and Tourism Inc. He also sits on the Boards of MFMA Development Sdn. Bhd., GMR Hyderabad International Airport Limited, GMR Male International Airport Private Limited, Delhi International Airport Private Limited, and Sepang International Circuit Sdn. Bhd.

## BOARD OF DIRECTORS' PROFILE



03

### **Dato' Sri Dr Mohamad Isa bin Hussain**

Non-Independent  
Non-Executive

Malaysian  
Male  
Aged 59

Dato' Sri Dr Mohamad Isa bin Hussain was appointed as a Non-Independent Non-Executive Director of MAHB on 29 May 2015. He also sits on the Board Procurement Committee and Board Finance & Investment Committee of MAHB.

Dato' Sri Dr Mohamad Isa currently serves as the Deputy Secretary General (Investment), Ministry of Finance.

Prior to his current position, he has held various positions in several ministries, amongst others, as Assistant Director in the Prime Minister's Department in 1983 and subsequently appointed as Assistant Director at the Pahang State Economic Planning Unit of Pahang in 1985.

He then joined MOF, holding various positions, including Assistant Secretary in the Government Procurement Management Division from 1990 to 1995 and as Senior Assistant Director of the Budget Division from 1995 until 2000. In 2004, he assumed the position of Deputy Under Secretary of Investment, Minister of Finance Incorporated (MOF Inc.) and Privatisation Division.

Thereafter, he moved to the Ministry of Transport in 2008 as Deputy Secretary General (Operations) and was later appointed as Interim Head of the Public Land Transportation Commission (SPAD) from 2009 to 2010. Prior to assuming his current position, he was appointed as Deputy Under Secretary in Government Investment Companies (GIC) Division in MOF in 2010 and as Under Secretary in the same division in January 2015.

Dato' Sri Dr Mohamad Isa holds a Doctor of Philosophy in Finance from Universiti Putra Malaysia. He also holds a Master of Business Administration in Finance from Universiti Kebangsaan Malaysia, Bachelor of Economics (Honours) (Applied Statistics) from Universiti Malaya and a post-graduate Diploma in Public Management from National Institute of Public Administration (INTAN).

Dato' Sri Dr Mohamad Isa also sits on the Board of several companies owned by MOF Inc., amongst others are EXIM Bank Berhad, Felcra Berhad, Permodalan Felcra Sdn Bhd, Telekom Malaysia Berhad, Destini Berhad, Pos Malaysia Berhad, Syarikat Jaminan Kredit Perniagaan and Syarikat Jaminan Pinjaman Perumahan.

## BOARD OF DIRECTORS' PROFILE



04

### **Datuk Ruhaizah binti Mohamed Rashid**

Non-Independent  
Non-Executive

Malaysian  
Female  
Aged 59

Datuk Ruhaizah binti Mohamed Rashid was appointed as a Non-Independent Non-Executive Director of MAHB on 3 June 2016. Datuk Ruhaizah is currently the Deputy Secretary General (Policy) for the Ministry of Transport. She is a member of the Board Finance & Investment Committee, and Board Risk & Management Committee of MAHB.

Prior to her current position, she has held various positions in several ministries, amongst others, as Assistant Director, Economic Planning Unit, Prime Minister's Department; Assistant Director, Highway Planning and Research Unit, Ministry of Works, and various positions in Ministry of Transport such as Assistant Secretary (MKJR), Land Division, Principal Assistant Secretary, International Administration Unit, Principal Assistant Secretary, Policy Planning Unit, Corporate and International Division, Deputy Director General, Road Transport Department and Chief Coordinator of National Key Results Area (NKRA) Unit. She was also appointed as General Manager at Railway Asset Corporation from 2005 to 2008.

She holds a Bachelor of Economic Studies from Universiti Kebangsaan Malaysia and a Diploma in Public Administration from the National Institute of Public Administration (INTAN).

## BOARD OF DIRECTORS' PROFILE



05

### **Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin**

Non-Independent  
Non-Executive

Malaysian  
Male  
Aged 58

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

Tunku Dato' Mahmood Fawzy received his BA (Hons) Business Studies from the Polytechnic of Central London, Masters in Business Administration from the University of Warwick, and Diploma in Marketing from the Chartered Institute of Marketing. He is a member of the Malaysian Institute of Management, and Malaysian Institute of Corporate Governance. He is a member of the Board Finance & Investment Committee of MAHB.

Tunku Dato' Mahmood Fawzy draws on a wealth of governance, management, and cross border experience in telecommunications, investment management and private equity activity, oil and gas, marine and aviation logistics, corporate advisory, banking and financial services, across several international locations including the United Kingdom, New Zealand, South Africa and Malaysia.

Tunku Dato' Mahmood Fawzy is a professional company director and is currently the Chairman of Deutsche Bank (Malaysia) Berhad and Hong Leong MSIG Takaful Berhad. He is also a board member of Telekom Malaysia Berhad, Webe Digital Sdn. Bhd., Hong Leong Assurance Berhad, and Hong Leong Asset Management Berhad.

He was previously a board member of Hong Leong Islamic Bank Berhad, Pos Malaysia Berhad, SapuraKencana Petroleum Berhad/Kencana Petroleum Berhad, Ethos Capital One Sdn. Bhd., Federation of Investment Managers Malaysia, Energy Africa Limited, and Engen Limited in South Africa.



## BOARD OF DIRECTORS' PROFILE



06

### **Dato' Mohd Izani bin Ghani**

Non-Independent  
Non-Executive

Malaysian  
Male  
Aged 49

Dato' Mohd Izani bin Ghani was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 21 March 2011. He is the Chairman of Board Nomination & Remuneration Committee and a member of Board Audit Committee and Board Finance & Investment Committee of MAHB. He is also a member on the Board of Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. and LGM Airport Operations Trade and Tourism Inc.

Dato' Mohd Izani graduated from the London School of Economics and Political Science (LSE), UK 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 Accountants (ACCA) and was admitted to Fellowship in 1998. He is also a member of the Malaysian Institute of Accountants (MIA). He is currently the Executive Director and Chief Financial Officer of Khazanah Nasional Berhad.

He is also a Director of Bank Muamalat Malaysia Berhad and Fajar Capital Limited. In addition, he sits on the Board of several special purpose companies which are wholly-owned by Khazanah Nasional Berhad, namely Rantau Abang Capital Berhad, Feringghi Capital Ltd, Klebang Capital Ltd, Lido Capital Ltd and Cenang Capital Ltd.

## BOARD OF DIRECTORS' PROFILE



07

### Datuk Seri Yam Kong Choy

Senior Independent  
Non-Executive  
Director

Malaysian  
Male  
Aged 63

Datuk Seri Yam Kong Choy was appointed to the Board of MAHB as an Independent Non-Executive Director on 1 December 2013 and was subsequently appointed as Senior Independent Non-Executive Director on 2 November 2016. 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, helping two 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 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, United Kingdom, 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 Government incorporated statutory body, Construction Industry Development Board. He also serves as a member of the Board of Trustees of Standard Chartered Foundation and is the Immediate Past President of the Real Estate and Housing Developers' Association of Malaysia. He is also appointed as Chairman of InvestKL Corporation, apart from being an independent Non-Executive Director of Kwasa Land Sdn Bhd, a wholly-owned subsidiary of Employees Provident Fund (EPF).

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

## BOARD OF DIRECTORS' PROFILE



08

### **Datuk Zalekha binti Hassan**

Independent  
Non-Executive

Malaysian  
Female  
Aged 63

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

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 Malaysian Government in several 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 graduated with a Bachelor of Arts (Honours) from University of Malaya. In 2006, she attended the Advance Management Program at Harvard Business School, Harvard University, USA.

She is presently an Independent Non-Executive Director of Telekom Malaysia Berhad.

## BOARD OF DIRECTORS' PROFILE



09

### Rosli bin Abdullah

Independent  
Non-Executive

Malaysian  
Male  
Aged 63

Rosli bin Abdullah 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, Board Procurement 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's 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's 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 three years from 2009 until 2011 and Registrar of MIA for five years from 2008 until 2012.

He currently the Chairman of i-VCAP Management Sdn Bhd and sits on the Boards of Dagang NeXchange Berhad and CapitaMalls Malaysia REIT Management Sdn Bhd.

## BOARD OF DIRECTORS' PROFILE



10

**Dato'  
Ir. Haji  
Mohamad  
bin Husin**

Independent  
Non-Executive

Malaysian  
Male  
Aged 63

Dato' Ir. Haji Mohamad bin Husin was appointed as an Independent Non-Executive Director of MAHB on 15 August 2016. He is a member of Board Procurement Committee of MAHB.

After graduation, he started his career as a Water Engineer in Public Works Department (JKR), Ministry of Works. He had served JKR for 35 years in various capacities including District Engineer, Assistant Director, State and Branch Director, respectively. He was the Director of Roads before he was promoted to the post of Deputy Director General, which he held in 2007 until his retirement in 2013.

During his career in the government service, he was involved in the construction of development projects, and maintenance of government facilities, mainly involving roads, buildings, ports and airports. Among the recent projects implemented under his charge, from inception until near completion was the upgrading of the Sultan Mahmud Airport in Kuala Terengganu, East Coast Highway Phase 2 and National Cancer Institute in Putrajaya.

He was also active in the road engineering and civil engineering fraternities and served in various capacities in organisations and societies such as Road Engineering Associations, Intelligent Transportation System and Institute of Engineers.

Dato' Ir. Haji Mohamad holds a Bachelor of Science (Honours) in Civil Engineering from University of Southampton, UK and a Master of Science in Civil Engineering from University of Pittsburgh, USA.

Currently he sits on the Board of Bank Pembangunan Malaysia Berhad, Sarawak Hydro Sdn Bhd, Johawaki Holdings Sdn Bhd, Bridgex Sdn Bhd and companies related to these groups.

## BOARD OF DIRECTORS' PROFILE



11

### **Datuk Azailiza binti Mohd Ahad**

Independent  
Non-Executive

Malaysian  
Female  
Aged 55

Datuk Azailiza binti Mohd Ahad was appointed as an Independent Non-Executive Director of MAHB on 8 November 2016. Datuk Azailiza is currently a legal practitioner attached to Messrs. Gani Patail Chambers (GPC). She is a member of Board Audit Committee of MAHB.

In April to July 2016, she served as the Special Envoy of the Government of Malaysia.

From November 2014 to April 2016, Datuk Azailiza served as the Solicitor General of Malaysia assisting the Attorney General in the performance of his statutory duties, in particular in advising the DYMM Yang di-Pertuan Agong, the Cabinet and Ministers on legal matters. Prior to this appointment, Datuk Azailiza was the Deputy Solicitor General 1 (Advisory Sector) from April 2012 to October 2014.

Datuk Azailiza contemporaneously served as Acting Director to the International Centre for Law & Legal Studies (I-CeLLS), a research institution attached to the Attorney General's Chambers from July 2011 to April 2016.

From October 2005 to April 2012, Datuk Azailiza was the Head of the International Affairs Division, Attorney General's Chambers where she had also previously served as Deputy Head from July 2003 until October 2005 and before that as Deputy Head of Advisory and International Division from April 2002 to June 2003. She was also a Head of International Unit II in the Advisory and International Division from 2001 to 2002.

Datuk Azailiza served as Senior Federal Counsel at the Economic Planning Unit, Prime Minister's Department from 1992 to 2000, as Senior Assistant Registrar at the Kuala Lumpur High Court from 1989 to 1992 and as Magistrate in Melaka from 1985 to 1989.

Datuk Azailiza has a Bachelor of Laws from Universiti Malaya and has over 30 years of experience in legal work relating to domestic and international matters.

## BOARD OF DIRECTORS' PROFILE



12

### **Dato' Chua Kok Ching**

Alternate Director to  
Datuk Ruhaizah binti  
Mohamed Rashid

Non-Independent  
Non-Executive

Malaysian  
Male  
Aged 58

Dato' Chua Kok Ching was appointed to the Board of MAHB as Alternate Director to Datuk Ruhaizah binti Mohamed Rashid on 3 June 2016. He is currently the Deputy Secretary General (Management), Ministry of Transport.

Prior to his current position, he has held various positions in several ministries, amongst others, as Deputy Secretary General (Operations), Ministry of Transport; 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 Royal Malaysia Police, Ministry of Internal Security and Under Secretary, Implementation Monitoring Division, Royal Malaysia Police, Ministry of Home Affairs.

He holds a Bachelor of Arts (Honours) from Universiti Malaya and a Master of Public Administration from University of Oklahoma, USA.

## BOARD OF DIRECTORS' PROFILE



13

### **Mohd Shihabuddin bin Mukhtar**

Alternate Director  
to Dato' Sri Dr  
Mohmad Isa  
bin Hussain

Non-Independent  
Non-Executive

Malaysian  
Male  
Aged 37

Mohd Shihabuddin bin Mukhtar was appointed to the Board of MAHB as Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain on 6 February 2017. He also sits on the Board of Malaysia Airports (Sepang) Sdn Bhd, a wholly-owned subsidiary of MAHB.

His career began in 2002 as a Telecommunication Engineer in TM Cellular Sdn Bhd (now Celcom Axiata Bhd) and then joined the civil service in 2003 as an Administrative and Diplomatic Officer. He held various positions in the civil service including Assistant Secretary (Communications & Multimedia Division) for Ministry of Energy, Telecommunication and Multimedia, Assistant Secretary (Management Services Division) for Ministry of Energy, Water and Communications, Principal Assistant Director (Finance Division) for Malaysian Administrative and Management Planning Unit (MAMPU), Prime Minister's Department and Principal Assistant Director (Human Capital Development Division) for Public Service Department. In 2011, he was seconded to Shell Malaysia Ltd. as Senior Finance Analyst before joining the Ministry of Finance in 2012 as Principal Assistant Secretary (Government Procurement Division). Currently, he is the Principal Assistant Secretary (Government Investment Companies Division) for Ministry of Finance, a post he has held since 2014.

He holds a Master of Finance from The University of Adelaide Australia, a Bachelor of Electronics Engineering from Multimedia University Malaysia and a post-graduate Diploma in Public Administration from National Institute of Public Administration (INTAN).



## BOARD OF DIRECTORS' PROFILE



### Jeremy bin Nasrulhaq

Senior Independent Non-Executive  
(Resigned with effect from 1 November 2016)

14

Malaysian  
Male  
Aged 64

Jeremy bin Nasrulhaq was an Independent Non-Executive Director of MAHB since 15 August 2007. He was subsequently appointed as Senior Independent Non-Executive Director on 22 March 2013 until 1 November 2016. He was the Chairman of Board Nomination & Remuneration Committee of MAHB, as well as a member of Board Audit Committee and Board Finance & Investment Committee of MAHB. He was also the Chairman of Malaysia Airports (Niaga) Sdn. Bhd., Urusan Teknologi Wawasan Sdn. Bhd., and the Whistleblowing Independent Committee.

Over the span of three decades, Jeremy held several key financial and supply chain positions in Unilever and the fast moving consumer goods industry, as well as sat on the Boards of several Unilever subsidiaries. During his tenure with Unilever, he had led several regional and global functional teams. Besides Unilever, he served as Committee Members on a few national organisations such as the Malaysian International Chamber of Commerce and Industry, and the Federation of Malaysian Manufacturers. He had also served on the councils of Malaysian Institute of Accountants (MIA) and Chartered Institute of Management Accountants (CIMA), Malaysia Division for several years.

He is currently a Director of Sweet'et Development Sdn. Bhd., a Hong Kong-based entity where he represents the company and its brands in the modern and general retail industry in Malaysia.

He is a Fellow Member of CIMA, United Kingdom 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. He is the Chairman of MIA's Professional Accountants in Business Committee (PAIB Committee).



### Norazura binti Tadzim

Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain  
Non-Independent Non-Executive  
(Resigned with effect from 6 February 2017)

15

Malaysian  
Female  
Aged 39

Norazura binti Tadzim was an Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain since 29 May 2015 until 6 February 2017.

She has served as Assistant Secretary in various sectors in Government Investment Division, Ministry of Finance, namely Infrastructure (Land Transport), Infrastructure (Port/Maritime) and Technology & Industry. She was also the Principal Assistant Secretary, Government Investment Companies Division (Aviation). She is currently the Principal of Assistant Director, Agriculture Section, Economic Planning Unit, Prime Minister's Department.

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.

#### **Additional Information of the Board of Directors:**

*None of the Directors has any:*

1. Family relationship with any other Director and/or major shareholder of MAHB;
2. Conflict of interests with MAHB;
3. Conviction for offences, other than traffic offences, for the past five years; and
4. Public sanction or penalty imposed on Directors by any regulatory bodies during the financial year ended 31 December 2016.

*Details of the Directors' attendance at Board meetings are set out in the Statement on Corporate Governance on pages 152.*

## BOARD OF DIRECTORS' PROFILE



16

### **Tan Sri Bashir Ahmad bin Abdul Majid**

Advisor  
to the Board

Malaysian  
Male  
Aged 67

Tan Sri Bashir Ahmad bin Abdul Majid was the Advisor to the Board of MAHB since 9 June 2014.

Tan Sri Bashir Ahmad began his career with Malaysia Airlines, the Malaysia's national carrier. Over a 29 year period, he served as Director of Corporate Planning, Senior Vice President of Commercial and eventually Executive Vice President of the airline.

In 2001, Tan Sri Bashir Ahmad was appointed as the Aviation Advisor to the Ministry of Transport and he held the position till his appointment as Managing Director of MAHB from 7 June 2003 until 6 June 2014.

Apart from MAHB's Main Board and Board Committees, he also previously sat on the Boards of Hyderabad International Airport, Delhi International Airport (India) and Istanbul Sabiha Gokcen Airport (Turkey).

Tan Sri Bashir Ahmad is the current Immediate Past President of Airport Council International's (ACI) Asia-Pacific Region and also sits on its World Governing Board as Advisor.

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

## BOARD OF DIRECTORS' PROFILE



17

### **Sabarina Laila binti Dato' Mohd Hashim**

Company Secretary

Malaysian  
Female  
Aged 49

Sabarina Laila binti Dato' Mohd Hashim is currently General Manager, Company Secretarial & Legal Services Division and the Company Secretary for MAHB and its Group of Companies. 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, UK.

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

She joined MAHB in 1995 as a Legal Advisor and holds 2,000 MAHB shares. Prior to joining MAHB, she was a practicing lawyer specialising in Corporate and Commercial law and was also a company secretary to several private limited companies.

She is also at present the secretary for all Board Committees of MAHB.

## GROUP SENIOR MANAGEMENT PROFILE



### **Datuk Mohd Badlisham bin Ghazali**

Managing Director/  
Non-Independent Executive

Malaysian  
Male  
Aged 54

01

Profile is presented on page 81.



### **Raja Azmi Raja Nazuddin**

Chief Financial Officer

Malaysian  
Male  
Aged 50

02

Raja Azmi joined MAHB in 2016. Prior to this, he had held the positions of Group Chief Financial Officer, and subsequently Executive Director of UDA Holdings Berhad. His previous work experiences included being the Managing Director/Chief Executive Officer of Zelan Berhad, Group Finance Director of UEM Group Berhad, and Executive Director of Time Engineering Berhad. He also held positions as Chief Financial Officer of Tronoh Consolidated Malaysia Berhad and Group Financial Controller of Sapura Telecommunications Berhad. Raja Azmi started his career in 1987 with Coopers & Lybrand Malaysia before moving on to Malaysian Tobacco Company Berhad as an Internal Auditor and Marketing Accountant. He holds a Master of Business Administration from the University of Bath, UK. He is also a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

## GROUP SENIOR MANAGEMENT PROFILE



### **Ir Suradini Abdul Ghani**

Senior General Manager  
Non-Aviation Business

Malaysian  
Female  
Aged 57

03

Ir Suradini is responsible for three subsidiaries namely, K.L. Airport Hotel Sdn. Bhd., Malaysia Airports Agriculture Sdn. Bhd. and Malaysia Airports Properties Sdn. Bhd. Over the past 24 years, she has served in various divisions in MAHB including as the Head of Engineering at KLIA, General Manager of Malaysia Airports Consultancy Services Sdn. Bhd. and Senior General Manager of Human Resource Services. Her experience covers engineering design and supervision, operation and maintenance of airport facilities, airport planning, project and contract management, airport consultancy and operation and management of airports abroad. She is a member of the Malaysian Institute of Human Resource Management (MIHRM), the Institute of Engineers Malaysia and the Board of Engineers Malaysia. She is also a Professional Electrical Engineer.

She holds a Bachelor of Science Degree in Electrical & Electronics Engineering from the University of Nottingham, UK, Postgraduate Diploma in Airport Engineering from Nanyang Technological University, Singapore and Masters in Business Administration (MBA) from Universiti Teknologi MARA. She started her career as an Electrical Engineer with the Public Works Department in 1983 and later joined the Department of Civil Aviation Malaysia.



### **Ir Mohd Zaifuddin Idris**

Senior General Manager  
Technical Services

Malaysian  
Male  
Aged 52

04

Ir Mohd Zaifuddin joined MAHB in 2010 and led the project management team for klia2. He holds a Bachelor of Science Degree in Civil Engineering and a Masters of Science Degree in Civil Engineering (Geotechnical) from University of Texas, USA. He is a Professional Engineer with the Board of Engineers, Malaysia and has more than 28 years of experience in the construction industry. He has been a consultant for many highways, infrastructures and building projects locally, and in the United Kingdom under Rendel Palmer and Tritton, UK Ltd. He also worked as a director of a consultancy and construction company and was the project director during the construction of the Formula One Circuit at KLIA.

## GROUP SENIOR MANAGEMENT PROFILE



### **Mohammad Nazli bin Abdul Aziz**

Senior General Manager  
Commercial

Malaysian  
Male  
Aged 50

05

Mohammad Nazli joined MAHB in 2016. He is a Chartered Building Professional who graduated from the University of New South Wales, Australia and started his career in quantity surveying and project management. He was instrumental in the initial planning, marketing and sales of the award-winning 2,300-acre Bukit Jelutong mixed development project, Kumpulan Guthrie Berhad's maiden foray into property development. Nazli was later attached to TDM Berhad, a listed vehicle of the Terengganu State Government, overseeing their business expansion into property, F&B and healthcare industries, both in Malaysia and the South East Asia region. In 2004, he was appointed as Senior General Manager of Commercial at KLCC Property Holdings Berhad, managing top-end commercial real estate and was in charge of the operations for various development components within the KLCC precinct.



### **Zainol Mohd Isa**

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

Malaysian  
Male  
Aged 57

06

Zainol 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 the Malaysia Airports Corporate Development Programme (MACDP). He is a certified International Airport Professional (IAP) and a Member of the Institute of Value Management Malaysia (IVMM). He is responsible for the management of the entire KLIA 100 sqkm area. He began his career with the Public Works Department (JKR) and was subsequently seconded to the Department of Civil Aviation (DCA) in 1981. He later joined MAHB when it was corporatised in 1992. He has 35 years of experience in airport operations and maintenance, planning and development, and project management including for operations management of events such as MotoGP and Formula 1 during their pioneering days. Prior to becoming the SGM of MA (Sepang), he was the head of MASB where among notable achievements include Langkawi International Airport being named Asia Pacific's Best Airport in its category for the years 2013 and 2014, and turning around four non-profitable airports.

## GROUP SENIOR MANAGEMENT PROFILE



### **Mohammad Suhaimi Abd Mubin**

General Manager  
Malaysia Airports Sdn. Bhd. (MASB)

Malaysian  
Male  
Aged 50

07

Mohammad Suhaimi graduated with a Bachelor Degree in Economics from Universiti Malaya in 1989 and a Graduate Diploma in Aviation and Airport Management from the National University of Singapore. He was accredited under the ACI-ICAO Airport Management Professional Accreditation Program as an International Airport Professional (IAP) 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 more than 20 years of experience and has held several managerial positions at domestic and international airports. He is currently a Director on the Board of Malaysia Airports (Properties) Sdn. Bhd.



### **Datuk Abdullah Kadir Bacha**

General Manager  
Stakeholder Relations & Regulatory  
Affairs

Malaysian  
Male  
Aged 64

08

Datuk Abdullah joined MAHB in 2016 as the General Manager of Stakeholder Relations & Regulatory Affairs. He served the Government for 33 years holding key positions in the Federal Government and its agencies, including a stint as an aide in the private office of the Prime Minister for five years.

He also has private sector and academic experience. He worked at Universiti Utara Malaysia from 1991 to 1994 and later at International Islamic University Malaysia. In 1999, he served as the Chief Knowledge Officer and later as Vice President, Multilateral Government Engagement at Multimedia Development Corporation. In 2008, he became the IT advisor at AlBukhary Group of Companies. He had also founded Altel - a 4G broadband company, and was instrumental in setting up MyTV Broadcasting Company - venturing into digital TV Broadcasting for RTM. Datuk Abdullah also served as Executive Director of Puncak Semangat Sdn. Bhd., a leading IT company. He possesses a Masters Degree (MSc) in Information Science from Loughborough University, UK.

## GROUP SENIOR MANAGEMENT PROFILE



### **Mohamed Sallauddin Mohamed Shah**

General Manager  
Airline Marketing

Malaysian  
Male  
Aged 54

09

Mohamed Sallauddin is the General Manager of Airline Marketing at MAHB. He graduated with a Bachelor of Science Degree in Accountancy and Computer Science from Northern Illinois University, USA in 1985. He also holds a Master in Business Administration (MBA) (Strategic Management) Degree from the International Business School, Universiti Teknologi Malaysia. His association with the aviation industry began when he was recruited by Malaysia Airlines (MAS) as a Management Trainee in 1986. He further enriched his aviation repertoire when he joined Malaysia's first aircraft manufacturing company, Composite Technology Research Malaysia (CTRM) Sdn. Bhd. in 1997. His employment with MAHB in 2001 saw him joining the cadre that led the marketing of the international gateways managed by MAHB. This eventually led to the role of leading MAHB in organising Asia's first World Route Development Forum in Kuala Lumpur in 2008. He is highly committed to make KLIA the preferred ASEAN hub. He currently serves as a Council Member of the Institute of Marketing Malaysia and was also the Executive Board Member of the Pacific Asia Travel Association (PATA). His present appointment as Deputy Chairman of the PATA Malaysia Chapter underlines his belief that aviation and tourism are complementary to each other in generating sustainable air travel.



### **Sabarina Laila binti Dato' Mohd Hashim**

General Manager  
Company Secretarial & Legal  
Services Division and Company  
Secretary

Malaysian  
Female  
Aged 49

10

Profile is presented on page 95.



## GROUP SENIOR MANAGEMENT PROFILE



### **Nasrein Fazal Sultan**

General Manager  
Internal Audit

Malaysian  
Female  
Aged 53

11

Nasrein 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 Malaysia Airports in 1998, she was the Finance Manager of a Sime Darby Group subsidiary. Prior to that, she held several senior positions in the Finance division at SIRIM.



### **Ir Khairiah Salleh**

General Manager  
Engineering MAHB

Malaysian  
Female  
Aged 52

12

Ir Khairiah holds a Bachelor of Science Degree in Civil Engineering from Old Dominion University, USA. Ir Khairiah 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 promotes reliability engineering and localised total productive maintenance in efforts to ensure world-class maintenance at 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 almost all of professional engineering services, such as engineering study and analysis (O&M), as well as planning, design, construction, commissioning, operation, maintenance and management of engineering works and projects. She was highly involved with the operational readiness and airport transfers for klia2, in addition to her current portfolio of Engineering Operations and Maintenance of airport systems and facilities for MAHB.

## GROUP SENIOR MANAGEMENT PROFILE



### **Nik Anis Nik Zakaria**

General Manager  
Corporate Communications

Malaysian  
Female  
Aged 53

13

Nik Anis holds a Bachelor of Science Degree in Economics from Northern Illinois University, USA, and has 27 years of working experience in various capacities. This includes managing sales and marketing, customer service and operations, and corporate communications in a public listed IT company prior to joining MAHB in 2009. Her corporate communications portfolio includes marketing and brand communication, employee communication, customer satisfaction management, corporate responsibility programmes, public relations and media relations. She is a former president of the International Association of Business Communicators (IABC) Malaysia Chapter, a global association that promotes communication excellence within the industry.



### **Nornajihah Ismail**

General Manager  
Finance Services

Malaysian  
Female  
Aged 47

14

Nornajihah is a registered Chartered Accountant with Malaysian Institute of Accountants (MIA) as well as a fellow member of the Association of Chartered Certified Accountants (ACCA). She holds a Master of Business Administration (MBA) with a concentration in Airport Management and received the distinguished Vice Chancellor Award upon her graduation from Universiti Teknologi MARA (UiTM). She also holds a Degree in Accounting and Finance from South Bank University, London and a Diploma in Accounting from UiTM. She joined MAHB in 2006 as Senior Manager of Finance drawing on her vast experience and knowledge in Group accounting and auditing. In 2008, she was appointed as the Cross Functional Team Leader for Spend Management initiatives. In recognition of her capabilities, she was selected to participate in the Khazanah-GLC Talent Exchange Programme in 2008 and was subsequently seconded to Tenaga Nasional Berhad. She played a key role in transforming the Finance division of 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. She is actively involved as the Chairperson of Cross Functional Team for Malaysia Airports Group Budget Challenge, a member of the Management Procurement Committee, Internal Audit Management Committee and also a Board member of Malaysia International Aerospace Centre Sdn. Bhd. She was entrusted to cover the role and responsibilities of the Chief Financial Officer from September 2015 to January 2016. Prior to MAHB, she was the Head of Group Accounts in Padiberas Nasional Berhad.

## GROUP SENIOR MANAGEMENT PROFILE



### Veelayudan Krishnan Nair

General Manager  
Research and Planning

Malaysian  
Male  
Aged 59

15

Veelayudan 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) at the Prime Minister's Department in 1983. He later joined the Department of Civil Aviation in 1986 and continued to serve MAHB upon its corporatisation in 1992. During his 30 years in the aviation industry, he has held a variety of positions such as the Assistant Director of Air Transport Operations, Head of Administration, Finance and Public Relations, as well as the Head of Terminal Operations at the Subang International Airport. In 1996, he was tasked to set up the Research and Planning division and has been heading it since. He carries out economic, statistical and strategic analysis for the company and provides business intelligence and input on matters related to traffic performance, traffic forecasts, charges and other air transport economics-related matters. Currently, he is focusing on the implementation of Big Data analytics and digital implementation for MAHB. He sits on the Board of Malaysia Airports (Sepang) Sdn. Bhd.



### Nor Azlina Mohd Isa

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

Malaysian  
Female  
Aged 42

16

Nor Azlina graduated from Universiti 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 the Malaysia Airports Specialist Development Programme. She obtained her Master's Degree in Business Administration (MBA) from Universiti Utara Malaysia in 2013 and is currently pursuing her Doctorate in Business Administration degree (DBA) in Universiti Teknologi MARA. She has led the airport planning activities of various development projects in Malaysia as well as overseas, with vast experience in airport master planning and project management. Nor Azlina obtained her International Airport Professional (IAP) designation in 2011 and has served the IAP Community of Practice (IAP CoP) as a Board member from 2014 to 2016. She is also a member of the Institute of Value Management Malaysia (IVMM) and Transportation Science Society of Malaysia (TSSM).

## GROUP SENIOR MANAGEMENT PROFILE



### **Abd Malik Mohd Yunus**

General Manager  
Airport Fire & Rescue Services

Malaysian  
Male  
Aged 56

17

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



### **Randhill Singh**

General Manager  
Corporate Planning

Malaysian  
Male  
Aged 40

18

Randhill joined MAHB in January 2008. He was in the Transformation Management Office managing the organisation-wide Continuous Improvement Programme, 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-year business plan entitled, Runway to Success. He also oversees MAHB's real estate development, centered on the KLIA Aeropolis plan. Randhill holds a Master of Business Administration (MBA) and an Honours Degree in Civil Engineering, both from Universiti Malaya. He has also completed the ACI-ICAO Airport Management Professional Accreditation Programme (AMPAP) and obtained his International Airport Professional (IAP) certification in 2011.

## GROUP SENIOR MANAGEMENT PROFILE



### Zulhikam Ahmad

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

Malaysian  
Male  
Aged 45

19

Zulhikam graduated with a Bachelor Degree (Hons) in Accountancy from Nanyang Technological University, Singapore in 1996. Although a certified public accountant, he found his passion in retail. With more than 12 years experience in a leading oil and gas company, Zulhikam started as a graduate trainee and was subsequently groomed to take on various roles within the organisation. His previous portfolio included Finance, Sales and Marketing, HSSE (Health, Safety, Security and Environment), as well as Training and Learning Development for Malaysia, Singapore and Asia Pacific. After that, he joined a leading international hypermarket chain from 2008 to 2010, where he led the turnaround of one of their outlets in Klang Valley. His last position before joining MAHB was as the General Manager of Sales and Operations for 7-Eleven stores in Malaysia where he served for five years from 2010 to 2015, and transformed their operations and business processes to where they are now.



### Radin Asrul Adza Radin Soenarno

General Manager  
Information Technology

Malaysian  
Male  
Aged 50

20

Radin Asrul Adza graduated with a Bachelor of Science Degree in Electrical Engineering from University of Texas in 1990 and a Masters in Engineering Management from George Washington University in 1992. He is a certified ITIL Service Manager. With more than 20 years working experience under his belt, he has honed his leadership capabilities and ICT technical competencies through roles in leading local, regional and global ICT strategy, operations and projects for both the MNC and GLC sectors.

## GROUP SENIOR MANAGEMENT PROFILE



### **Rosli Mohd Isa**

General Manager  
Aviation Security

Malaysian  
Male  
Aged 57

21

Rosli holds a Bachelor of Science (Hons) degree from Universiti Sains Malaysia and was appointed to his current position in 2015. He was seconded from Royal Malaysia Police (RMP) where his previous position was the Head of Special Investigation and Technical for Eastern Sabah Security Command (ESSCOM) in Lahad Datu. He started his career with RMP in 1985. With over 31 years of service, he has held various positions in administrative and operations in RMP. He was the Deputy Officer in Charge of Police District Kubang Pasu before being appointed as Deputy Officer in Charge of Criminal Investigation Intelligence & Operations Pulau Pinang. He was appointed as the Officer in Charge of Police District Hulu Perak and then, as Deputy Officer in Charge of Criminal Investigation Intelligence & Operations Johor. He was then appointed as the Officer in Charge of Police District Sandakan and not long after that, as the Deputy Officer in Charge of Criminal Investigation Intelligence & Operations Selangor. He has also served as an advisor to the Sierra Leone Police in Criminal Investigations while serving the United Nation Missions in Sierra Leone (UNAMSIL). He was part of the pioneer group when ESSCOM was established and held the post of Head of Special Investigation and Technical for two years.



### **Noorazzudin Omar**

General Manager  
Sama-Sama Hotels

Malaysian  
Male  
Aged 45

22

Noorazzudin Omar joined MAHB in June 2016 as the General Manager of Sama-Sama Hotels. He graduated from NPC Institute of Hotel Management and has been in the hospitality industry for the past 23 years. His vast experience in the service industry includes exposure in the areas of taste management with local and international brands both at home and abroad, solid foundation in room management and property management skills ranging from city hotels, island, boutique & spa resorts, golf resorts, private pool villas and serviced residence. This broad-ranging exposure has enabled him to merge sales and marketing principles with financial and operational disciplines effectively to ensure business profitability. Prior to joining Sama-Sama Hotels, Noorazzudin developed his management strength from his work experience with various established brand names such as Holiday Inn, Marriott, Mayfair, Impiana, Mutiara, Resorts World and Cyberview.

## GROUP SENIOR MANAGEMENT PROFILE



### **Ibrahim Chang Boon Teck**

General Manager  
Procurement and Contract

Malaysian  
Male  
Aged 51

23

Ibrahim joined MAHB in October 2016. Prior to this, he has held numerous supply chain leadership roles in top-notch companies such as Shell, F&N Coca Cola, Warner Lambert, Sapura Crest Petroleum and Perisai Petroleum. Arising from his 26 years journey and exposure in multiple industries ranging from oil and gas to fast moving consumer goods, he possesses a vast and rich body of knowledge, perspective and experience in procurement operations, contract management, cost optimisation, value engineering, project procurement and logistics. He graduated with an honours degree in Econometrics from Universiti Kebangsaan Malaysia in 1989.



### **Ahmad Nazri Bin Hamzah**

General Manager  
Commercial Operations

Malaysian  
Male  
Aged 50

24

Ahmad Nazri has been with Malaysia Airports since 2006 and has been exposed to various commercial and leadership roles. He holds a Master of Business Administration from Universiti Utara Malaysia (UUM). Prior to his appointment as the General Manager of Commercial Operations in MAHB, his portfolio in Commercial Services included business development, business relations, marketing and advertising, as well as contract management and operations. He has acquired his exposure and experience in the travel retail and F&B business whilst he was with Malaysia Airports (Niaga) Sdn. Bhd. as the Head of Food & Beverages business and subsequently, as the Head of Merchandising (Core Products) during his early days with Malaysia Airports.

He has also successfully organised and managed the Food & Beverages operations during the prestigious Petronas Malaysian Grand Prix F1 Event from 2000 to 2004 at Sepang International Circuit. He understudied the Food & Beverages operations during the F1 event at Melbourne, Australia and Silverstone, UK as well as acquired international exposure with the F1 Commercial Division (All Sports Management). As a professional with vast experience, Ahmad Nazri has been exposed to various leadership and management position, making him a well-rounded person.

## GROUP SENIOR MANAGEMENT PROFILE



### Hani Ezra binti Hussin

General Manager  
Commercial Business

Malaysian  
Female  
Aged 42

25

Hani Ezra joined MAHB in 2016. She graduated in Chartered Institute of Marketing, UK and holds a Masters in Business Administration from the University of Dubuque, USA. She began her career in marketing in the fast moving consumer goods industry when she first joined F&N Dairies in 1997 where she was responsible for managing the company's leading and No.1 profitable brand. She then, moved on to Danone where she was entrusted to manage the company's most established and successful 50-year-old UK brand. She was responsible for all aspects of research and development, market research, product and packaging design as well as promotional initiatives for both above and below the line media. Her retail career began in 2003 with Suria KLCC where she was responsible for the Marketing division, Customer Service as well as managing Retail Relations. Being the leading shopping mall at the heart of Kuala Lumpur, she and her team had to constantly reinvent and refresh marketing approach and ideas to deliver an unparalleled shopping experience which contributed to the growth of retail sales for the mall. Her wealth of more than 20 years experience in retail, marketing and branding will certainly be valuable in her efforts to grow MAHB as the preferred regional hub contributing to organisational profitability and performance as well as delivering a customer-centric culture that will provide memorable Total Airport Experience for all passengers, airlines and retailers.



### Dato' Azmi Murad

Executive Director ISG & LGM

Malaysian  
Male  
Aged 65

26

Dato' Azmi started his aviation career in 1970 with the Department of Civil Aviation as an Air Traffic Controller. From 1984 until April 1998, Dato' Azmi was the Airport Manager for several domestic and international airports in Malaysia. When KLIA opened in 1998, he was appointed as the Head of Operations for MA (Sepang) Sdn. Bhd. His 14 years of experience as Airport Manager at various airports has provided him with substantial experience and management acumen of airport operations. He then held various senior management positions covering different portfolios, namely General Manager of Sepang International Circuit in 2000, General Manager of Corporate Communications and Air Traffic Services in 2001, and later General Manager of MA (Sepang) Sdn. Bhd. from 2004 to 2006. Dato' Azmi was the Chairman of the Airport Council International World Facilitation and Services Standing Committee until November 2011. He was also the Chairman of MAHB Whistleblowing Independent 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, Malaysia. In 2015, he was appointed to his current position and is now based in Istanbul, Turkey. Dato' Azmi holds 8,123 MAHB shares.



## GROUP SENIOR MANAGEMENT PROFILE



### Ahmad Tarmizi Mohd Hashim

Executive Director Malaysia Airports  
Consultancy Services Middle East LLC

Malaysian  
Male  
Aged 57

27

Ahmad Tarmizi holds a Master of Business Administration (MBA) from Keele University, UK and a Postgraduate Diploma in Airport Management from the International Aviation Management Training Institute (IAMTI), Canada. He has over 30 years of experience in the aviation industry and has worked in various countries including Canada, Turkey and Australia. He started off his career with the Department of Civil Aviation as an Air Traffic Controller. Prior to joining MAHB, he worked with the International Air Transport Association's (IATA) as the Head of Airport Development and Terminal Design. He held various posts in MAHB before being appointed to his current position, including as Technical Director and Senior Airport Consultant, and the General Manager of Malaysia Airports Consultancy Services. His current role has allowed him to expand his repertoire further to include special airport IT systems and airport facility management. Throughout his career, Ahmad Tarmizi has been involved in more than 40 airport projects worldwide.

#### **Additional Information of the Senior Management:**

*None of the Senior Management has any:*

1. Any directorship of public companies & listed issuers;
2. Any family relationship with any director and/or substantial shareholder of the listed issuer;
3. Any conflict of interest that he has with the listed issuer;
4. The list of convictions for offences within the past 5 years other than traffic offences, if any; and
5. Particulars of sanctions & penalty imposed by relevant regulatory bodies.

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# PROVIDING UNIQUE EXPERIENCE

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COMFORT LIKE NEVER BEFORE WITH KUL VIP ACCESS AND KLIA PREMIER ACCESS.  
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**AVIATION**  
 - THEMED  
**PLAYGROUND**  
 @ KLIA




**SAMA-SAMA**  
**HOTEL KLIA**  
 HAUTE GRANDEUR AWARD FOR  
**BEST AIRPORT**  
**HOTEL -**  
**GLOBAL**




**KUL**  
**VIP**  
**ACCESS**  
 DOOR-TO-GATE  
 FAST TRACK SERVICE



## CORPORATE PROFILE



**MALAYSIA AIRPORTS CELEBRATES ITS SILVER JUBILEE ANNIVERSARY THIS YEAR. IT HAS COME A LONG WAY SINCE ITS INCORPORATION IN 1992 WITH FIVE INTERNATIONAL AIRPORTS IN MALAYSIA AND ONE IN TURKEY, 16 DOMESTIC AIRPORTS AND 18 SHORT TAKE-OFF AND LANDING PORTS, IT IS NOW ONE OF THE LARGEST AIRPORT OPERATOR GROUP IN THE WORLD IN TERMS OF NUMBER OF PASSENGERS HANDLED.**

Once a state-run airport operator, Malaysia Airports was corporatised as Malaysia Airports Berhad was corporatised 25 years ago. Seven years later, Malaysia Airports Holdings Berhad was incorporated as a public limited company and listed on the Malaysian Stock Exchange (Bursa Malaysia) in 1999, becoming the first Asian airport operator to go public and only the sixth in the world to do so. It now employs about 10,000 people in Malaysia and around the world.

Our core business is the management, operation, maintenance and development of airports. The company draws its revenue from aeronautical operations – aircraft landing and parking fees, passenger service charges and other airline charges – and commercial activities from airport related services such as duty free shops and other retail outlets, hotel operations and commercial leasing.

Each airport that is managed by Malaysia Airports is unique with widely different requirements – some of the Short Take Off and Landing Ports (STOLports) for example, are remote landing strips with few services, but the company's portfolio also includes full service international airports providing multiple runways and a fully-integrated travel experience.

Over the past several decades the company has developed a business model that focuses not only on the airports business, but also on optimising the commercial and growth opportunities presented by the travel and aviation industry. As we move forward, our vision is to be a global leader in creating airport cities – ensuring sustainable growth by capitalising on the development opportunities presented through the availability of the vast land back surrounding KL International Airport (KLIA).

## CORPORATE PROFILE



The diversification of Malaysia Airports' business activities has not only allowed us to keep aviation charges at a competitive level, but also to maintain robust returns to shareholders. Moreover, the model has allowed us to cross-subsidise the vital, but less lucrative operations of our smaller landing strips and airports where communities depend on air transport to connect with the outside world. Malaysia Airports sees the continuing operation of these remote airbases as a crucial part of its responsibility as a worthy corporate citizen.

A slew of awards and accolades is testament to our continued success not only has KLIA, our flagship airport won numerous awards but also the Growth as a whole we have received recognition and accolades in the area of financial performance, governance, quality assurance, service excellence and engagement, to name a few.

In strategising for the future, Malaysia Airport's next five-year business plan is encapsulated in its Runway to Success 2020 (RtS2020) document where priority will be put on the establishment of KLIA as a preferred ASEAN hub, improving airport experience for all stakeholders, the development of KLIA Aeropolis and strategic investments overseas.

### KL INTERNATIONAL AIRPORT

KL International Airport, the premier gateway to Malaysia, opened in June 1998 with one terminal and the capacity to handle as many as 25 million passengers per annum (mppa). Its capacity have been enhanced further through minor reconfiguration such as more efficient use of check-in counters and redesign of passenger flow and retail areas to allow it to handle up to 30 mppa. With the opening of the second terminal klia2 in 2014, the KLIA airport system now enjoys the combined capacity of 75 mppa, KLIA is now recognised as one of South East Asia's leading aviation hubs offering direct connections to more than 120 destinations worldwide from both terminals. The airport is also currently the only one in the region to have a three independent runway system.

Total passenger traffic movements at KLIA was 52.6 million passengers in 2016. KLIA is located in Sepang, in the western state of Selangor about 50 kilometers from the capital city, Kuala Lumpur. It is easily accessible via a network of highways that connect the airport to the rest of Peninsula Malaysia. An express rail link (ERL) connects KLIA to the city in only 28 minutes and other forms of public transport, including buses, taxis and limousines are readily available. It is one of Malaysia Airports' strategic priority to establish KLIA as the preferred ASEAN hub offering passengers increased connectivity and seamless transfer experience.

## CORPORATE PROFILE

### klia2

The opening of klia2 has also strengthened KLIA's position as a Next Generation Hub in the heart of ASEAN – a geographical area of some 600 million people all within a maximum flying time of just four to five hours. KLIA offers long and shorthaul capability with facilities that integrate both full-service and low-cost carrier operations. With a land bank measuring about 22,000 acres, there is also ample room for expansion, as well as space for a fourth runway.

Malaysia Airports was proud to welcome its first passengers and airlines to klia2, the world's largest terminal serving low cost carriers. The 257,000 square metre building with aerobridges and support facilities was built at a cost of RM4 billion, replacing the Low-Cost Carrier Terminal (LCCT), and redefining the budget traveller experience with world-class services and connectivity. Situated just two kilometers from KLIA Main Terminal, klia2 has 128 check-in counters, 52 self-check-in kiosks and a fully automated baggage handling system. A dedicated runway and control tower ensure efficient aircraft operations.

A crucial component of Malaysia Airports' goal of becoming a global leader in creating airport cities, klia2 is designed to handle as many as 45 million passengers a year, and has the flexibility to expand based on capacity growth, airline projections and trends in the travel industry. The terminal is designed not only for customer comfort and convenience, but also to ensure an exceptional travelling and retail experience.

Some 35,200 square meters of space is dedicated to retail including food and beverage outlets and a supermarket as part of Malaysia Airports' 'Airport in a Mall; Mall in an Airport' concept. Passengers also enjoy seamless connectivity between the airport and to the city centre through the ERL, which also provides onward travel to Kuala Lumpur. Buses, taxis and ample covered car parks are also available to both travellers and staff.

### KLIA AEROPOLIS

The development of our airport city – KLIA Aeropolis is one of four strategic pillars identified in RtS2020. Focused on three key clusters – Air Cargo & Logistics; Aerospace & Aviation; and MICE & Leisure. The development is closely aligned to national development agenda and is expected to allow Malaysia Airports to emerge as a regional economic enabler.

KLIA Aeropolis will have KLIA at the core of its development. It will leverage on our strategic location within the Asia Pacific region – one of the fastest growing air traffic growth, our available land bank and also the competitive cost of business.

By improving on its functional core as an airport, KLIA Aeropolis will stand as a multimodal business nexus, serving both the aviation and travel industries.

### ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT

ISG is Istanbul's second airport, and our involvement had begun in 2008 in the planning and development of its new terminal. The Group had gradually increased its stake over the subsequent years. ISG was the world's fastest growing airport in 2009, 2010, 2013 and 2014 and was also Europe's fastest growing airport for several years.

Its currently capacity is at 33 mppa with 51 airlines offering direct flights to 39 domestic and international destinations. A second runway is currently being constructed, and together with further terminal expansion, ISG's capacity will be increased to more than 60 mppa by 2020. In 2016, ISG handled 29.7 million passengers.

## CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

**Datuk Mohd Badlisham  
bin Ghazali**  
(Managing Director/  
Non-Independent Executive)

**Dato' Sri Dr Mohamad Isa  
bin Hussain**  
(Non-Independent Non-Executive)

**Norazura binti Tadzim**  
(Non-Independent Non-Executive)  
(Alternate Director to Dato' Sri Dr Mohamad Isa  
bin Hussain)  
(Ceased as Alternate Director with effect  
from 6 February 2017)

**Mohd Shihabuddin bin Mukhtar**  
(Non-Independent Non-Executive)  
(Alternate Director to Dato' Sri Dr Mohamad Isa  
bin Hussain)  
(Appointed as Alternate Director with effect  
from 6 February 2017)

**Datuk Ruhaizah binti  
Mohamed Rashid**  
(Non-Independent Non-Executive)  
(Appointed with effect from 3 June 2016)

**Dato' Chua Kok Ching**  
(Non-Independent Non-Executive)  
(Alternate Director to Datuk Ruhaizah binti  
Mohamed Rashid)  
(Appointed as Alternate Director with effect  
from 3 June 2016)

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

**Dato' Mohd Izani bin Ghani**  
(Non-Independent Non-Executive)

**Datuk Seri Yam Kong Choy**  
(Senior Independent Non-Executive)  
(Appointed as Senior Independent  
Non-Executive with effect from  
2 November 2016)

**Datuk Zalekha binti Hassan**  
(Independent Non-Executive)

**Rosli bin Abdullah**  
(Independent Non-Executive)

**Dato' Ir. Mohamad bin Husin**  
(Independent Non-Executive)  
(Appointed with effect from 15 August 2016)

**Datuk Azailiza binti Mohd Ahad**  
(Independent Non-Executive)  
(Appointed with effect from 8 November 2016)

**Jeremy bin Nasrulhaq**  
(Senior Independent Non-Executive)  
(Resigned with effect from 1 November 2016)

## COMPANY SECRETARY

Sabarina Laila binti  
Dato' Mohd Hashim  
(LS 0004324)

## REGISTERED OFFICE

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

## WEBSITE

[www.malaysiaairports.com.my](http://www.malaysiaairports.com.my)

## SHARE REGISTRAR

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

## AUDITORS

Messrs. Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel : +603-7495 8000  
Fax : +603-2095 9076/78

## PRINCIPAL BANKERS

CIMB Bank Berhad  
Malayan Banking Berhad  
Citibank Berhad

## STOCK EXCHANGE LISTING

Main Market of  
Bursa Malaysia Securities Berhad  
Stock code : 5014  
Stock Name : AIRPORT

## GROUP CORPORATE STRUCTURE

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

Investment holding-

#### 100% MAHB

**Malaysia Airports Sdn. Bhd.**  
(230646-U)

Management, operations, maintenance and provision of airport related services of designated airports in Malaysia other than KLIA and klia2.

#### 49% MACS

**Malaysia Airports Consultancy Services Middle East LLC**  
(62645)

Facilities maintenance services at airports.

#### 100% MA (NIAGA)

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

Investment holding.

#### 100% MAHB

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

Management, operations, maintenance and provision of airport related services in KLIA and klia2.

#### 100% MACS

**Urusan Teknologi Wawasan Sdn. Bhd.** (459878-D)

Provision of mechanical, electrical and civil engineering services.

#### 100% MAHB

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

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

#### 30% MA (SEPANG)

**MFMA Development Sdn. Bhd.**  
(1053024-K)

Development operation and maintenance of a Factory Outlet Centre and its complementary components known as Mitsui Outlet Park KLIA.

#### 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% MA (PROPERTIES)

**K.L. Airports Hotel Sdn. Bhd.** (330863-D)

Owner of the hotel known as Sama-Sama Hotel and Sama-Sama Express KL International Airport and Sama-Sama Express klia2.

#### 100% MAHB

**Malaysia Airports Consultancy Services Sdn. Bhd.** (375245-X)

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

#### 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.

#### 51% KLAH

**Sama-Sama Hospitality Management Sdn. Bhd.** (1029991-A)

Ceased operation/In liquidation.

#### 100% MAHB

**Malaysia Airports International Sdn. Bhd.** (1220825-V)

Investment holding for international and overseas ventures in airport businesses including but not limited to operation, management, maintenance, development, and other airport related services.

#### 100% MA (NIAGA)

**Eraman (Malaysia) Sdn. Bhd.** (324329-K)

Dormant. Intended principal activity is general trading.

#### 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.



## GROUP CORPORATE STRUCTURE

### 20% MA (PROPERTIES)

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

Development, management and operations of aviation fueling system at KLIA.

### 100% MAHB

**Airport Ventures Sdn. Bhd.**

(512527-U)

Investment holding.

### 100% AV

**Malaysia Airport Technologies Sdn. Bhd.** (512262-H)

Operations and maintenance services of information and communication technology business ventures.

### 100% MA TECHNOLOGIES

**Malaysia Airport MSC Sdn. Bhd.**

(516854-V)

Investment holding.

### 100% MAHB

**MAHB (Mauritius) Private Limited**

(64825 C1/GBL)

Investment holding.

### 100% MAHB

**Malaysia Airports Cities Sdn. Bhd.** (1114062-X)

Investment holding.

### 100% MAHB

**Malaysia Airports Capital Berhad**

(906593-U)

Investment holding.

### 100% MAHB

**Malaysia Airports Capital (Labuan) Limited** (LL07679)

Investment holding.

### 100% MAHB

**Malaysia Airports (Labuan) Private Limited** (LL05298)

Investment holding.

### 23% MA (LABUAN)

**GMR Malè International Airport Private Limited** (C0490/2010)

Ceased operations.

### 100% MAHB

**MA Construction (Labuan) Private Limited** (LL08348)

Investment holding.

### 20% MAHB

### 40% MA CITIES

### 40% MA MSC

**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.

### 20% MAHB 40% MA CITIES

### 40% MA MSC

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

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

### 51% ISG

**Istanbul Sabiha Gokcen International Airport Ground Services Company**

(656447)

Provision of ground handling services. Ceased operations.

### 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.

### 100% MAHB

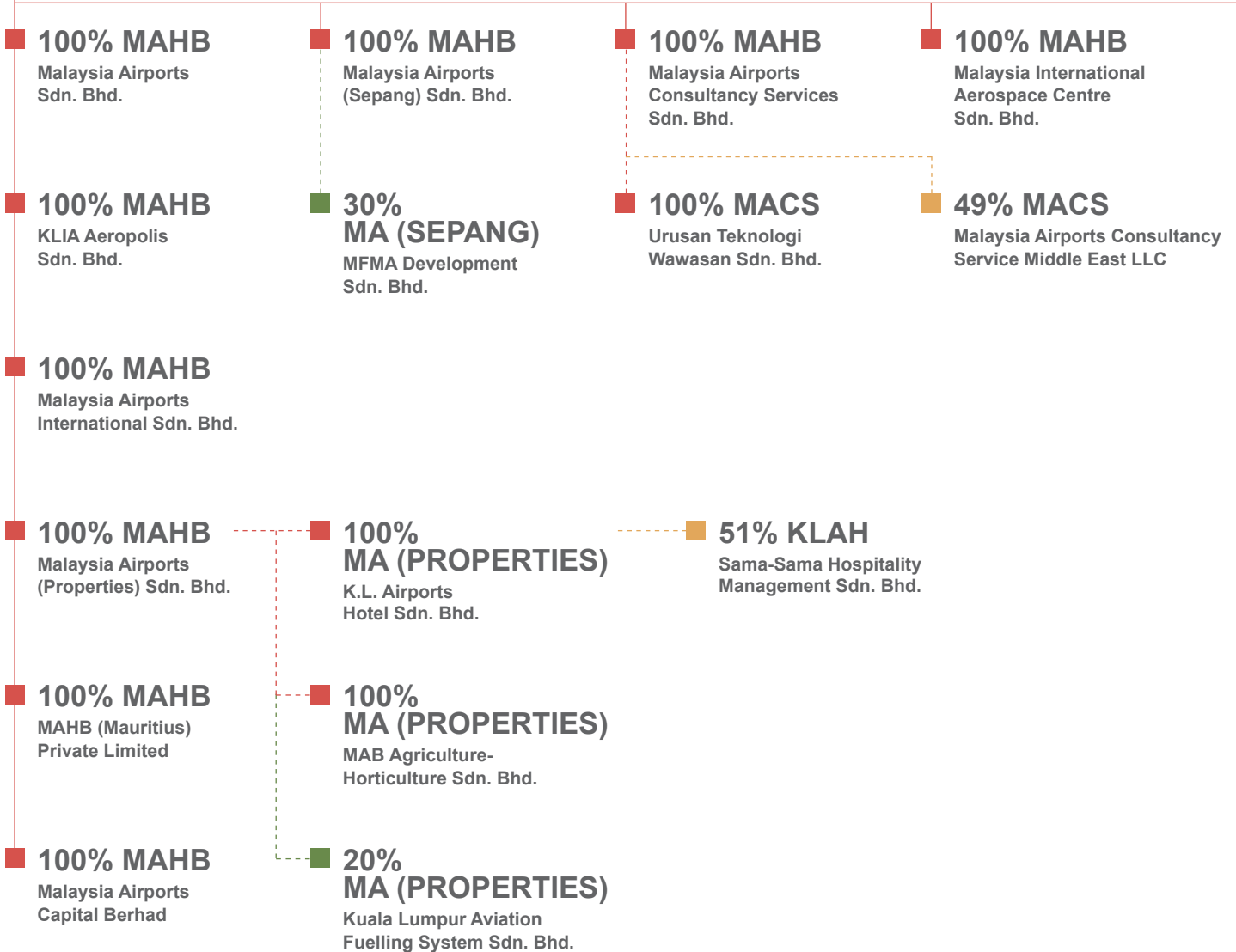
**KLIA Aeropolis Sdn. Bhd.**

(1212392-H)

To carry on the business or businesses of a holding and investment company.

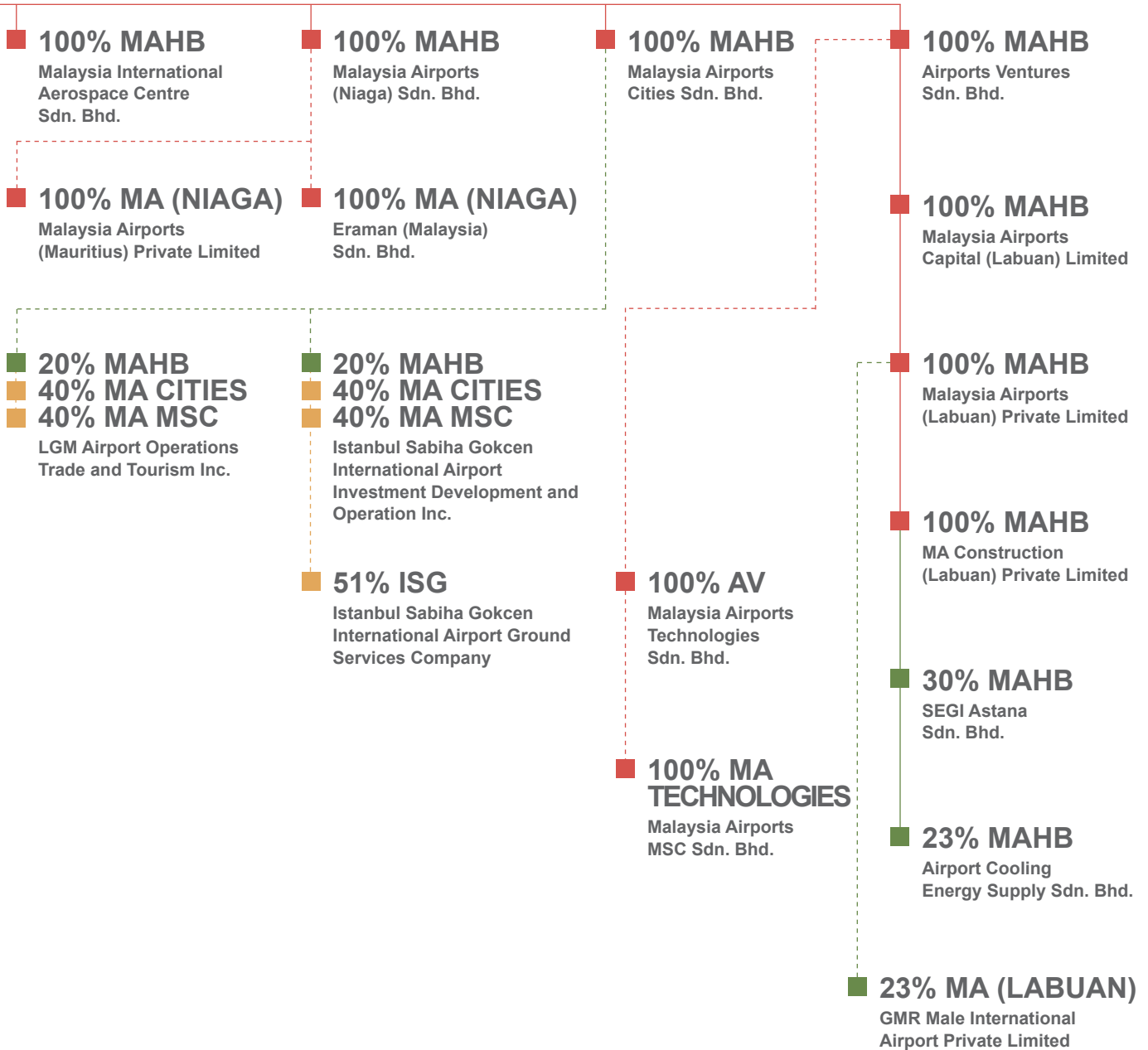
# GROUP CORPORATE STRUCTURE

## MALAYSIA AIRPORTS HOLDING BERHAD

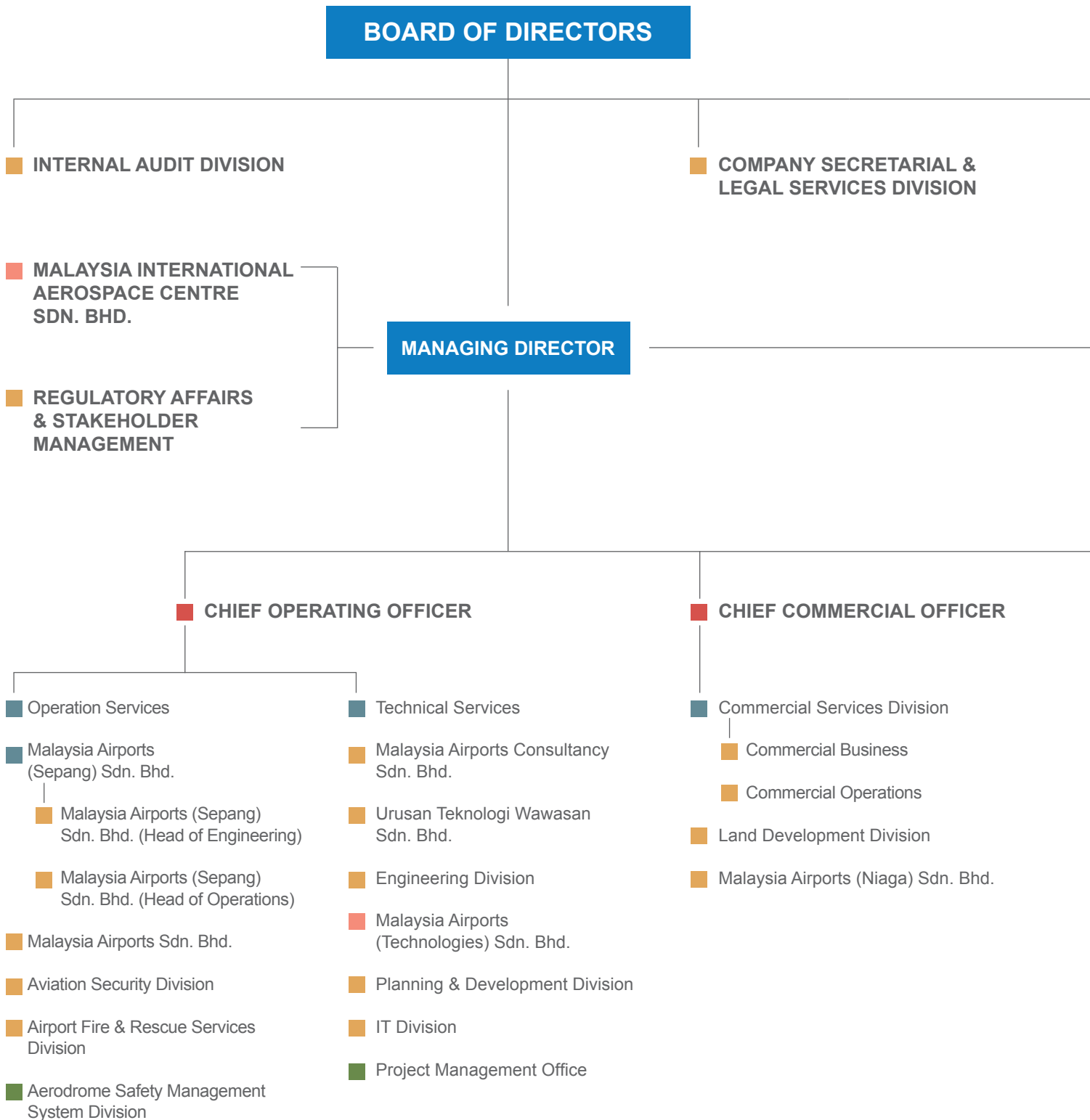


LEGEND			
■ 100%	■ 90-70%	■ 60-40%	■ 30-20%

# GROUP CORPORATE STRUCTURE



# GROUP ORGANISATIONAL STRUCTURE



# GROUP ORGANISATIONAL STRUCTURE

LEGEND	
<span style="color: red;">■</span>	CHIEF OPERATING/ FINANCIAL/COMMERCIAL OFFICER
<span style="color: teal;">■</span>	SENIOR GENERAL MANAGER
<span style="color: orange;">■</span>	GENERAL MANAGER
<span style="color: green;">■</span>	SENIOR MANAGER
<span style="color: red;">■</span>	DORMANT COMPANY

■ CORPORATE INTEGRITY

■ CORPORATE COMMUNICATIONS DIVISION

■ HUMAN RESOURCES DIVISION

■ HUMAN RESOURCES DIVISION

■ CHIEF FINANCIAL OFFICER

- Group Finance Division
- Corporate Finance & Investor Relations
- Procurement & Contract Division

■ PLANNING

- Corporate Planning Division
- Research & Planning Division
- Risk Management Division
- Corporate Quality Management Division
- Transformation Management Office Division

■ NON-AVIATION BUSINESS

- K.L. Airport Hotel Sdn. Bhd.
  - Sama-Sama Hotel
- MAB Agriculture-Horticulture Sdn. Bhd.
- Malaysia Airports (Properties) Sdn. Bhd.

■ OVERSEAS VENTURES DIVISION

- ISG & LGM

■ AIRLINE MARKETING DIVISION

## CALENDAR OF EVENTS 2016



### Corporate

## 16 Mar

#### HANDOVER OF HAZMAT MOBILE COMMAND POST



The HAZMAT Mobile Command Post developed by SCOMI Engineering Berhad serves as a central information repository for all emergency – related agencies during emergencies, especially accidents involving aircraft.

## 25 Apr

#### OFFICIAL LAUNCH MALAYSIA AIRPORTS RUNWAY TO SUCCESS 2020



We launched our five-year business plan, Runway to Success 2020 (RtS2020) which charts our business direction from 2016 to 2020. The plan which is centred on two main thrusts – to strengthen our core business and to expand and diversify our operations.

## 29 Jun

#### KLIA – 18 YEARS OLD



KL International Airport celebrated its 18<sup>th</sup> anniversary and is strengthening its position as an integrated and preferred ASEAN hub as outlined in RtS2020.

## 13 Apr

#### PRIME MINISTER VISITS ISTANBUL SABIHA GOKKEN INTERNATIONAL AIRPORT



Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak landed at and visited our wholly-owned Istanbul Sabiha Gokcen International Airport (ISG) in Turkey on his way to the 13<sup>th</sup> Session of the Islamic Summit Conference held in Istanbul. He also officiated the opening of the new Premium Lounge as well as the unveiling of the model for the proposed development of the boarding hall expansion at the airport.

## 24 May

#### LAUNCH OF KLIA AEROPOLIS



KLIA Aeropolis is an ecosystem development that is synergistic with the airport business and aligned with Malaysia's development agenda.

## 12 Jul

#### MALAYSIA AIRPORTS ANNOUNCES COLLABORATION WITH INDUSTRY PLAYERS DURING FARNBOROUGH INTERNATIONAL AIRSHOW



Malaysia Airports signed and announced strategic partnerships and intents with Global Turbine Asia (GTA), RUAG Aviation Malaysia, General Electric (GE) Malaysia and Area Management.

## CALENDAR OF **EVENTS 2016**



Corporate

### 29 Aug

#### PROUDLY MALAYSIA CAMPAIGN



Malaysia Airports launched a campaign to champion Malaysian labels and entrepreneurs by providing the platform to promote their offerings to an international audience.

### 21 Oct

#### KLIA PREMIER ACCESS LAUNCH



Launch of our first ever fast track concierge service as part of providing a unique experience at the airport.

### 1 Sep

#### JAPAN AIRLINES CELEBRATES NEW DREAMLINER SERVICE WITH THE 787 DREAM ADVENTURE TREAT



Japan Airlines introduced the Boeing 787-9 Dreamliner equipped with JAL SKY SUITE – their brand new cabin interior, on the Tokyo-Kuala Lumpur route.

### 25 Nov

#### CELEBRATING PARTNER ACHIEVEMENTS DURING KLIA AWARDS



The prestigious annual KLIA Awards was held to recognise the best in the Malaysian aviation industry and reward partners for outstanding performance and services.

### 16 Nov

#### MITSUI OUTLET PARK KLIA SEPANG PHASE 2 GROUND BREAKING CEREMONY



The Mitsui Outlet Park KLIA Sepang's ground breaking ceremony was officiated by the Secretary General of the Ministry of Tourism and Culture Malaysia, YBhg Tan Sri Dr Ong Hong Peng.

## CALENDAR OF EVENTS 2016



### Employee

## Jan

#### BERSAMA MD



Engagement sessions with the Managing Director were held for employees at several airports such as Miri Airport, Labuan Airport and Melaka Airport. During the session, a town hall was held followed by employee recognition for 'Heroes of the Quarter'.

## 5 Feb

#### GREEN DAY 2016



Annual 'Green Day' programme at Kuching International Airport, a two-pronged employee engagement activity that aims to inculcate environmental awareness among employees while promoting staff camaraderie.

## Jan

#### PASSING OUT PARADE



143 new Aviation Security recruits went through the passing out parade ceremony upon completion of their training. Aviation Security plays a key role in Malaysia Airports in ensuring the security of our facility and airport users.

## Apr

#### AERONITA



AERONITA is an association in Malaysia Airports that promotes activities which empowers women, as well as encourage a healthy and balanced lifestyle. Activities organised include Appreciation Day, Bowling and Badminton Tournaments, and Hi-Tea Get Together.



CALENDAR OF **EVENTS 2016****Employee****31 May****14<sup>th</sup> LOYAL SERVICE AWARD**

More than 400 employees were recognised with the Loyal Service Award held at Sama Sama Hotel KLIA. The event was to celebrate employees who have served the company for 10 years, 20 years and those due for retirement.

**27 Sep****NATIONAL DUAL TRAINING SYSTEM 2<sup>nd</sup> CONVOCATION**

38 employees from the Finance division graduated from the National Dual Training System as part of efforts in enhancing and improving employees' capability and competency level.

**Aug****MALAYSIA AIRPORTS SPORTS WEEK**

The bi-annual sporting event was held in Kota Bharu, Kelantan last year organised by the Malaysia Airports' Sports Club (KESUMA) saw participation from seven contingents of nearly 1,000 employees.

**13 Nov****TADIKA AEROKIDS & TASKA AEROTOTS FIRST GRADUATION CEREMONY**

First graduation ceremony for 80 children at the Malaysia Airports very own Tadika Aerokids and Taska Aerotots. The kindergarten and child care centre are among our corporate responsibility initiative to provide convenience for working parents among our employees.

## CALENDAR OF EVENTS 2016



### Community

## 19 Jan

#### COMMUNITY SUPPORT PROGRAMME IN BARIO, MARUDI



We contributed 10 bicycles totalling up to RM5,000 to eBario Sdn. Bhd., a local company responsible for handling all travel activities in Bario, Sabah. Donation amounting to RM11,000 were also given to four mosques for facility enhancements.

## 31 Mar

#### SUPPORTING WILDLIFE CONSERVATION IN CONJUNCTION WITH INDULGE & EXPLORE CAMPAIGN



We promoted awareness of wildlife conservation through talks and educational visit in conjunction with the Indulge & Explore Campaign.

## 21 Apr

#### SUPER6 SCHOOLS RUGBY TOURNAMENT 2016 SPONSORSHIP



We sponsored the Malaysia Super6 Schools Rugby 2016 as part of our Corporate Social Responsibility initiatives in supporting sports.

## 25 Mar

#### FOOTBALL & NETBALL CLINIC FOR SK DENGKIL, DENGKIL



We conducted a football and netball clinic for the students of Sekolah Kebangsaan Dengkil at the Malaysia Airports Corporate Office field. The trainers were from the Malaysia Airports Football Club (MAFC) and employees themselves. An amount of RM5,000 was also given to Sekolah Kebangsaan Dengkil to help them buy sports equipment.

## 2 Apr

#### UPSR WORKSHOP UNDER THE BEYOND BORDERS BANNER



We collaborated with various Pejabat Pendidikan Daerah to assist teachers and students in navigating the new UPSR format specifically for English language a part of efforts in raising language proficiency levels among school children.

## 11 May

#### COMMUNITY SUPPORT PROGRAMME IN TERENGGANU



We contributed RM38,000 to the eligible students from SK Pulau Redang and SK Teluk Ketapang as well as to Kg Pulau Redang mosque and Tunas Harapan Darul Hilmi Home.

## CALENDAR OF EVENTS 2016



### Community

## 21 Jun

**CERIA RAMADHAN CELEBRATION WITH UNDERPRIVILEGED STUDENTS OF SK KLIA AND SK BANDAR BARU SALAK TINGGI**



More than 100 students from SK KLIA and SK Bandar Baru Salak Tinggi were brought to Alamanda Putrajaya to shop for new clothes for Hari Raya. Accompanied by 23 volunteers, we provided each student with RM300 to buy clothing of their choice at Parkson.

## 24 Aug

**MALAYSIA AIRPORTS' COMMUNITY SUPPORT PROGRAM AT TUANKU MIZAN MILITARY HOSPITAL**



In conjunction with the Merdeka celebration, we celebrated our national heroes who had contributed to the peace and harmony of the country. Malaysia Airports also contributed 10 wheelchairs and five television sets to enhance facilities in the hospital.

## 3 Nov

**CEO@FACULTY PROGRAMME**



Datuk Badlisham Ghazali gave a talk to 3,500 Universiti Malaysia Sarawak (UNIMAS) students as part of a programme that aims to give undergraduates exposure on life in the corporate world. We also contributed RM10,000 to UNIMAS to build a rest area for students at the DeTAR mini forest.

## 3 Aug

**RURAL ENTREPRENEURSHIP SUPPORT PROGRAMME**



Min House Camp, a stingless bee honey producer in Kelantan received a contribution of RM10,000 from Malaysia Airports as part of our initiatives in supporting local economic development.

## 27-29 Dec

**BEYOND BORDERS GRADUATION AWARDS 2016**



We held an award and graduation ceremony for all seven adopted schools under the Beyond Borders program. The students from these schools participated in the Beyond Borders Tell-A-Story, Golden Pen Award and Act-It-Up competitions.

## 2016 AWARDS

01



**BEST COMPANY  
FOR INVESTOR  
RELATIONS –  
MALAYSIA**

Received during the IR Magazine Awards and Conference South East Asia 2016

02



**LEADERSHIP  
EXCELLENCE IN AIRPORT  
MANAGEMENT AWARD**

Datuk Badlisham Ghazali, Managing Director of Malaysia Airports recognised during the 7<sup>th</sup> Middle East Business Leadership Awards

03



**WORLD'S BEST AIRPORT  
FOR IMMIGRATION  
SERVICES AWARD**

KLIA is world's best airport for immigration services at the Skytrax World Airport Awards

04



**BEST COMPLAINT MANAGEMENT**

Bagged Industry Award at the SPAD Land Public Transport Symposium 2016

05



**QUALITY CHOICE  
PRIZE 2016**

Clinched for achievement in quality management from the European Society of Quality Research (ESQR)

2016 **AWARDS**

06

**BEST CORPORATE  
SOCIAL MEDIA ENGAGEMENT**

Won for being one of the best organisations in social media engagement

08

**SERVICE EXCELLENCE AWARD 2015**

Clinched for outstanding guest experience at Sama-Sama Express KLIA & klia2 by Booking.com

07

**2016 BEST COMPANIES  
TO WORK FOR AWARD**

Awarded by HR Asia for Sama-Sama Hotel KL International Airport

09

**HONORARY AWARD FOR THE TOP 50 ENTERPRISE AWARDS MALAYSIA 2015**

- Malaysia Airports recognised by the Young Entrepreneurs Association Malaysia

10

**HAUTE GRANDEUR AWARDS FOR BEST AIRPORT HOTEL – GLOBAL AND BEST LUXURY HOTEL FOR MALAYSIA**

- Clinched for service excellence amongst the finest hotels around the world

11

**MSOSH OSH GOLD CLASS 1 AWARD**

- Won for Malaysia Airports (Sepang) Sdn. Bhd.'s Occupational, Safety and Health efforts

12

**GOLD – SERVICE CATEGORY**

- Recognised for innovation in the 'Timing Belt Maintenance Improvement' project at the International Convention on Quality Control Circle 2016

13

**MALAYSIA BEST EMPLOYER BRAND AWARD 2016**

- Received during the Employer Branding Awards for being one of Malaysia's best employer

## PAST AWARDS & ACCOLADES

QR CODE  
Scan this QR code to  
view more awards from  
MAHB's website.



### 2015

- International Financing Review (IFR) Asia Loan of the Year Award Bagged for innovative refinancing solution for Istanbul Sabiha Gokcen's borrowings by Thomson Reuters.
- Quality Management Excellence Award 2015  
Conferred by the European Society of Quality Research (ESQR) for our success in reducing the numbers of Non-Conformance Report (NCR) and efficiency in identifying and managing risks.
- FTSE4Good  
Recognised by FTSE Group for meeting globally recognised corporate responsibility standards.
- Special Recognition Award for Best Culture of Reliability  
Presented to the Engineering division by Uptime (a magazine for maintenance Reliability Leaders and Asset Management Professionals) for providing positive exposure on maintenance reliability.
- Social Media Excellence Award 2015  
Recognised for Best Social Media Engagement by Malaysia Social Media Chambers.
- Green Tech Awards 2015  
Awarded by Malaysian Green Technology Corporation (GreenTech Malaysia) for being one of Malaysia's Top 30 Green Catalysts company.
- Special Recognition Award for Best Culture of Reliability  
Presented to the Engineering division by Uptime (a magazine for maintenance Reliability Leaders and Asset Management Professionals) for providing positive exposure on maintenance reliability.
- Market Pioneer Award 2015  
A testament to the success of the RM1 billion Perpetual Subordinated Sukuk issued by RAM Holdings Berhad.
- Best Duty-Free Shopping Destination Award 2015  
Acknowledged by Travel + Leisure, India's leading luxury and travel magazine for KL International Airport's duty-free shopping experience.
- Airport Carbon Accreditation  
Certified by Airports Council International (ACI) under its Airport Carbon Accreditation Programme (Reduction) for KLIA's effort in reducing carbon dioxide emissions.
- Maiden Euromoney Award  
Clinched for innovation in Islamic Finance 2015 by Euromoney for our inaugural RM1 billion Perpetual Subordinated Sukuk.
- The Best Local Currency Sukuk and Best Corporate Hybrid Sukuk  
Presented by The Asset Triple A Islamic Finance Awards 2015 for being the world's first rated hybrid perpetual sukuk and the largest perpetual sukuk issuance by a Malaysian corporate in the capital markets.

- MSOSH OSH Gold Class 1 Award & MSOSH OSH Gold Class 2 Award  
Won for Malaysia Airports Corporate Office and KLIA for Occupational, Safety and Health efforts respectively.
- Gold for 'Service' Category  
Bagged for PULSE BHS' (Engineering division) 'Timing Belt Maintenance Improvement' innovation project by the Malaysia Productivity Corporation.
- 2015 Best Companies to Work For  
Conferred by HR Asia to our award-winning subsidiary, Sama-Sama Hotel in KL International Airport.
- Green Tech Awards 2015  
Awarded by Malaysian Green Technology Corporation (GreenTech Malaysia) for being one of Malaysia's Top 30 Green Catalysts company.

### 2014

- Green Tech Awards 2015  
Malaysia's Top 30 Green Catalysts for its bold initiative to incorporate solar photovoltaic technology at the KL International Airport (KLIA) and incorporating green features at klia2.
- The Malaysia Book of Records
  - Biggest Low-Cost Carrier Terminal
  - First Airport Terminal Skybridge in Asia
- Malaysian Society for Occupational Safety and Health (MSOSH) – Occupational Safety and Health Awards 2013
  - MSOSH OSH Gold Class I Award Winner for 2013 – Kuala Lumpur International Airport
  - MSOSH OSH Gold Class II Award Winner for 2013 – Kota Kinabalu International Airport
  - MSOSH OSH Silver Award Winner for 2013 – Malaysia Airports Corporate Office
- Human Resources Excellence Awards 2014
  - Silver Winner Excellence In Employee Development
  - Bronze Winner Excellence In Workplace Well-Being
- Large Airport of the Year Award at CAPA Awards for Excellence in Asia Pacific Aviation 2014.
- National Award for Management Accounting (NAfMA) 2014, CFO of the Year – Faizal Mansor, Chief Financial Officer, Malaysia Airports Holdings Berhad.
- The BrandLaureate Aviation Man of the Year – Tan Sri Bashir Ahmad, Advisor to Malaysia Airports Holdings Berhad.
- 1Malaysia Employer Award 2014, Large Corporations Category – Malaysia Airports Holdings Berhad.
- Skytrax 2014 World Airport Awards – 2<sup>nd</sup> World's Best Airport (40 - 50 mppa), KL International Airport.

## PAST AWARDS & ACCOLADES

- Top Hotels in 2014 Travellers' Choice Awards – 10<sup>th</sup> place in Luxury and Romance category, Sama-Sama Hotel KL International Airport.
- Best Small Airport (Asia-Pacific) 2013 ASQ Awards – Langkawi International Airport.
- DRI Malaysia KL 2014 – Best BCM Organisation in GLC/Public Sector – Malaysia Airports Holdings Berhad.
- Best in Travel 2014 World's Best Airports – Ranked the Third Best Airport Worldwide by SmartTravelAisa.com readers – Kuala Lumpur International Airport.
- Malaysia's 100 Leading Graduate Employers – Most Popular Graduate Employer Finalist in Government Linked Companies – Malaysia Airports Holdings Berhad.

### 2013

- 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.
- 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 13<sup>th</sup> annual poll of Asia's top companies. Malaysia Airports is also listed at the 9<sup>th</sup> 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 Malaysia Business Awards (MBA) 2013 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.

### 2012

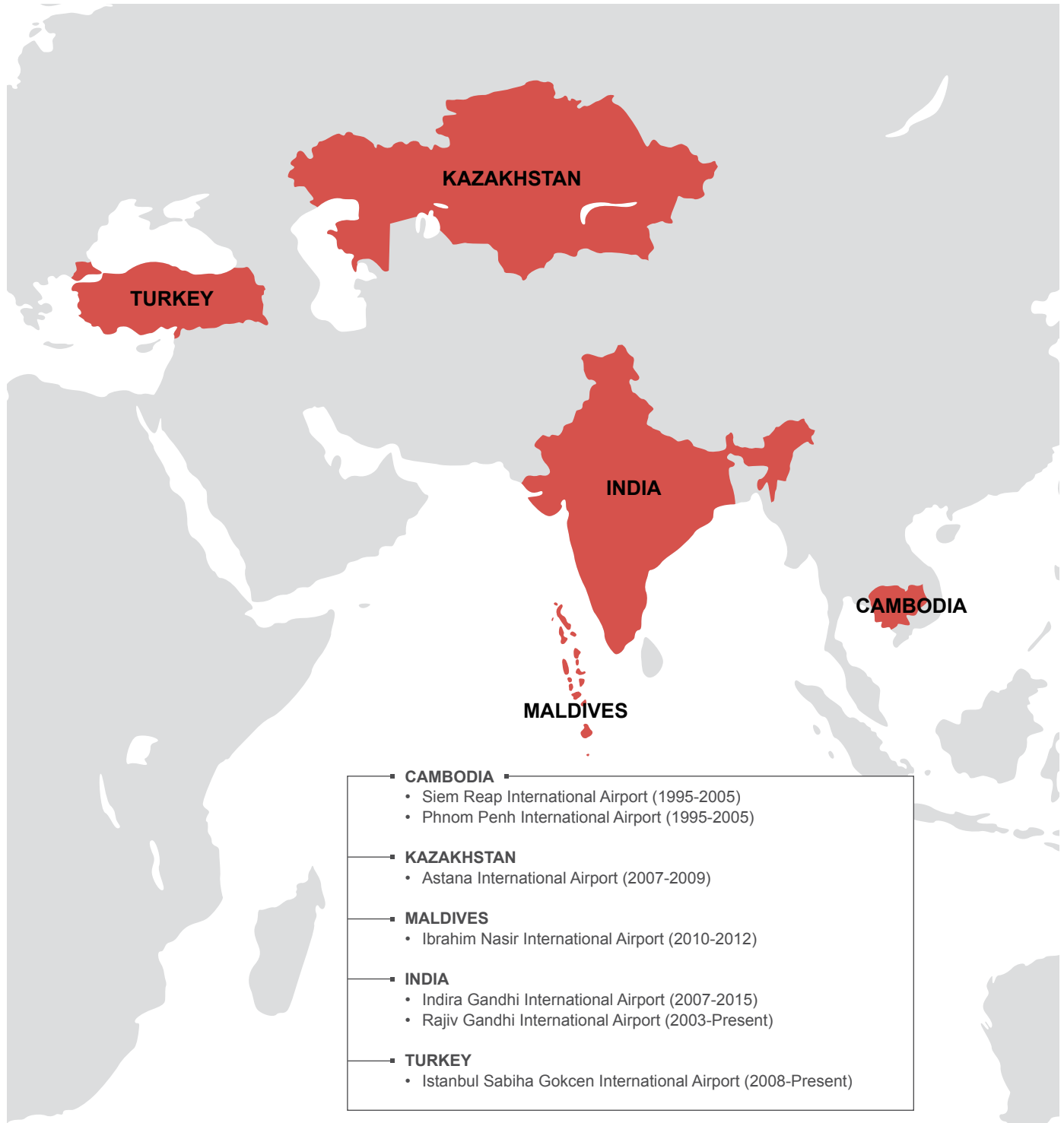
- Malaysia Airports is one of the finalists in the Air Cargo Award of Excellence for the category Airports Asia 400,000 to 999,999 tonnes, for achieving Air Cargo Excellence and the superior overall rating as determined by the readers of Air Cargo World Magazine.
- KLIA won the 'Best Airport Staff Asia 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).
- Tan Sri Bashir Ahmad, Managing Director of Malaysia Airports received the Lifetime Achievement Award during the Global Leadership Awards 2012.
- Malaysia Airports won 'Anugerah Peratus Prestasi Kutipan Terbaik 2011', by the Lembaga Zakat Selangor (LZS).
- Faizal Mansor, Chief Financial Officer (CFO) of Malaysia Airports was named Best CFO for Investor Relations during the Investor Relations Awards 2012.

### 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 in 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 4<sup>th</sup> 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.

## AIRPORTS MANAGED BY MALAYSIA AIRPORTS

### OVERSEAS AIRPORTS MANAGED BY THE GROUP





# AIRPORTS MANAGED BY MALAYSIA AIRPORTS

## MALAYSIAN AIRPORTS OPERATED BY THE GROUP



• LEGEND •



**INTERNATIONAL**

- PENINSULA MALAYSIA**
- KL International Airport
  - Langkawi International Airport
  - Penang International Airport

**SABAH**

- Kota Kinabalu International Airport

**SARAWAK**

- Kuching International Airport



**SHORT TAKE-OFF AND LANDING PORTS (STOLPORTS)**

- PENINSULA 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
- Ba'kelalan
- Long Akah
- Belaga



**DOMESTIC**

- PENINSULA 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

## STATEMENT ON CORPORATE GOVERNANCE

QR CODE  
Scan this QR code to view the  
Corporate Governance section on the  
Malaysia Airports website



**Our corporate governance framework enables the Company to hold a balance between economic and social goals; encourages efficient use of resources while equally requiring accountability for the stewardship of those resources. We strive to achieve the highest standards and during the financial year ended 31 December 2016 (FY2016), our Board has ensured that decisions taken allow for full and effective control over our Company, with an in-depth deliberation and examination of our strategic issues, performance and sustainability. This includes the important issues of transformation, employment equity and other stakeholder-related matters.**

### Our Governance Framework

We operate with a clear and effective governance structure. We have a strong and effective governance system across the board. Responsibility for good governance lies with our Board, and in order to ensure the effective discharge of its functions and responsibilities, our Board had delegated its power to the relevant Board Committees and Managing Director. The Board in implementing its corporate governance, ensures accountability to the Company's shareholders and stakeholders.

#### BOARD AUDIT COMMITTEE (BAC)

Reviews and evaluates performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance to established policies and procedures, transparency in decision-making process and accountability of financial and management information.

#### BOARD NOMINATION AND REMUNERATION COMMITTEE

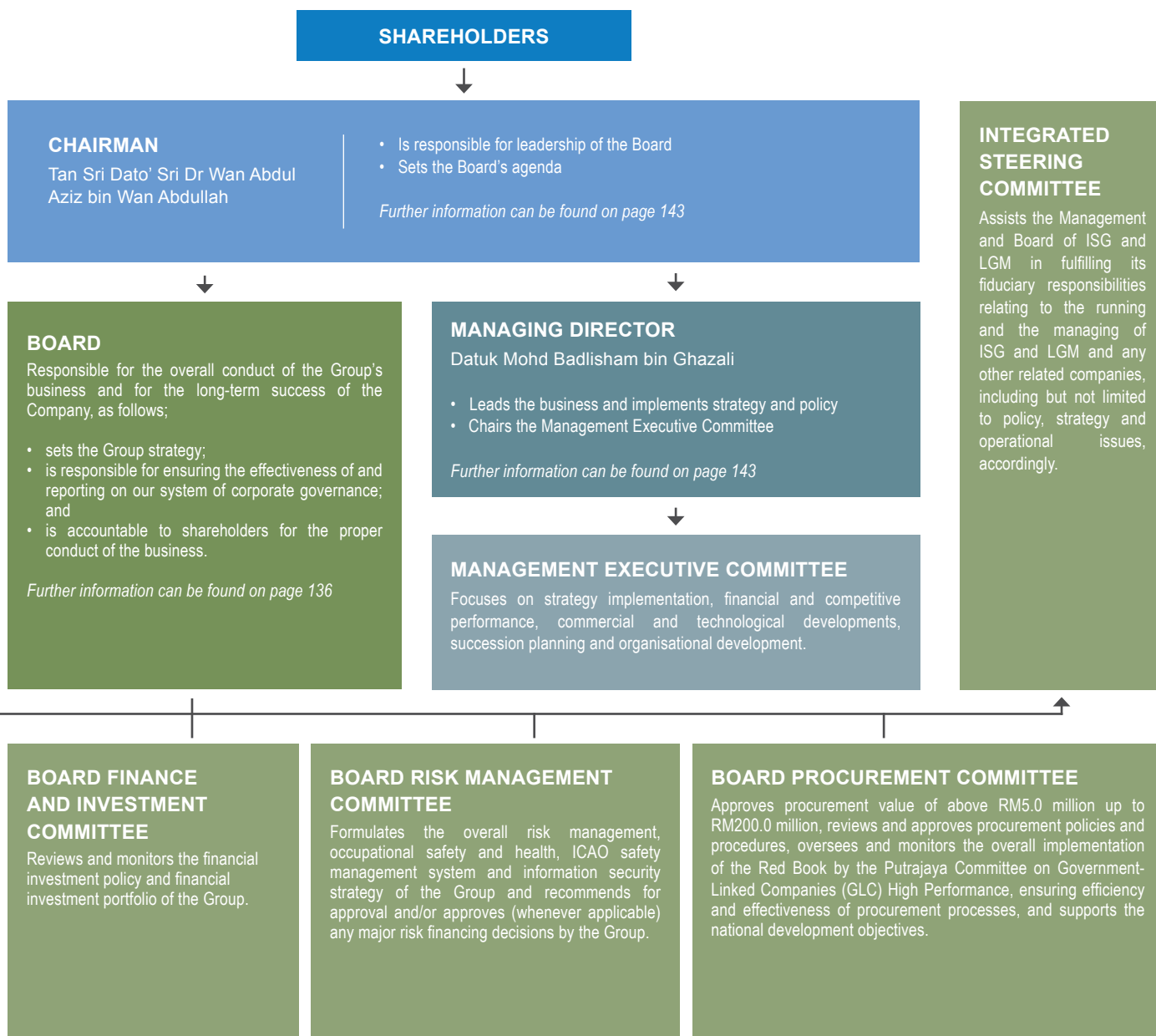
Reviews, assesses and recommends to the Board, remuneration packages of the Managing Director and Senior Management as well as to review matters relating to employees of Malaysia Airports Group, limited to Collective Agreement for Non-Executives, Terms and Conditions of Executives, bonus and annual increment for employees.

Determines criteria for Board or Board Committees' membership, structure, responsibilities and effectiveness; reviews the term of office and performance of BAC and to formulate and review policies and procedures on human resource matters with regard to recruitment, appointment, promotion and transfer of Managing Director and Senior Management.

#### PRINCIPLES AND ADOPTION OF RECOMMENDATIONS ON CORPORATE GOVERNANCE (CORPORATE GOVERNANCE GUIDELINES)

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia Listing Requirements).

# STATEMENT ON CORPORATE GOVERNANCE



- Corporate Governance Guide: Towards Boardroom Excellence – 2<sup>nd</sup> Edition (CG Guide 2) issued by Bursa Malaysia
- Malaysian Code on Corporate Governance 2012 (MCCG 2012)
- Corporate Governance Blueprint issued by the Securities Commission of Malaysia
- The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on GLC High Performance (Green Book)
- Corporate Disclosure Guide issued by Bursa Malaysia

## STATEMENT ON CORPORATE GOVERNANCE

Our governance framework serves as a guide for the Board and Management in the performance and fulfilment of their respective obligations to Malaysia Airports and its stakeholders. The key components of our governance framework, including the guidelines, policies, and procedures (as listed below), ensure:

- i. the existence of a capable and qualified Board with diverse backgrounds and skills;
- ii. the establishment of appropriate roles for the Board and various committees; and
- iii. a collaborative and constructive relationship between the Board and Management.

The following constitutes key components of our governance framework:

- Corporate Governance Guidelines
- Board Charter
- Roles and Requirements of Non-Executive Directors (NEDs)
- Formal Schedule of Matters Reserved for Board Decisions
- Terms of Reference of the various corporate governance related Board Committees
- Code of Ethics for Employees
- Corporate Disclosure Policy

The Board reviews these guidelines, policies, and procedures periodically, typically on an annual basis. The Board also regularly assesses and enhances its governance framework, practices and principles in light of regulatory regimes, international best practices, as well as Company needs.

### BOARD CHARTER

Our Board has formally adopted a Board Charter, which provides a guidance to the Board in the fulfilment of its roles and responsibilities. The Board Charter details the roles and responsibilities of the Board, the balance and composition of the Board, the Board's authorities, schedule of matters reserved for the Board, the establishment of the Board Committees, processes and procedures for convening Board meetings, the Board's assessment and review of its performance, compliance with ethical standards, Board's access to information and advice, and declaration of conflicts of interest.

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

The Board Charter is made available on the Company's Corporate website: [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my)

### BOARD AND THEIR RESPONSIBILITIES

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

#### Reviewing and adopting a strategic plan for the Company;

The Board provides guidance on the strategic direction, challenges assumptions, priorities and options put forward by the Management in the Group's annual strategic plans, and reviews the annual business plans together with the budget, and sets targets i.e. Corporate Balance Scorecard and Key Performance Indicator (KPI) for adherence by the Management to ensure that Management activities and operations are in line with the Group's five-year business plan, Runway to Success 2020 (RtS2020).

The annual strategic plan encompassing the RtS2020 five-year business plan has been deliberated in depth by the Board and its execution was presented for the Board to review periodically.

#### Overseeing the conduct of the Company's business and evaluating its effective management;

The Board oversees the conduct of the Company's business through regular meetings to evaluate whether it has been effectively managed. The Board reviews and provides feedback on the execution of the Group's strategic plan and business plans, KPI targets, quarterly financial results, material variances and ensures that corrective actions are taken, if required.

## STATEMENT ON CORPORATE GOVERNANCE

### Identifying principal business risks faced by the Company and its subsidiaries and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;

The Board sets the Company's risk parameters, understands major risk exposure and ensures that appropriate risk mitigation plan is in place and considers the risk factors in all major decisions. The Board, via Board Risk Management Committee (BRMC), constantly monitors and oversees the risk management framework of the Group with the review and management of principal risks as set out in the Statement on Risk Management and Internal Control of this Annual Report, in ensuring sustainability of the Company's business.

The Board Audit Committee (BAC), External Auditors and Internal Auditors assist the Board to oversee internal control framework of the Group as set out in the BAC Report of this Annual Report, to ensure that sufficient internal control is in place.

### Ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel, members of the board and executive directors;

The Board, via Board Nomination & Remuneration Committee (BNRC), reviews and approves the appropriate framework and plans to ensure that the Board comprises directors with the skills and experience relevant to the Company's strategic direction and objectives.

Apart from that, the BNRC provides guidance, reviews and approves the development plan of those in pivotal Senior Management positions, understands the pool of future leaders as well as reviews the philosophy of the Company. Malaysia Airports has embarked on a "Talent Management Initiative" to drive business results while increasing talent value through a leadership drive approach in order to attract, develop and retain potential talents.

### Overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company;

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company; thus, the Board is committed to ensure the implementation of an investor relations programme and an appropriate shareholder communications policy. The Board Charter also outlines the Group's policy on communication with stakeholders with the aim of building long-term relationship with shareholders and potential investors.

### Reviewing the adequacy, integrity and effectiveness of the group's internal control and management information systems;

The Board is entrusted with the responsibility of ensuring that a sound reporting framework of internal controls and regulatory compliances is in place throughout the Company. Based on the annual evaluation for the financial year under review, the Board collectively concurs that it has discharged its roles through the BRMC and BAC, whereby regular meetings were held to review its effectiveness.

The Board reviews the adequacy and integrity, and accordingly implements the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. Details pertaining to the Company's internal control systems and its effectiveness are available in the Statement on Internal Control and Risk Management of this Annual Report.

### Determining the remuneration of executive directors and recommending the fees of NEDs of the Company for shareholders' approval, with the individuals concerned abstaining from discussions of their own remuneration; and

The Board, via 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 as well as Malaysia Airports' employees. The component parts of the remuneration are structured as such, to link rewards to corporate and individual performance, in line with the aspiration of the RtS2020.

### Ensuring that the group adheres to high standards of ethics and corporate behaviour.

Malaysia Airports had established a code of ethics for its Directors and employees that govern the standards of conduct and behavior expected from Directors and employees.

The Board continues 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 Board Procurement Committee (BPC) emphasises on the need for every Committee member and Management to sign a Declaration of Interest and Non-Disclosure Form for every BPC meeting attended.

## STATEMENT ON CORPORATE GOVERNANCE

### FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

A formal schedule of matters reserved for our Board to ensure that the direction and control of the Company are in its hands, has been provided for in the Board Charter and includes, *inter alia*:

- 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 Constitution;
- j) Appointment or removal of the Managing Director and 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, review of their activities and where appropriate, ratification of their decisions.

### What Our Board Did In 2016

Throughout the year, 13 Board meetings were held. The Board leads the Company and provides long-term strategic guidance, managing its risks and delivering its objectives in regard to the following themes. The Board is also supported by the work of various Board Committees. 2016 was an active year for the Board.

- The Board provides direction and guidance on the proposed extension of the Operating Agreements between the Government of Malaysia, MAHB and MA (Sepang)/MASB;
- The Board provides direction and guidance on the conversion of Low Cost Carrier Terminal (LCCT) into a KLIA Air Cargo Terminal 1 (KACT 1);
- The Board provides direction and guidance pertaining to RtS2020, by incorporating KLIA Aeropolis Sdn. Bhd. on 14 December 2016; and
- The Board reviews its composition during the year, resulting in the appointment of two additional directors.

## STATEMENT ON CORPORATE GOVERNANCE

### CODE OF CONDUCT AND WHISTLEBLOWING POLICY

Our Board has in place a Code of Ethics, setting out the standards of ethics and conduct expected from Directors and employees to engender good corporate behaviour. To augment the Code of Ethics, the Company's Whistleblowing Policy adopted by the Board, outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of ethics involving employees, Management or Directors in the Group. It allows the whistleblower the opportunity to raise concern outside the Management line. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retribution. All concerns reported by the whistleblower are addressed to the Whistleblowing Independent Committee (WIC). The WIC will assess all information received and act in accordance to its terms of reference. Subsequently, the WIC will submit a report to the BAC at every BAC meeting.

Complaints can be channelled online at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my) via the Whistleblowing Programme Reporting of Concern Form, or emailed to [wic\\_secretariat@malaysiaairports.com.my](mailto:wic_secretariat@malaysiaairports.com.my), or by calling the hotline at 019-659 2263.

During the year, a total of 13 information was received, which covers broad areas of concerns as mentioned above, and where appropriate, actions have been taken to address the issues raised.

### CORPORATE INTEGRITY

Malaysia Airports had pledged to an Integrity Pact in 2011, a declaration made against any corrupt practices. The Integrity Pact establishes mutual contractual rights and obligations to reduce the high cost and distortionary effects of corruption in public contracting. Its implementation is to increase awareness among Malaysia Airports' employees and vendors on corruption offences and subsequently eradicate corrupt practices in Malaysia Airports.

The implementation process of the Integrity Pact is currently ongoing in Malaysia Airports, specifically in Procurement and Contract Division in order to enhance the governance and the integrity practices in Malaysia Airports. The Integrity Pact is a set of declaration made by Malaysia Airports' employees who are involved in the procurement activities, as well as Malaysia Airports' vendors who declare that they will refrain from getting involved in any corrupt practices throughout the procurement process. It is our Company's aspiration that this initiative will assist to reduce and eradicate corrupt practices and enhance transparency in Malaysia Airports' procurement approach.

### DIRECTOR'S COMMITMENT

Our Board recognises that it is important that all Directors should be able to dedicate sufficient time to the Company to discharge their responsibilities. The letters of appointment for NEDs and Independent Non-Executive Directors (INEDs), as well as service contracts for Executive Directors, contain guidelines on expected time commitments required for the affairs of the Company. Each individual confirms his or her understanding of such time commitment when the appointment is accepted. In addition, the Board reviews annually the contributions required from the Directors and whether they are spending sufficient time performing their responsibilities. At present, no Directors have more than five directorships at any one time.

All Directors have confirmed to the Company that they have given sufficient time and attention to the Company's affairs throughout 2016.

### A BALANCED AND SKILLED BOARD

The Board currently comprises five Non-Independent Non-Executive Directors (NINED), five INEDs and one Managing Director. The current Board composition is in compliance with the Company's Constitution and exceeded the minimum one-third (1/3) requirement as set out in the Bursa Malaysia Listing Requirements. The Directors' profiles are enclosed from pages 80 to 95 of this Annual Report.

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. Currently, two of the NINED are nominee directors of Khazanah Nasional Berhad (Khazanah Nasional), the major shareholder of the Company. The INEDs on the Board act as a caretaker of the minority shareholders' interest and their views carry significant weight in the Board's decision-making process.

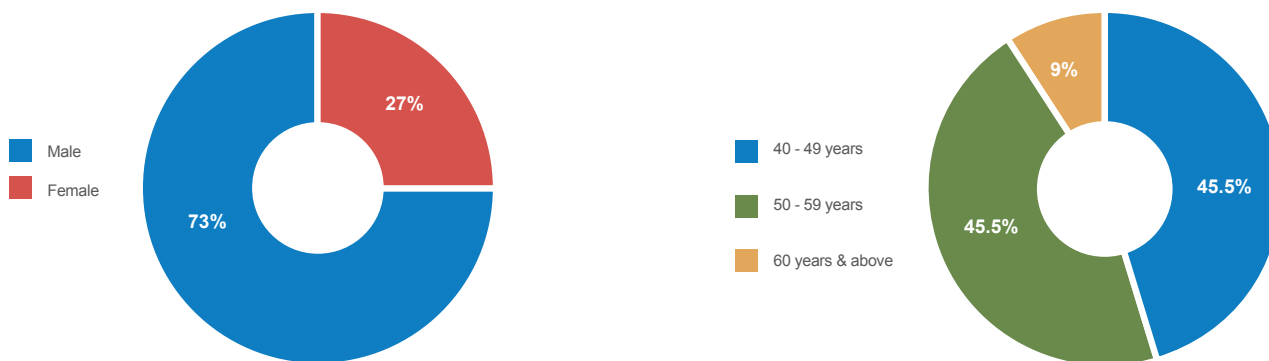
The Board regularly reviews the composition of the Board and its Committees to ensure appropriate balance as well as relevant skills and experience. The Board also considers the need to rotate the membership of the Committees amongst the Directors, in order for them to gain exposure on the different functions of the Committees.

## STATEMENT ON CORPORATE GOVERNANCE

### BALANCE, DIVERSITY AND SKILLS

We continue to recognise that a balance of experiences, competencies, expertise, diversity and skills on the Board is the key foundation for introducing different perspectives into the Board discussions and for better anticipation of the risks and opportunities in building a long-term sustainable business. Our Board ensures the continuity of effective oversight, and informed decision making with respect to issues affecting Malaysia Airports.

### DIVERSIFICATION



The Board believes that diversity is vital for Board effectiveness. This philosophy extends from the Board level to the key operational management throughout the Group. The Company has taken, and continues to take steps to promote diversity, including gender diversity, at operational management level. The Company respects a working environment which is free from discrimination and values the diversity in gender while promoting diversity in recruitment and promotion.

The Board takes into account the current diversity in the gender, age, race/ethnicity and nationality of the existing Board in seeking potential candidate(s). This helps to ensure an appropriate balance between the experienced perspectives of the long term directors and new perspectives that bring fresh insights to the Board.



## STATEMENT ON CORPORATE GOVERNANCE

### NOMINATION AND APPOINTMENT OF DIRECTORS

The nomination and appointment of Directors is a vital process as it determines the Board composition and quality of the Board's capacity and competency. The BNRC is entrusted by the Board to review candidates for the appointment to the Board and determining clear criteria for the selection and appointment of new Directors.

The BNRC, in making its recommendation on candidates for directorships, will consider the candidate's:

	skills, knowledge, competencies, expertise and experience
	professionalism
	integrity
	commitment, contribution and performance
	in the case of candidates for the position of INEDs, the BNRC will also evaluate the candidate's ability to discharge such responsibilities/ functions as expected of the INEDs.

The Board leverages on the network, shareholders' recommendation and industry database to source for potential candidates for appointment to the Board.

### RE-ELECTION AND RE-APPOINTMENT OF DIRECTORS

In compliance with the Company's Constitution (Constitution), one third (1/3) of the directors, who have been the longest in office since their last election shall retire by rotation at each AGM and that a director who is appointed during the year shall be retired at the next following annual general meeting. The Constitution further provides that all Directors shall retire from office at least once in every three years.

The Board, via BNRC, reviews the Directors who are subject to re-election/re-appointment at the AGM by giving due regard to his/her performance and the ability to continue to contribute to the Board in terms of knowledge, skills and experience required, and submits its recommendation to the shareholders for approval thereof.

## STATEMENT ON CORPORATE GOVERNANCE

### THE ROLES OF THE EXECUTIVE DIRECTOR AND NEDs

The Executive Director (i.e. Managing Director) and the NEDs have been given clear roles and accountabilities for intensifying performance management within the Group. The principal responsibilities of the Executive Director and the NEDs, amongst others, are as follows:

Executive Director	Non-Executive Directors
<ul style="list-style-type: none"> <li>Implement the overall design of the performance management scheme, particularly in developing the strategy, defining the KPI and cascading them down the organisation;</li> </ul>	<ul style="list-style-type: none"> <li>Provide independent judgment on the Group's strategies and policies;</li> </ul>
<ul style="list-style-type: none"> <li>Review of the performance of the businesses, taking corrective actions and reporting them to the Board; and</li> </ul>	<ul style="list-style-type: none"> <li>Oversee the appropriateness and effectiveness of the internal control systems and the risk management processes;</li> </ul>
<ul style="list-style-type: none"> <li>Review of the performance of Senior Management and delivering meaningful rewards and compensation.</li> </ul>	<ul style="list-style-type: none"> <li>Set the appropriate targets/objectives and review the performance of the Company and the Executive Director; and</li> <li>Set the right remuneration of the Executive Director, and evaluate the effectiveness of the Company's succession planning programme.</li> </ul>

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

In line with best practices of Corporate Governance, Jeremy bin Nasrulhaq had been appointed as Senior Independent Non-Executive Director with effect from 22 March 2013 until his resignation, on 1 November 2016. Prior to the expiry of his tenure of office, the BNRC undertook the nomination process to recommend a new Senior Independent Non-Executive Director, Datuk Seri Yam Kong Choy, who carried out the responsibilities, commencing from 2 November 2016.

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 Datuk Seri Yam Kong Choy in writing to address any concerns to the Company's registered address or email to [sid@malaysiaairports.com.my](mailto:sid@malaysiaairports.com.my).

### DIVISION OF ROLES BETWEEN THE CHAIRMAN AND MANAGING DIRECTOR

Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah has been our Chairman since 7 June 2012 and Datuk Mohd Badlisham bin Ghazali has been the Managing Director since 23 June 2014.

There is a clear division of responsibilities in the Company between the running of the Board, and the executives responsible for the running of the Company's business. The distinct and separate roles of the Chairman and Managing Director, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making power. The respective roles of the Chairman and the Managing Director and their division of responsibilities are stated as below:

## STATEMENT ON CORPORATE GOVERNANCE

### Role of Chairman

The Chairman leads the Board and is responsible for ensuring that both the Board and individual Directors perform their duties effectively and make active contributions to the Board's affairs. He fulfils this by facilitating and encouraging all Directors, in particular INEDs and other NEDs, to voice their views and concerns openly. He also ensures the formation of constructive relations between Executive and NEDs so that the decisions made by the Board fairly reflect a consensus. The Chairman keeps abreast of the development and operations of the Group via his frequent communication with the Managing Director and the Chief Financial Officer, which takes place on average at least once each week. During the year, the Chairman also seeks an independent evaluation of Management's performance from the NEDs, in the absence of the Executive Director. He also leads the discussions on Board evaluation which is being conducted every year. With the assistance of the Company Secretary, the Chairman also ensures that good corporate practices and procedures are established and implemented throughout the Group.

### Role of the Managing Director

The Managing Director leads the day-to-day management of the Group. He is responsible for implementing the strategies and policies agreed by the Board, and leading the Management to fulfil the objectives set by the Board. The Board has entrusted the Managing Director with the authority to operate the business and he is accountable to and reports to the Board on the performances of the business. The Managing Director is supported by the Chief Operating Officer, the Chief Financial Officer, the Group Executives and other members of the Group Management Board. This Management structure facilitates clear reporting and provides the Board with high quality information and recommendations to enable informed decisions in all aspects of the Company's business and strategy.

### INDEPENDENCE

The Board has established "independence" standards for individual Directors. It considers "independence" to be a matter of judgment and conscience. A Director is considered to be independent only where he/she is free from any business or other relationship that might interfere with the exercise of his/her independent judgment.

The BNRC carried out a detailed review of director independence. It concluded that each of the five INEDs were independent as at that time. INEDs are identified in our Annual Report and other communications with shareholders. The Board was satisfied that the five INEDs represent the interest of the minority shareholders by virtue of their roles and responsibilities. The Board will continually monitor and review whether there are relationships or circumstances that are likely to affect (or could appear to affect) their independence.

Having a Non-Independent Non-Executive Chairman on the Board, the Board acknowledges that it does not reflect the best practice as enunciated in the Recommendation 3.5 of Principle 3: Reinforce Independence of Malaysian Code on Corporate Governance 2012 (MCCG 2012), which states that "the Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director". However, the Board undertakes that the rights of minority shareholders will not be impaired in any manner and that the number and strength of the current set of Independent Directors are adequate to promote the independence of the Board and protect the rights of the minority shareholders.

The MCCG 2012's recommendation on reinforcement of independence, provides a limit of a cumulative term of nine years as the tenure for an Independent Director, after which, the said Director may either seek the shareholders' approval to continue to remain on the Board or be re-designated to a NINED. To date, the INEDs of the Board have served less than nine years and therefore, is not subject to this recommendation.

## STATEMENT ON CORPORATE GOVERNANCE

### THE RESPONSIBILITY OF MANAGEMENT

The Board has established a main management committee, namely Executive Committee (EXCO), chaired by the Managing Director. EXCO meetings were held on a frequent basis of at least once a month, to discuss key strategic matters and to monitor the Company's performance and operations.

The Board has adopted policies and procedures such as "Procurement Policies and Procedures (3Ps)" and "Group Approval Limit of Authority (GALOA)" in determining which issues require Board's approval and which issues can be delegated for approval to the Committees established by the Board or the Management, or level of management respectively.

### INDUCTION AND PROFESSIONAL DEVELOPMENT

As required by the listing requirements of Bursa Securities, all Directors have successfully completed the Mandatory Accreditation Programme (MAP) within the stipulated timeframe of four months from their respective date of appointment.

In addition, upon their appointment, Directors are advised on their legal obligations and other duties as directors of a listed company. Newly appointed Directors receive a comprehensive induction briefing designed to provide a general understanding of the Group, its businesses and operations (including the major risks it faces), and an overview of the additional responsibilities of NEDs.

Through the course of their directorship, Directors are updated on any developments or changes affecting the Company and their obligations to it at regular Board meetings.

In order to ensure that Directors continue to further their understanding of the issues facing the Group, the Management further strengthened the Directors' continuous professional development plan during the year, ranging from governance to industry trends. The following is a summary of professional development participated by Directors during the year. In addition to the activities internally organised by Malaysia Airports, Directors also participated in other forms of training organised by third parties with appropriate emphasis on the roles, functions and duties of the Directors.

Name of Director	Conference/Training Programmes Attended
<b>Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah</b>	<ul style="list-style-type: none"> <li>• ACI 8<sup>th</sup> Annual Airport Economics &amp; Finance Conference</li> <li>• MSWG – Institutional Investor Council – Governance Week 2016 – Stewardship Matters – For Long Term Sustainability</li> <li>• Briefing on Trans-Pacific Partnership Agreement (TPPA)</li> <li>• Workshop on Corporate Governance</li> <li>• Capital Market Directors Program – Module 4</li> <li>• Sime Darby – Board Meeting Management Software</li> <li>• 12<sup>th</sup> Khazanah Annual Review Briefing</li> <li>• The Economist Corporate Network</li> <li>• Briefing on The Innovation Imperative</li> <li>• A view from the Periphery – An Overview of Property Sector</li> <li>• Motors &amp; Industrial – Living in a VUCA World</li> <li>• Khazanah Megatrends Forum 2016</li> </ul>

## STATEMENT ON CORPORATE GOVERNANCE

Name of Director	Conference/Training Programmes Attended
<b>Datuk Mohd Badlisham bin Ghazali</b>	<ul style="list-style-type: none"> <li>• ACI 8<sup>th</sup> Annual Airport Economics &amp; Finance Conference &amp; Exhibition</li> <li>• GAD Asia, New Delhi, India &amp; GAD World, Lisbon, Portugal</li> <li>• MSWG – Institutional Investor Council – Governance Week 2016 – Stewardship Matters – For Long Term Sustainability</li> <li>• 11<sup>th</sup> ACI Asia-Pacific Regional Assembly, Conference &amp; Exhibition</li> <li>• MAHB Operating Agreement Workshop</li> </ul>
<b>Jeremy bin Nasrulhaq</b>	<ul style="list-style-type: none"> <li>• 5<sup>th</sup> Annual National Procurement &amp; Integrity Forum for the Public and Private Sectors 2016</li> <li>• Latest Updates on Directors' Remuneration Sectors 2016</li> <li>• Briefing on Trans-Pacific Partnership Agreement (TPPA)</li> <li>• Pocket Talk on the Global Halal Data Pool</li> <li>• Competency Framework for the Finance Function Round Table</li> <li>• Developing CFO's Ability to Make Accounting Judgement</li> <li>• Management Accounting Conference, UiTM (Speaker)</li> <li>• Roundtable Discussion on Malaysian Code of Corporate Governance 2016</li> </ul>
<b>Datuk Seri Yam Kong Choy</b>	<ul style="list-style-type: none"> <li>• REHDA Mini Property Forum 2016 – Looking Into The Crystal.</li> <li>• REHDA Market 2016 – What to Expect?</li> <li>• Breakfast Talk – Driving Performance Through Human Governance</li> <li>• Briefing on New Companies Act</li> <li>• 2016 Global and Malaysian Economic Outlook: – Another Sluggish Growth Year Though Low Risk of a Global Economic Recession</li> <li>• Shaping the ASEAN Agenda for Inclusion &amp; Growth</li> <li>• The Fourth Industrial Revolution &amp; Sustainable Growth – What Next?</li> <li>• MAICSA Annual Conference 2016 – Sustainability Shaping the Future</li> <li>• Briefing on Trans-Pacific Partnership Agreement (TPPA)</li> <li>• 2016 CEO Series – Forward Economic Outlook &amp; Global Winning Real Estate Strategies in an Uncertain Market</li> <li>• The 19<sup>th</sup> National Housing &amp; Property Summit 2016 – Revitalising the Housing &amp; Property Industry – What Next for the Housing &amp; Property Sector?</li> <li>• NOVUS Malaysia Convention 2016 – Challenges of the Young Professionals for the Bill Environment – 'My Way' Success Never by Chance</li> <li>• The Inaugural Conference &amp; Launch of the Jeffrey Sachs Center on Sustainable Development – Moving Decisively Forward on Sustainable Development Now!</li> </ul>
<b>Datuk Zalekha binti Hassan</b>	<ul style="list-style-type: none"> <li>• 5<sup>th</sup> Annual National Procurement &amp; Integrity Forum for the Public and Private Sectors 2016</li> <li>• Board Risk Intelligence 2016 - Risk Governance into Practice</li> <li>• 8<sup>th</sup> Annual Corporate Governance Summit 2016 – Decoding Uncertainties, Delivering Value</li> <li>• Engagement Session on Trans-Pacific Partnership Agreement at TM Board Meeting</li> <li>• ProcureCon Asia 2016</li> <li>• Northgate Capital Investment Management</li> <li>• Akamai Foster Forward – Grand Challenges Facing the Internet</li> </ul>

## STATEMENT ON CORPORATE GOVERNANCE

Name of Director	Conference/Training Programmes Attended
<b>Rosli bin Abdullah</b>	<ul style="list-style-type: none"> <li>• Latest Updates on Directors' Remuneration Sectors 2016</li> <li>• Briefing on Trans-Pacific Partnership Agreement (TPPA)</li> <li>• In-house Seminar on Directors &amp; Officers Liability, Cyber &amp; Network Security Insurance and Mergers and Acquisitions (CMRM)</li> <li>• MIA International Accountants Conference 2016 (MIA)</li> <li>• 2016 National Conference – Navigate Waves of the Digital Revolution (The Institute of Internal Auditors Malaysia)</li> <li>• Khazanah Megatrends Forum 2016</li> <li>• In-house Training on AMLA (IVCAP)</li> </ul>
<b>Dato' Mohd Izani bin Ghani</b>	<ul style="list-style-type: none"> <li>• Briefing on Trans-Pacific Partnership Agreement (TPPA)</li> <li>• Islamic Finance News (IFN) Forum Asia 2016</li> <li>• World Humanitarian Summit</li> <li>• World Islamic Economic Forum (WIEF)</li> <li>• World Bank – Islamic Financial Services Board (WS-IFSB) High Level Seminar on Islamic Finance</li> <li>• Khazanah Megatrends Forum 2016</li> </ul>
<b>Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin</b>	<ul style="list-style-type: none"> <li>• Briefing on Trans-Pacific Partnership Agreement (TPPA)</li> <li>• Bank Negara Malaysia Concept Paper on Shareholder Suitability</li> <li>• Bank Negara Malaysia Concept Paper on Corporate Governance</li> <li>• Innovative Companies</li> <li>• Anti-Money Laundering and Counter Financing of Terrorism</li> <li>• Financials Hidden in Plain Sight – Why Directors Need to Ask the Hard Questions</li> <li>• Northgate Capital Investment Management</li> <li>• Grand Challenges Facing the Internet</li> <li>• Khazanah Megatrends Forum 2016</li> <li>• Anti-Money Laundering Act/Counter Financing of Terrorism – The Law and Compliance</li> </ul>
<b>Dato' Sri Dr Mohamad Isa bin Hussain</b>	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)</li> <li>• Directors Forum (9/2016) – “The Innovation Zone: Unleashing The Mindset”</li> <li>• Engagement Session on Trans-Pacific Partnership Agreement at TM Board Meeting</li> <li>• Executive Talk – “Peranan Jawatankuasa Audit Syarikat Menteri Kewangan Diperbadankan dalam Memastikan Amalan Tadbir Urus Korporat.”</li> <li>• Unveiling of Malaysia Airports Runway to Success 2020</li> </ul>

## STATEMENT ON CORPORATE GOVERNANCE

Name of Director	Conference/Training Programmes Attended
<b>Norazura binti Tadzim</b>	<ul style="list-style-type: none"> <li>• Way Forward for Airport Development in Malaysia</li> <li>• Seminar on Future Public Transport</li> <li>• Inno Trans 2016</li> <li>• Khazanah Megatrends Forum 2016</li> </ul>
<b>Datuk Ruhaizah binti Mohamed Rashid</b>	<ul style="list-style-type: none"> <li>• Briefing on Trans-Pacific Partnership Agreement (TPPA)</li> </ul>
<b>Dato' Chua Kok Ching</b>	<ul style="list-style-type: none"> <li>• Port Week 2016 Conference</li> <li>• Forum on Public Sector Chief in Commission Officer, Convention &amp; Exhibition, CIO Convex 2016</li> </ul>
<b>Dato' Ir. Mohamad bin Husin</b>	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)</li> <li>• Corporate Governance for Development Financial Institutions</li> <li>• Briefing on Directors Register Implementations</li> <li>• Financial Institutions' Directors Education (FIDE) – Module A and Module B</li> <li>• 3<sup>rd</sup> Distinguished Board Leadership Series – Effective Board Evaluation</li> <li>• Global Symposium on Innovative Financial Inclusion</li> <li>• Future Finance Conference</li> </ul>
<b>Datuk Azailiza binti Mohd Ahad</b>	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme for Directors of Public Listed Companies (MAP)</li> </ul>
<b>Mohd Shihabuddin bin Mukhtar</b>	<ul style="list-style-type: none"> <li>• MOF Inc. Directors Onboarding Program</li> </ul>

### BOARD PERFORMANCE EVALUATION (BPE)

Our Board carries out its evaluation by way of self-assessment to evaluate its own performance and that of its committees with the aim of improving effectiveness. The Company Secretary, in consultation with the Chairman, has tailored a bespoke qualitative questionnaire. Key discussion topics in the review include group objectives, strategy and performance assessment, risk management and internal control systems effectiveness, succession planning, management performance, composition and effectiveness of the Board, process supporting the Board and Board Committees' performance.

BPE framework and processes for the Board have been developed and adopted in accordance with the principles outlined in the Green Book and the MCCG 2012. The framework shall be reviewed periodically, to ensure that BPE analysis will enhance the Board's overall effectiveness and is part of an ongoing effort to drive continuous effectiveness of the Board and its Committees.

The findings of the BPE would be used as a yardstick to measure the Board's effectiveness, which will form the basis in formulating 'moving forward initiatives' for the following year.

The Board is committed in conducting such performance evaluation, as this enables the Board's performance to be properly gauged and enables the Board to have a continuous improvement process.

### BOARD REMUNERATION

The Board remuneration structure is reviewed by benchmarking the Chairman and the Directors' remuneration against peer companies, locally and regionally. The Board hopes that the alignment of the remuneration package offered to the NEDs 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 Managing Director's remuneration comprises basic salary and other customary benefits which reflect his performance for the year, whilst the NEDs' remuneration package, comprises directors' fees and emoluments as well as benefits-in-kind, which reflect the individual's roles and responsibilities. The calibre of the NEDs serving the Company is essential in upholding the standards of Corporate Governance.

## STATEMENT ON CORPORATE GOVERNANCE

The Chairman and NEDs received the following fees in respect of the FY2016:

### 1. MAHB

No.	Fee	Chairman	NEDs
1.	<b>Directors' Fee</b>	Monthly: RM15,000.00 Annually: RM180,000.00	Monthly: RM9,000.00 Annually: RM108,000.00
2.	<b>Meeting Allowance</b>		
2.1	Board Meeting	RM5,000.00/per meeting	RM3,000.00/per meeting
2.2	Board Committee Meeting	RM4,000.00/per meeting	RM2,000.00/per meeting

### 2. Subsidiaries of MAHB

No.	Tier	Recommended Directors' fees	
		Chairman	NEDs
<b>Meeting Allowance</b>			
<b>First Tier</b>			
1.	Malaysia Airports Consultancy Services Sdn. Bhd.	RM3,500/per meeting	RM3,000/per meeting
2.	Malaysia Airports (Niaga) Sdn. Bhd.		
3.	K.L. Airport Hotel Sdn. Bhd.		
4.	Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc.		
5.	LGM Airport Operations Trade and Tourism Inc.		
6.	KLIA Aeropolis Sdn. Bhd.		
<b>Second Tier</b>			
7.	Malaysia Airports Sdn. Bhd.	RM3,000/per meeting	RM2,000/per meeting
8.	Malaysia Airports (Sepang) Sdn. Bhd.		
9.	Urusan Teknologi Wawasan Sdn. Bhd.		
10.	MAB Agriculture-Horticulture Sdn. Bhd.		

### 3. Management Committees of MAHB

No.	Management Committee	Chairman	Members
<b>Meeting Allowance</b>			
1.	Land Development Advisory Committee	RM3,500.00/per meeting	RM3,000.00/per meeting
2.	Whistleblowing Independent Committee	RM1,500.00/per meeting	RM1,000.00/per meeting



## STATEMENT ON CORPORATE GOVERNANCE

The details of the total remuneration of Directors for FY2016 are summarised below:

Category	Salary, Bonus And Other Emoluments (RM)	Directors' Fees (RM)	Directors' Other Emoluments <sup>^</sup> (RM)	Benefits-In- Kind <sup>^^</sup> (RM)	Total (RM)
<b>Non-Executive Directors</b>					
Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah	-	180,000.00	313,639.50	10,000.00	503,639.50
Dato' Sri Dr Mohamad Isa bin Hussain	-	108,000.00	57,726.00	10,000.00	175,726.00
Datuk Ruhaizah binti Mohamed Rashid (Appointed with effect from 3 June 2016)	-	54,000.00	32,764.00	-	86,764.00
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	-	108,000.00	59,000.00	10,970.55	177,970.55
Dato' Mohd Izani bin Ghani	-	*108,000.00	*191,652.00	10,000.00	309,652.00
Datuk Seri Yam Kong Choy	-	108,000.00	78,420.00	-	186,420.00
Datuk Zalekha binti Hassan	-	108,000.00	110,920.00	10,000.00	228,920.00
Rosli bin Abdullah	-	108,000.00	266,537.20	10,373.00	384,910.20
Dato' Ir. Mohamad bin Husin (Appointed with effect from 15 August 2016)	-	40,935.48	22,064.00	6,587.00	69,586.48
Datuk Azailiza binti Mohd Ahad (Appointed with effect from 8 November 2016)	-	15,900.00	3,000.00	6,587.00	25,487.00
Jeremy bin Nasrullah (Resigned with effect from 1 November 2016)	-	99,000.00	155,272.50	11,764.83	266,037.33
Dato' Siti Zauyah binti Md Desa <sup>#</sup> (Resigned with effect from 29 May 2015)	-	-	-	10,000.00	10,000.00
Norazura binti Tadzim (Alternate Director to Dato' Sri Dr Mohamad Isa bin Hussain)	-	-	13,000.00	-	13,000.00
Dato' Chua Kok Ching (Alternate Director to Datuk Ruhaizah binti Mohamed Rashid) (Appointed with effect from 3 June 2016)	-	-	8,000.00	-	8,000.00
<b>Total</b>		<b>1,037,835.48</b>	<b>1,311,995.20</b>	<b>96,282.38</b>	<b>2,446,113.06</b>
<b>Executive Director**</b>					
Datuk Mohd Badlisham bin Ghazali	1,626,865.22	-	-	98,075.08	1,724,940.30
<b>Grand Total</b>	<b>1,626,865.22</b>	<b>1,037,835.48</b>	<b>1,311,995.20</b>	<b>194,357.46</b>	<b>4,171,053.36</b>

<sup>#</sup> This disclosure is for the payment made to the respective Directors in FY2016.

<sup>\*</sup> The amount of fee paid to Khazanah Nasional Berhad, the immediate holding company, in respect of services rendered to the Company by Dato' Mohd Izani bin Ghani.

<sup>\*\*</sup> Being the Managing Director.

<sup>^</sup> Directors' Other Emoluments comprises meeting allowance, car allowance, entertainment allowance and out-of pocket expenses.

<sup>^^</sup> Benefits-in-kind comprises car, petrol, toll, driver, telecommunication devices, club and professional membership, leave passage and Directors' appreciation gift.

## STATEMENT ON CORPORATE GOVERNANCE

The number of Directors of the Company whose total remuneration falls within the specified bands during FY2016 is tabulated as follows:

(i) Received on Group Basis

	Number of Directors			Number of Directors	
	2016	2015		2016	2015
<b>Executive Director</b>					
Less than RM600,000	-	-	RM1,550,001 – RM1,600,000	-	1
RM600,001 – RM650,000	-	-	RM1,600,001 – RM1,650,000	-	-
RM650,001 – RM700,000	-	-	RM1,650,001 – RM1,700,000	-	-
RM700,001 – RM750,000	-	-	RM1,700,001 – RM1,750,000	1	-
RM750,001 – RM800,000	-	-	RM1,750,001 – RM1,800,000	-	-
RM800,001 – RM850,000	-	-	RM1,800,001 – RM1,850,000	-	-
RM850,001 – RM900,000	-	-	RM1,850,001 – RM1,900,000	-	-
RM900,001 – RM950,000	-	-	RM1,900,001 – RM1,950,000	-	-
RM950,001 – RM1,000,000	-	-	RM1,950,001 – RM2,000,000	-	-
RM1,000,001 – RM1,050,000	-	-	RM2,000,001 – RM2,050,000	-	-
RM1,050,001 – RM1,100,000	-	-	RM2,050,001 – RM2,100,000	-	-
RM1,100,001 – RM1,150,000	-	-	RM2,100,001 – RM2,150,000	-	-
RM1,150,001 – RM1,200,000	-	-	RM2,150,001 – RM2,200,000	-	-
RM1,200,001 – RM1,250,000	-	-	RM2,200,001 – RM2,250,000	-	-
RM1,250,001 – RM1,300,000	-	-	RM2,250,001 – RM2,300,000	-	-
RM1,300,001 – RM1,350,000	-	-	RM2,300,001 – RM2,350,000	-	-
RM1,350,001 – RM1,400,000	-	-	RM2,350,001 – RM2,400,000	-	-
RM1,400,001 – RM1,450,000	-	-	RM2,400,001 – RM2,450,000	-	-
RM1,450,001 – RM1,500,000	-	-	RM2,450,001 – RM2,500,000	-	-
RM1,500,001 – RM1,550,000	-	-			
<b>Non-Executive Director</b>					
Less than RM50,000	4	5	RM300,001 – RM350,000	1	-
RM50,001 – RM100,000	2	2	RM350,001 – RM400,000	1	-
RM100,001 – RM150,000	-	1	RM400,001 – RM450,000	-	1
RM150,001 – RM200,000	3	3	RM450,001 – RM500,000	-	-
RM200,001 – RM250,000	1	2	RM500,001 – RM550,000	1	-
RM250,001 – RM300,000	1	1			

## STATEMENT ON CORPORATE GOVERNANCE

(ii) Received from MAHB

	Number of Directors			Number of Directors	
	2016	2015		2016	2015
<b>Executive Director</b>					
Less than RM600,000	-	-	RM1,550,001 – RM1,600,000	-	1
RM600,001 – RM650,000	-	-	RM1,600,001 – RM1,650,000	-	-
RM650,001 – RM700,000	-	-	RM1,650,001 – RM1,700,000	-	-
RM700,001 – RM750,000	-	-	RM1,700,001 – RM1,750,000	1	-
RM750,001 – RM800,000	-	-	RM1,750,001 – RM1,800,000	-	-
RM800,001 – RM850,000	-	-	RM1,800,001 – RM1,850,000	-	-
RM850,001 – RM900,000	-	-	RM1,850,001 – RM1,900,000	-	-
RM900,001 – RM950,000	-	-	RM1,900,001 – RM1,950,000	-	-
RM950,001 – RM1,000,000	-	-	RM1,950,001 – RM2,000,000	-	-
RM1,000,001 – RM1,050,000	-	-	RM2,000,001 – RM2,050,000	-	-
RM1,050,001 – RM1,100,000	-	-	RM2,050,001 – RM2,100,000	-	-
RM1,100,001 – RM1,150,000	-	-	RM2,100,001 – RM2,150,000	-	-
RM1,150,001 – RM1,200,000	-	-	RM2,150,001 – RM2,200,000	-	-
RM1,200,001 – RM1,250,000	-	-	RM2,200,001 – RM2,250,000	-	-
RM1,250,001 – RM1,300,000	-	-	RM2,250,001 – RM2,300,000	-	-
RM1,300,001 – RM1,350,000	-	-	RM2,300,001 – RM2,350,000	-	-
RM1,350,001 – RM1,400,000	-	-	RM2,350,001 – RM2,400,000	-	-
RM1,400,001 – RM1,450,000	-	-	RM2,400,001 – RM2,450,000	-	-
RM1,450,001 – RM1,500,000	-	-	RM2,450,001 – RM2,500,000	-	-
RM1,500,001 – RM1,550,000	-	-			
<b>Non-Executive Director</b>					
Less than RM50,000	4	5	RM300,001 – RM350,000	-	-
RM50,001 – RM100,000	2	2	RM350,001 – RM400,000	-	1
RM100,001 – RM150,000	-	1	RM400,001 – RM450,000	1	-
RM150,001 – RM200,000	3	3	RM450,001 – RM500,000	-	-
RM200,001 – RM250,000	2	3	RM500,001 – RM550,000	-	-
RM250,001 – RM300,000	2	-			

## STATEMENT ON CORPORATE GOVERNANCE

### BOARD AND BOARD COMMITTEE ATTENDANCE

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as Directors, and to use their best endeavours to attend the meetings.

The Board meetings as well as the 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 FY2016, 13 Board meetings were held, of which, three were Special Board meetings. All the Directors had proportionately attended more than 50% of the Board meetings held for FY2016, in compliance with the Bursa Malaysia Listing Requirements.

Director	Number of Board Meetings Attended/Held (During The Directors' Tenure)	Percentage
<b>Non-Independent Non-Executive</b>		
Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah	13 out of 13	100%
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	13 out of 13	100%
Dato' Mohd Izani bin Ghani	13 out of 13	100%
Dato' Sri Dr Mohamad Isa bin Hussain	11 out of 13	85%
Norazura binti Tadzim <i>(Alternate Director to Dato' Sri Dr Mohamad Isa bin Hussain)</i>	2 out of 2	100%
Datuk Ruhaizah binti Mohamed Rashid <sup>1</sup>	7 out of 7	100%
Dato' Chua Kok Ching <sup>2</sup> <i>(Alternate Director to Datuk Ruhaizah binti Mohamed Rashid)</i>	-	-
<b>Independent Non-Executive</b>		
Jeremy bin Nasrulhaq <sup>3</sup>	12 out of 13	92%
Datuk Seri Yam Kong Choy	13 out of 13	100%
Datuk Zalekha binti Hassan	13 out of 13	100%
Rosli bin Abdullah	13 out of 13	100%
Dato' Ir. Mohamad bin Husin <sup>4</sup>	3 out of 3	100%
Datuk Azailiza binti Mohd Ahad <sup>5</sup>	1 out of 1	100%
<b>Non-Independent Executive</b>		
Datuk Mohd Badlisham bin Ghazali	13 out of 13	100%

Notes:

<sup>1</sup> Appointed as Director with effect from 3 June 2016.

<sup>2</sup> Appointed as Alternate Director with effect from 3 June 2016.

<sup>3</sup> Resigned as Director with effect from 1 November 2016.

<sup>4</sup> Appointed as Director with effect from 15 August 2016.

<sup>5</sup> Appointed as Director with effect from 8 November 2016.

## STATEMENT ON CORPORATE GOVERNANCE

### BOARD COMMITTEES

In order to provide effective oversight and leadership, our Board has established five governance-related Board Committees as detailed below. Like the Board, each Committee has access to independent advice and counsel as required and each is supported by the Company Secretary. These committees report to the Board.

Key Functions	Composition
<b>Board Audit Committee (BAC)</b>	
<p>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.</p> <p>Review on any related party transactions during each quarter.</p>	<p>BAC comprises no fewer than four members, all of whom are NEDs with majority being INEDs. At least one member must be a member of the Malaysian Institute of Accountants, or if he/she is not, then he/she must comply with Paragraph 15.09 (1)(c) of the Bursa Malaysia Listing Requirements.</p>
<b>Board Nomination &amp; Remuneration Committee (BNRC)</b>	
<p>Review, assess and recommend to the Board, remuneration packages of the Managing Director and Senior Management as well as to review matters relating to employees of Malaysia Airports Group, limited to Collective Agreement for Non-Executives, Terms and Conditions of Executives, bonus and annual increment for employees.</p> <p>Determine criteria for Board or Board Committees' membership, structure, responsibilities and effectiveness, review the term of office and performance of BAC and to formulate and review policies and procedures on human resource matters with regard to recruitment, appointment, promotion and transfer of Managing Director and Senior Management.</p>	<p>BNRC comprises at least three members, all of whom shall be Non-Executive Directors with the majority being INEDs.</p>
<b>Board Finance and Investment Committee (BOFIC)</b>	
<p>Review and monitor the financial investment policy and financial investment portfolio of the Group.</p>	<p>BOFIC comprises no fewer than four members and at least one member must be an INEDs.</p>
<b>Board Risk Management Committee (BRMC)</b>	
<p>Formulate the overall risk management, occupational safety and health, ICAO safety management system and information security strategy of the Group and recommends for approval and/or approve (whenever applicable) any major risk financing decisions by the Group.</p>	<p>BRMC comprises at least four members, made up of both INEDs and NINED.</p>
<b>Board Procurement Committee (BPC)</b>	
<p>Approves procurement value of above RM5.0 million up to RM200.0 million, reviews and approves procurement policies and procedures, oversees and monitors the overall implementation of the Red Book by the Putrajaya Committee on GLC High Performance, ensuring efficiency and effectiveness of procurement process, and supports national development objectives.</p>	<p>BPC comprises at least three members, made up of both INEDs and NINED.</p>

## STATEMENT ON CORPORATE GOVERNANCE

The details of the Terms of Reference (TOR) of each Board Committee are available at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my). The summary of the TOR and activities carried out by the BAC is set out under the BAC Report from pages 169 to 171 of this Annual Report.

Each Board Committee reviews its TOR at least once in every two years to assess its relevancy and clarity, whilst the BAC reviews its TOR on an annual basis.

The Chairman and members of each Board Committee shall be appointed by the Board. As a matter of good practice prior to each Board meeting, 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 the Committee meetings would be noted in the minutes of the Board meetings. This permits the Board to raise any comments/views on all deliberations.

### Board Nomination & Remuneration Committee (BNRC)

The BNRC comprises at least three members, all of whom shall be NEDs with the majority being INEDs. Having a Non-Independent Non-Executive as Chairman of BNRC, the Board acknowledges that, it does not reflect the best practice as outlined in the commentary of Recommendation 2.1 of Principle 2: Strengthen Composition of MCCG 2012, which recommends the Senior Independent Director (SID) as the Chairman of BNRC. Although the SID is not the Chairman of BNRC, the BNRC comprises majority of INEDs and the Board agrees that the BNRC has maintained its independence and objectivity in discharging its responsibility of overseeing the selection and assessment of directors.

The BNRC carried its duties and responsibilities in accordance with its TOR. During the year, six BNRC meetings were held and 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 TOR of BNRC;
- Reviewed the findings of BPE 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 the remuneration structure and policy for the Managing Director;
- 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 and approved the recommendation for directorships of External Director(s) on the Boards of subsidiaries of Malaysia Airports;
- Reviewed Director's meeting allowances;
- Reviewed the composition of the Board and Board Committees;
- Reviewed the independence of INEDs 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 Senior Management;
- Reviewed the succession plan for Senior Management;
- Reviewed the remuneration structure and policy for Senior Management;
- Reviewed the appointment of Senior Management on the boards of subsidiaries and associate companies; and
- Reviewed the Minimum Retirement Age Act 2012.

## STATEMENT ON CORPORATE GOVERNANCE

The composition of the Board Committees and the attendance of members at the Board Committee meetings held during FY2016 are as detailed below:

### COMPOSITION OF THE BOARD COMMITTEES

Director	BAC	BNRC	BOFIC	BRMC	BPC
<b>Non-Independent Non-Executive</b>					
Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah			C	C	
Dato' Sri Dr Mohmad Isa bin Hussain			M		M
Dato' Mohd Izani bin Ghani	M	C	M		
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin			M		
Datuk Ruhaizah binti Mohamed Rashid			M	M	
<b>Independent Non-Executive</b>					
Datuk Seri Yam Kong Choy	M		M	M	
Datuk Zalekha binti Hassan		M		M	C
Rosli bin Abdullah	C	M		M	M
Dato' Ir. Mohamad bin Husin					M
Datuk Azailiza binti Mohd Ahad	M				

Note: C : Chairman, M : Member

### ATTENDANCE AT THE BOARD COMMITTEE MEETINGS

Director	BAC	BNRC	BOFIC	BRMC	BPC
<b>Non-Independent Non-Executive</b>					
<b>Attendance</b>					
Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah			2/2	5/5	
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin			2/2		
Dato' Mohd Izani bin Ghani <sup>1</sup>	6/6	6/6	2/2		
Dato' Sri Dr Mohmad Isa bin Hussain			2/2		10/10
Norazura binti Tadzim (Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain)					
Datuk Ruhaizah binti Mohamed Rashid <sup>2</sup>			1/1	2/2	
Dato' Chua Kok Ching (Alternate Director to Datuk Ruhaizah binti Mohamed Rashid)					

## STATEMENT ON CORPORATE GOVERNANCE

Director	BAC	BNRC	BOFIC	BRMC	BPC
<b>Independent Non-Executive</b>					
Jeremy bin Nasrulhaq <sup>3</sup>	6/6	5/5	1/1		7/7
Datuk Seri Yam Kong Choy	6/6		2/2	5/5	
Datuk Zalekha binti Hassan <sup>4</sup>		6/6		3/3	10/10
Encik Rosli bin Abdullah	6/6	6/6		5/5	10/10
Dato' Ir. Mohamad bin Husin <sup>5</sup>					1/1
Datuk Azailiza binti Mohd Ahad <sup>6</sup>					
<b>Number of meetings held in financial year 2016</b>	6	6	2	5	10

Notes:

- <sup>1</sup> Appointed as a Chairman of the BNRC with effect from 27 October 2016.
- <sup>2</sup> Appointed as a member of the BOFIC and BRMC with effect from 1 August 2016.
- <sup>3</sup> Resigned as a member of the BOFIC with effect from 26 May 2016. Ceased as a member of the BAC, BNRC and BPC with effect from 1 November 2016.
- <sup>4</sup> Appointed as a member of the BRMC with effect from 26 May 2016.
- <sup>5</sup> Appointed as a member of the BPC with effect from 27 October 2016.
- <sup>6</sup> Appointed as a member of the BAC with effect from 8 November 2016.



## STATEMENT ON CORPORATE GOVERNANCE

### ENSURING 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 meetings, at least seven days before each meeting. The agenda and the Board papers are circulated within seven 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 will decide on the agenda, and structure and prioritise the respective matters accordingly 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 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 the 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 Management recognises the significance of providing timely and relevant information to NEDs so as to enable them to discharge their duties effectively.

The Board receives detailed quarterly reports from members of Management in respect of their areas of responsibility. Appropriate KPI are used to facilitate benchmarking and peer group comparison. Financial plans, including budgets and forecasts, are regularly discussed at Board meetings. Monthly reports to NEDs are issued, covering financial and operational highlights.

The interaction of NEDs with non-Director members of the Management team has been strengthened. In addition to hearing presentations from non-Board Management members at Board meetings, NEDs are also invited to attend Company events. Such events include the annual 'Company Day' when the Management team shared management objectives for the coming year with all Head Office employees and supervisors of the building offices. All these measures facilitate the build-up of constructive relations and dialogue between the Board and the management team, as well as offering first-hand experience of our people and culture.

Directors are also kept updated of any material developments from time to time through notifications and circulars detailing relevant background and explanatory information. As described above, Directors also have access to non-Director members of management and employees where appropriate. Collectively, these processes ensure that the Board receives the answers and information it needs to fulfil its obligations.

## STATEMENT ON CORPORATE GOVERNANCE

### COMPANY SECRETARY

The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, policies and procedures and compliance with the relevant regulatory requirements, guidance and legislations as well as the principle of best corporate governance practices. The Directors are regularly updated by the Company Secretary on changes made to the relevant regulatory requirements, more particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.

The Company Secretary undertakes, inter-alia, the following functions:

- a) Responsible for advising the Directors of their duties and responsibilities and obligations to disclose their interest in securities, prohibition on dealing of securities during the closed period, restriction on disclosure of price sensitive information, disclosure of any conflict of interest and related party transaction as well as disclosure of necessary information as required under the relevant legislations;
- b) Preparing the agenda with the Chairman and Managing Director and notifying all Directors of Board Meetings;
- c) Attending all Board and Board Committee meetings and ensuring that all meetings are properly convened and proceedings of the Board and Board Committee meetings and decisions thereof are properly recorded, communicating decisions of the Board and Board Committees to the relevant Management for necessary action following-up on proposals or matters tabled at the Board or Board Committee meetings;
- d) Providing full access and services to the Board;
- e) Assisting the Board with interpreting legal and regulatory acts related to the code, Listing Requirements and other related regulations and developments;
- f) Advising the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis;
- g) Handling Company share transactions and other duties as prescribed under the relevant legislations;
- h) Notifying the Chairman of any possible violations of legal and regulatory acts;
- i) Ensuring the appointment of new directors, re-appointment and resignation of directors are in accordance with the relevant legislations;
- j) Ensuring execution of assessment for directors and the Board/Board Committees;
- k) Briefing new Directors on organisational structure of the Company and procedures that regulate the operations of the Board;
- l) Ensuring availability of information required by new directors for the proper discharge of their duties;
- m) Assisting the Board and the Chairman on the implementation of MCCG 2012;
- n) Monitoring compliance with the principles and recommendations of the MCCG 2012 and informing the Board of any breaches; and
- o) Ensuring a high standard of governance by keeping abreast of the latest enhancement in corporate governance and changes in the legal and regulatory framework.

The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there is timely and appropriate information flow to the Board and Board Committees, and between the NEDs and the Management.

The Company Secretary constantly keeps herself abreast of the regulatory changes and developments in sustainability and corporate governance through continuous training. The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in discharging her functions.

# STATEMENT ON CORPORATE GOVERNANCE

## INDEPENDENT PROFESSIONAL ADVICE

The Directors, in carrying out their duties, may seek independent professional advice at the Company's expense, should the need arise. Professional advisers, consultants, auditors and solicitors appointed by the Company to advise on corporate proposals are invited to the Board meetings to brief the Board on their advice and opinion as well as to address issues of concern to the Directors.

If a Director considers that the professional independent advice is necessary, he/she shall first discuss the intention with the Chairman and with the permission of the Chairman, brings the request to the Board for consideration. The reason for seeking independent professional advice and the proposed cost involved should be presented to the Board for approval and the Director concerned may proceed once Board's approval is obtained.

## COMMUNICATION WITH STAKEHOLDERS

### Accountability with Shareholders and Corporate Reporting

Disciplined measurement of our performance is an important aspect of our strategy to achieve long-term success. Recognising that we are accountable to our stakeholders, the reporting of financial and non-financial results in a transparent fashion is critical. A number of formal communication channels are used to account to shareholders for the performance of the Group. These include the Annual Report and media releases/announcements.

Shareholders may raise enquiries to the Board by contacting the Company's Investors Relations Division.

### Investor Relations

Our Investor Relations Policy enables the Company to communicate effectively with our shareholders, prospective investors, stakeholders and the public generally with the intention of giving them a clear picture of the Group's performance and operations. To maintain transparency and to effectively address any matters and concerns, the Company has a dedicated email – [ir@malaysiaairports.com.my](mailto:ir@malaysiaairports.com.my) to which stakeholders can direct their queries.

## Corporate Disclosure Policy

Malaysia Airports is committed to ensure 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 Malaysia Airports.

Malaysia Airports' 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 Malaysia Airports' media releases, social media platforms (namely, Twitter, Facebook, Instagram and YouTube), corporate website and other appropriate channels. Each division in Malaysia Airports is required to inform the Company Secretary on any potential price sensitive information concerning Malaysia Airports as soon as this becomes known.

## Information through Online Channels

Malaysia Airports employs a wide range of communication approaches such as direct communication and publication of all relevant Group information on the website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).

Malaysia Airports utilises its corporate website and social media platforms as a means of providing information to its shareholders, stakeholders and the broader investment community. Malaysia Airports discloses information on the latest news and happenings through media releases, featured in a section called "News Centre" on the website. Employees will also be informed of any important news, to be issued via internal communications platform such as emails. In addition, Malaysia Airports has dedicated a section on its website to Malaysia Airports' investors where presentations, Annual Reports, quarterly reports, annual financial statements, announcements, share and financial information can be viewed. The details on Investor Relations are disclosed on pages 42 to 43 of this Annual Report.

## 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 shareholder, namely Khazanah Nasional Berhad and its major stakeholders (which include the Ministry of Finance, Ministry of Transport, and Airlines) amongst others, to discuss the Company's strategy, financial performance and specific major investment activities.

## STATEMENT ON CORPORATE GOVERNANCE

### 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 attend.

### 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](http://www.malaysiaairports.com.my).

The Board acknowledges the importance of shareholders to be informed in a prompt and timely manner of all material business matters affecting the Company by requiring:

- All announcements of quarterly financial results, change in the composition of the Board, etc., are disclosed to Bursa Malaysia within statutory timelines and immediately made available on the website;
- All information released to the stakeholders is to be placed on Malaysia Airports' website promptly following the release;
- Clear, accurate and sufficient information to enable shareholders and investors to make informed decisions; and
- All formal queries by Bursa Malaysia and other regulatory authorities are expeditiously responded to.

### CONSTRUCTIVE USE OF AGM

Our Board is equally interested in the concerns of private shareholders. The Company Secretary, on behalf of the Board, oversees communication with these investors. The Board recognises the significance of the constructive use of AGM as a means to enter into a dialogue with private shareholders based on the mutual understanding of objectives. Individual shareholders can put questions to the Chairman at the AGM. The Chairmen of the various Board Committees, as provided under their respective terms of references, attend AGM to respond to any shareholder questions on the activities of those Committees.

The Notice of AGM is circulated 27 days before the date of the meeting to enable shareholders to go through the Annual Report, fulfilling the 21-day requirement under the Companies Act 2016 and the Listing Requirements of Bursa Securities. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representation, by proxy or by attorney.

At the commencement of the AGM, the Chairman shall inform the shareholders on the substantive resolutions put forth for shareholders' approval (if any) and encourage the voting of all substantive resolutions by polling pursuant to the Listing Requirement of Bursa Securities.

To assist the shareholders in exercising their rights, the Chairman shall read out the provisions of the Constitution on the shareholders' right to demand a poll vote.

The Board will regularly maintain 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.

Shareholders are also encouraged to contact the following personnel pertaining to investor relations matters:

Raja Azmi Raja Nazuddin  
Chief Financial Officer  
Contact Details  
Tel: 603-8777 7004  
Fax: 603-8777 7776  
E-mail: [rajaazmi@malaysiaairports.com.my](mailto:rajaazmi@malaysiaairports.com.my)

The profile of Raja Azmi Raja Nazuddin is enclosed on page 96 of this Annual Report.

### INSTILLING SUSTAINABILITY

The Board believes that sustainability is integral to the long-term success of Malaysia Airports. Malaysia Airports manages its business responsibly by managing the economic, social and environmental aspects of its operations. Malaysia Airports 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 its performance annually.

## STATEMENT ON CORPORATE GOVERNANCE

Further information on the Malaysia Airports sustainability activities can be found in a separate report published in conjunction with this Annual Report, namely “Sustainability Report 2016”. The sustainability report is also available to the public on the Company’s official website.

### INVESTOR RELATIONS

Malaysia Airports values 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 be informed of investment decisions.

In each quarter in FY2016, Malaysia Airports held analyst briefings in conjunction with the Group’s quarterly financial results. The briefings include the corporate overview, review of business operations and financial performance, headline KPI achievements and the business outlook for the Group.

In addition to the above, Malaysia Airports also organises regular one-on-one meeting with investment analysts and fund managers throughout the year. The analysts and fund managers briefings will continue to be held regularly in 2017.

In line with our commitment towards corporate governance and best practice in investor relations, Malaysia Airports updates its website, [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my), periodically to ensure that we provide an in-depth and up-to-date information for both existing and potential shareholders, with timely and accurate information about Malaysia Airports. The website also allows visitors to register and receive the latest information about Malaysia Airports, enhances transparency, facilitates more effective communication with the investment community and promotes 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 will depend on the Company’s cash flow position, results of operations, business prospects, current and expected obligations, and such other matters as the Board may deem relevant.

### FINANCIAL REPORTING

In presenting the annual audited financial statements and quarterly financial results announcement to the shareholders, the Directors aim to present a balance and understandable assessment of the Group’s position and prospects. BAC assists the Board by reviewing the information disclosed and ensuring its completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation of the Malaysian Financial Reporting Standards (MFRSs) approved by the Malaysian Accounting Standards Board, and has adopted the relevant MFRSs applicable for the Group’s FY2016.

The adoption of the MFRSs 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 198 to 229 of this Annual Report.

### INTERNAL CONTROLS

Our Board recognises that the ultimate responsibility for ensuring our Company’s sound internal control system and reviewing its effectiveness lies with the Board. The Board Committees have defined roles as detailed in pages 169 to 171 of this Annual Report, aimed at supporting the Board’s oversight of proper implementation of governance, risk management and control systems. The Statement on Risk Management and Internal Control which provides the key features of the risk management framework and an overview of the internal control system of the Company, is set out on pages 164 to 168 of this Annual Report.

### RELATED PARTY TRANSACTIONS

An internal compliance framework exists to ensure that the Company meets its obligations under the Listing Requirements of Bursa, including obligations relating to related party transactions and recurrent related party transactions. The Board, through its BAC, reviews and monitors all related party transactions and conflicts of interest situations, if any, on a quarterly basis. A Director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution, in respect of such a transaction at the meeting of the Board, the AGM or Extraordinary General Meeting.

## STATEMENT ON CORPORATE GOVERNANCE

The Company has established procedures regarding its related party transactions which are summarised as follows:

- All related party transactions are required to be undertaken on an arm's length basis and on normal commercial terms not more favourable than those generally available to the public and other suppliers, and are not detrimental to the minority shareholders;
- All related party transactions are reported to the BAC. Any member of the BAC, where deemed fit, may request for additional information pertaining to the transactions, including advice from independent sources or advisers; and
- All recurrent related party transactions which are entered into pursuant to the shareholders' mandate for recurrent related party transactions are recorded by the Company.

Malaysia Airports did not seek any mandate of its shareholders pertaining to related party transactions and recurrent related party transaction during the financial year under review.

### STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING THE AUDITED FINANCIAL STATEMENTS

The Companies Act, 2016 requires the Directors to prepare financial statements for each financial year in accordance with the Financial Reporting Standards, and places responsibility on the Directors to ensure that the financial statements provide a true and fair view of the financial position of the Company and its financial performance and cash flows for the financial year ended. The Board is satisfied that it has met its obligation to present a balance and understandable assessment of the Company's position in the Directors' Report on pages 172 to 175 and the Financial Statements as set out on pages 172 to 313 of this Annual Report.

### RELATIONSHIP WITH EXTERNAL AUDITORS

Our Group's transparent and professional relationship with the External Auditors is primarily maintained through the BAC. The key features underlying the BAC's relationship with the External Auditors are as detailed in the Report on the BAC of this Annual Report on pages 169 to 171. The terms of engagement of the Company's External Auditors are reviewed by the BAC prior to submission to the Board for approval.

The BAC works closely with the Management in assessing the suitability and independence of the external auditors and has obtained confirmation from the external auditors that they are and have been, independent throughout the conduct of the audit engagement.

In order to ensure full disclosure of matters, Messrs. Ernst & Young are regularly invited to attend the Committee's meetings as well as the AGM. For the financial year under review, two sessions between BAC and the External Auditors in the absence of the Managing Director and the Management were held, to discuss the adequacy of controls and any judgemental areas for greater exchange of views and opinions between both parties in relation to Financial Reporting.

In order to ensure that the External Auditors' independence and objectivity are not compromised by the provision of non-audit services, BAC'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 service unless the services offered by the External Auditors are more effective or competitively priced, and they are the expert in the field against other providers.

The fees paid/payable to the external auditor, Messrs. Ernst & Young, in FY2016 are provided under this Annual Report on page 163.

### STATEMENT BY THE BOARD

This Statement of the Company's Corporate Governance practices is made in compliance with Paragraphs 15.25 and 15.08A of the Bursa Malaysia Listing Requirements. The Board is satisfied that in FY2016, the company has fully complied with the principles and recommendations of the MCCG 2012.

This Statement is made in accordance with a resolution of the Board of Directors and approved at the Board meeting dated 30 March 2017.

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

### 1. Status of Utilisation of Proceeds raised from Corporate Proposal

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2016 (FY2016).

### 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to the External Auditors, Messrs. Ernst & Young, during FY2016 are as follows:

	Company (RM)	%	Group (RM)	%
Audit Fee	142,000	19.16	1,132,000	65.21
Non-Audit Fee	599,000	80.84	604,000	34.79
Total	741,000	100.00	1,736,000	100.00

The nature of the services rendered for the non-audit fees incurred are corporate advisory services, review of the Statement of Risk Management and Internal Control, review of the Statement of User Fee, and review of Operating Agreement extension model.

### 3. 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 2016 or entered into since the end of the previous financial year ended 31 December 2015 (FY2015).

### 4. Recurrent Related Party Transactions of a Revenue Nature

There were no recurrent related party transactions of a revenue nature entered into by the Company during FY2016.

### 5. Employees Share Option Scheme

There were no Employees Share Option Scheme granted by the Company during FY2016.

### 6. Corporate Social Responsibility

Please refer to our Sustainability Report 2016.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board is committed to ensure that a sound system of risk management and internal controls as well as good corporate governance practices are disseminated throughout the Group. This is in line with Para 15.26(b) of Bursa Malaysia Listing Requirements and Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies as guided by the Malaysian Code of Corporate Governance 2012 (MCCG2012).

## RESPONSIBILITY AND ACCOUNTABILITY

Management has been tasked to identify and assess the risks faced by the Group and to design effective control measures to mitigate the risks. This is reviewed on a regular basis via the Board Risk Management Committee (BRMC), Board Audit Committee (BAC) and other Management Committees (MCs). This is further augmented by the establishment of the Risk Management Policy Statement and the Risk Management Framework.

The Board acknowledges that the system is designed as a tool 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 mismanagement, loss or fraud.

## THE THREE LINES OF DEFENCE MODEL

In carrying out our responsibilities, Malaysia Airports follows the three-line of defence model as follows:



## FIRST LINE OF DEFENCE

The first line of defence of the control environment is the business operations and companies which perform the day-to-day risk management activities.

## SECOND LINE OF DEFENCE

Oversight functions in the company set directions, define policy and provide assurance.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## THIRD LINE OF DEFENCE

Internal and external audit are the third line of defence, offering independent challenge to the levels of assurance provided by the business operations and oversight functions. As and when necessary, other independent assurance providers are engaged to perform this work as well.

## RISK MANAGEMENT

An ongoing process to identify, evaluate, manage and report significant risks that may affect the achievement of the Group's business objectives is in place. Departments and subsidiaries are responsible for managing risks within their respective areas of responsibilities and are required to conduct risk reviews on a quarterly basis following which the respective risk scorecards are signed-off digitally. Key risks are highlighted to the Board Risk Management Committee. The management of risks is an integral element of management's decision making processes in ensuring that shareholder value is improved or maintained whilst minimising potential adverse effects. Projects have to undergo country and / or project risk assessments to ensure that risk exposures are discussed and mitigation actions are established and agreed prior to implementation. 2016 also saw more traction in management of corruption risk in the Group as Corporate Integrity Unit continues in organising workshops to selected divisions and subsidiaries. Further information on the risk management process can also be referred to our Sustainability Report.

As the Group faces exposure to numerous risks; insurance coverages, where it is available on economically acceptable terms to minimise the related financial impacts as well as physical safeguards on major assets are in place.

## MITIGATING OUR TOP RISKS

In pushing towards achieving our vision in Runway to Success 2020 (RtS2020), as any other organisation, Malaysia Airports faces changing global landscapes and the risks that comes with it. Numerous risk issues were discussed in Management and Board Committees which lead to decisions for necessary mitigation measures to ensure that Malaysia Airports can meet its aspirations. The following are the key risks that was highlighted in 2016.

## Key Risks for 2016

### i. Changes in demand and capacity development risk

MAHB's revenues depend largely on the nature and volume of demand for air transport for passengers and cargo at all its airports. Unexpected fluctuations in passenger and cargo projections arising from various factors such as economic, geopolitical and demographic changes can result in the achievability of one of our RtS2020 strategic pillar, which is to establish KLIA as a preferred ASEAN hub. Apart from providing excellent connectivity and seamless transfers, we are mindful of the need to provide sufficient capacity at the airports. However, the complexity and the long lead times of capacity expansion works bring about the risk of investments not being delivered at the right time and, the risk that investments, when completed, no longer represent the optimal solution due to unexpected change in circumstances over the passage of time. Our cost structure which is relatively fixed in nature, may limit our flexibility to act in accordance to demanding changes.

We acknowledge that the factors affecting demand are external which may not be in our direct influence. Nonetheless, to better predict these relevant factors, we maintain open communication lines with our stakeholders and closely monitor external developments and trends. This is so that we may be able to anticipate the changes and provide us the opportunity to act accordingly in our periodical strategic review process. In cognisance of the long lead time for capacity development, we consider process innovations to optimise the current levels of capacity as provided by our existing frameworks and facilities, whilst at the same time minimise the potential adverse impact to the passenger experience at our airports. By doing so, we will be able to increase capacity in our airports to accommodate the rising number of passengers. In respect of the nature of our relatively fixed cost structure, we have introduced some level of flexibility via outsourcing a number of our activities.

### ii. Risk of major non-aviation projects (under KLIA Aeropolis) not materialising or not meeting objectives

One of the strategic pillars of RtS2020 is to develop an airport city that focuses on air cargo & logistics; aerospace & aviation; and MICE & leisure, namely the KLIA Aeropolis. It represents one of the strategic thrust to realising MAHB's vision of becoming the global leader in creating airport cities. Whilst the development of KLIA Aeropolis strategic pillar presents exciting opportunities to MAHB, at the same time

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

we realise that the foray into this strategic pillar represents a major addition to MAHB's existing core business operations of managing airports. This, therefore require a management team that has the necessary skill sets to properly execute the strategy in order to ensure that execution risks are managed effectively. In addition to execution risks, the development of the land area earmarked for KLIA Aeropolis also entails long lead time of the development work coupled with sizeable financial commitments to prepare the land to attract investors, which will lend considerable constraint on capital. This especially poses uncertainties on the returns of investments.

To mitigate the risks, the Board requested for stringent financial modelling as well as strict risk assessments on the project. Recruitment of personnel with the required skill sets to manage the project has also been intensified to ensure execution risks is well-managed. Continuous consultations with the relevant government authorities in order to pave the way for the infrastructure development of the identified land area are also ongoing and intensified. Marketing efforts to identify potential strategic partners for KLIA Aeropolis have also been increased.

### iii. International business

Our foray into airport business at an international level, whilst providing us with the opportunities and benefits of growing the business portfolio of MAHB, also exposes us to specific country risks in addition to the choice of structure in which MAHB participates for each venture. Considerations such as legal, regulatory and tax frameworks, the appropriate choice of local partners, socio-economic factors, political and also nature of investment/financing structures are among the key matters to be factored in prior to making an investment decisions and monitored throughout the investments. This is in addition to the omnipresent business and operational risks of the venture itself.

In order to manage these risks, prior to any decision to submit an international investment proposal, a rigorous process to deliberate and evaluate the feasibility of the investment is carried out by the Board and Management. Key mitigating factors are identified and followed through to ensure that decisions are made with all key information being considered. To operate effectively in a foreign territory would greatly require the establishment of good working relationship with the relevant airport authorities so that open communication channels are in place. Close monitoring process of factors affecting the international investments are also in place at both Board and Management levels.

### iv. Major operational aviation risks

Managing airports on a day to day basis entails taking on board numerous operational risks which are both high in terms of occurrences and variety of risks. However, in summary the main types of operational risks are:

#### a. Safety or security risks

Major safety or security incidents can potentially disrupt airport operations, airport infrastructure disruption and potentially the well-being of airport users. Increased terrorism activities across the globe and in particular, security-related at airports such as at Brussels Airport and Istanbul Ataturk Airport has heightened the outlook on security risks at airports throughout the world.

#### b. Major airport system failures

Airports also depend on major systems such as the Baggage Handling System, the Airport Ground Lighting System, Security Scanning System, Track Transit System etc. Disruptions in any of these systems may result in undue consequences in handling the passengers and cargo.

#### c. Dependence on third parties

The smooth running of our airports depend on the performance of third parties such as air traffic controllers, immigration authorities, the police and customs authorities and also on contractors that MAHB directly engaged (e.g. cleaning and maintenance companies). Unethical and unprofessional behaviours or industrial actions by the third parties are a number of many factors that can potentially disrupt the airport operations and may adversely impact the image and reputation of MAHB.

With regard to the safety and environment risks, these are monitored through the Aerodrome Safety Management System (ASMS) which acts as a safety gauge for all airports to ensure that all airports are constantly monitoring their safety issues. Safety drills and simulation exercises are carried out periodically. MAHB recognises that airport safety is a team effort by all parties operating at the airport and as such, not only fully support but plays a key role in joint-consultations and collaborations of multi agencies related to the safety aspect of an airport's operation. On the security aspect, continuous cooperation with the relevant authorities such as the Majlis

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Keselamatan Negara, Polis DiRaja Malaysia and Jabatan Imigresen Malaysia were amplified, in light of the heightened level of security risks. On both the safety and security fronts, simulation exercises are conducted, which include a full-scale exercise at least once every two years, partial exercises at least once a year and table-top exercises bi-annually.

In order to mitigate the risks of major system failures, regular checks and maintenance programmes are in place. This is further enhanced by having an Engineering Asset Management Strategy which entails, among other things, an asset replacement programme. Should a calamity still occur, we have back up, emergency and disaster recovery procedures and plans to minimise operational disruptions.

Managing third parties' performance does represent a challenge. In particular, to those third parties where we do not have direct influence as to their conduct, we establish open line of communication so that potential issues or problems can be managed effectively before they escalate to become major issues. On the contractors that we engage, we put in place contractual terms to manage their performance and actions. Their performance will then be monitored accordingly. Should their performance do not meet the performance standards, appropriate remedial measures are discussed and agreed upon. In the worst case scenario, the route of termination is provided in the contracts. However, immediate replacement for contractors could be an issue.

### v. Human Capital risks

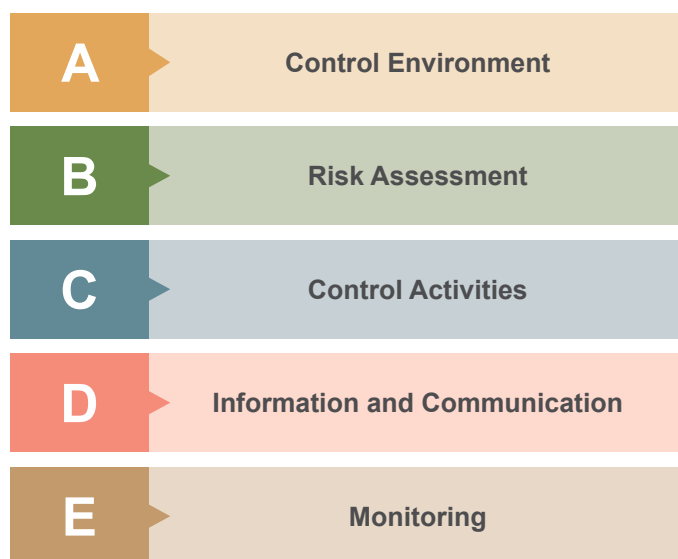
As Malaysia Airports is in the midst of transformation, human capital efficiency and competency is a significant concern in MAHB's workforce. As such, the Human Resources division has crafted a Learning & Development Roadmap and Framework as well as Talent Development plans. Training Needs Analysis (TNA) for each division has been collated and personnel are enrolled into suitable training to drive MAHB for higher performance delivery.

### KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL

The Group's internal control system is intertwined with operating activities and Board's review of internal control effectiveness, centred on Committee of the Sponsoring Organizations of the Treadway Commission (COSO) framework, 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; and
- 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 inter-related components as follows:



#### A. Control Environment

- Board Committees are all governed by clearly defined terms of references (TORs). The TORs can be referred to on the Company's website.
- The five-year business plan, 'Runway to Success 2020' or RtS2020 is cascaded throughout the Group for alignment of initiatives. This is also provided on the Company's website and intranet.
- Annual disclosures on the overall effectiveness, reliability and adequacy of their respective companies'/divisions' systems of risk management and internal controls are made by the heads of subsidiaries and functions via an assurance letter.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Brand DNAs act as the guiding principle for all employees in their professional conduct.
- The Group Code of Ethics is a standard policy of conduct applicable to all employees of MAHB in dealing with fellow employees and with the Company's representatives including agents, consultants, contractors and suppliers of the Group.
- Effective 19 December 2016, vendors of MAHB are required to abide by provisions under the Malaysia Airports Vendor Code of Ethics (Vendor Code).

### B. Risk Assessment

- Subsidiaries, departments and units conducts risk assessments prior to engaging in initiatives as well as for their unit on at least quarterly basis. This is signed-off digitally using the Malaysia Airports Risk Scorecard system.

### C. Control Activities

- 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.
- Numerous policies and procedures approved by the Board are in place and applicable across the Group such as, among others, accounting policies, value management, procurement limits, and quality management system.
- Aerodrome Safety Management System (ASMS) which is used to help airport operators to progressively enhance their safety mitigation strategies so as to avoid unwarranted or predictable accidents or incidents from happening is in place. This is spearheaded by the ASMS Office, who reports to the Managing Director.
- The company has a Whistleblowing Programme, for of which the Corporate Integrity Unit is the Secretariat. The objective is to provide the staff and stakeholders with a mechanism to raise their concerns responsibly, regarding malpractices and irregularities affecting the company whilst keeping the identity of the whistle-blower confidential. The programme is expected to improve the overall organisational effectiveness, while upholding MAHB's integrity in the eyes of the public.

### D. Information and Communication

- A Corporate Communications Policy provides guidance and ensures that communication across the Group and beyond is well coordinated, effectively and strategically managed and meets the diverse needs of the organisation.

### 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.

### ASSURANCE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

In relation to the risk management process, the Managing Director and Chief Financial Officer to the best of their ability and knowledge confirm that the Company's risk management and internal control system is operating adequately and effectively as at 31 December 2016.

### CONCLUSION BY THE BOARD OF DIRECTORS

The Board considers the system of risk management and internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the 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 satisfactory and has not resulted in any material loss, contingency or uncertainty.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of the MAHB Group for FY2016. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of the internal controls.

## 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:

**Rosli bin Abdullah**  
(Chairman)  
Independent Non-Executive Director

**Jeremy bin Nasrulhaq**  
Senior Independent  
Non-Executive Director  
(resigned w.e.f 1 November 2016)

**Datuk Seri Michael Yam Kong Choy**  
Senior Independent  
Non-Executive Director  
(change of designation from Independent  
Director to Senior Independent Director  
w.e.f 2 November 2016)

**Dato' Mohd Izani bin Ghani**  
Non-Independent Non-Executive Director

**Datuk Azailiza binti Mohd Ahad**  
Independent Non-Executive Director  
(appointed w.e.f 8 November 2016)

The Chairman of the BAC is a member of the Malaysian Institute of Accountants. The Chairman of the BAC is also the Chairman of the Audit and Risk Committee (ARC) of ISG and LGM.

### MEETINGS

During FY2016, the BAC met six (6) times including one (1) Special BAC meeting, with the following record of attendance:

Name of Director	Attendance
Rosli bin Abdullah	6/6
Jeremy bin Nasrulhaq (resigned w.e.f 1 November 2016)	6/6
Datuk Seri Michael Yam Kong Choy	6/6
Dato' Mohd Izani bin Ghani	6/6
Datuk Azailiza binti Mohd Ahad (appointed w.e.f 8 November 2016)	-

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 in which subsequently the BAC informed the Management on feedback by the External Auditors for further consideration and action.

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 WORK OF THE BAC AND HOW IT HAS MET ITS RESPONSIBILITY

The BAC carried out its duties in accordance with its terms of reference during FY2016.

The main activities undertaken by the BAC were as follows:

#### Financial Results

- Reviewed and monitored the financial position and performance of the MAHB Group on quarterly basis.
- 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 Bursa Malaysia Listing Requirements applicable accounting standards in Malaysia, provisions of Companies Act 1965 and other legal and regulatory requirements.

# BOARD AUDIT COMMITTEE REPORT

## Internal Audit

- Reviewed and approved the Internal Audit Division (IAD)'s Risk-based Internal Audit Plan, budget and staffing requirements to ensure adequacy of resources, competencies and coverage on key risk areas.
- Reviewed the audit reports on the findings and recommendations with respect to system and control weaknesses. The BAC then considered those recommendations including the Management's responses, before proposing that the control weaknesses be rectified and recommendations for improvements be implemented.
- Reviewed follow-up reports by the IAD on the status of actions taken by the Management on recommendations suggested in the audit reports.
- Reviewed follow-up reports by the IAD 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.
- Reviewed the External Auditor's appointment for MAHB and its subsidiaries for financial year ending 31 December 2017 (FY2017) based on a Request for Proposal (RFP) exercise, and approved for recommendation to Main Board.
- Reviewed and approved the provision of non-audit services by External Auditors that were agreed to prior to their commencement of such work and confirmed as permissible for them to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants.

## Related Party Transactions

- Reviewed the related party transactions and any conflict of interest situations on a quarterly basis, if any.

## Annual Reporting

- Reviewed the Board Audit Committee Report and Statement of Risk Management and Internal Control for publication in the 2016 Annual Report.

## Other Activities

- Deliberated on all matters pertaining to whistleblowing programme, ethics, integrity, corruption, abuse of power and other scope covered under the MACC Act 2009.
- Approved related mandatory company announcements to Bursa Malaysia in compliance with Main Market Listing Requirements (MMLR).

## SUMMARY OF WORK OF THE 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.

The Internal Audit function of ISG and LGM reports to the General Manager IAD of MAHB. 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. The findings and recommendations with respect to system and control weaknesses were highlighted and actions were taken by the management to close the gaps on the issues highlighted.

## BOARD AUDIT COMMITTEE REPORT

On periodic basis, IAD presented to the BAC the updates on its activities comprising the progress of the 2016 Annual Audit Plan and ad hoc assignments.

During the financial year, the Group IAD issued a total of sixty eight (68) reports inclusive of ten (10) from ISG and six (6) from LGM. The areas of coverage include:-

**Corporate:** Airline Marketing, Business Venture, Risk Management, Project Management Office, Group Asset Management, Commercial Billings, KPI Senior Management, Legal & Contract, Airport Fire Rescue Services.

**Finance:** Goods & Services Tax, Related Party Transactions, Accounts Payables, Procurement, Review of Annual Stock Take, Cash Count & Surprise Checks (carpark, tariff, customer complaint, CIP lounge, hotel).

**IT:** IT Strategy & Planning, IT Governance & Operations (ISG & LGM), Airport IT Systems, Business & Utilities Management System, Flight Operations Management Systems, Aircraft Protection Security Services Systems, Software Licenses.

**Operations:** Airport Operations & Maintenance, Airport Pavement, Airport Facilities & Amenities, Landside (Public Transportation), SCAF, Free Commercial Zone Penang International Airport, Airport Operations, Aeronautical and Inventory Management.

**Commercial Revenues:** Hotel, Valet, Food & Beverage, Advertisement, Cargo, Aviation System, Retail.

Co-sourcing and out-sourcing arrangements were introduced with external service firms to provide assurance in specialised and technical areas. It is part of IAD's commitment to broaden skills and coverage by leveraging on the knowledge of the subject matter experts.

**Co-source audit:** Business Planning & Development, Merchandising, Pricing & Discounts, Sourcing, Procurement & Supply Chain, Inventory Management.

**Out-source audit:** Accounting System Review, Network Administration, Computer Operations, Log Management & Correlation.

**Others:** 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 responses 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 meeting, to discuss the current status of audit issues before being tabled at the BAC.

External quality assessment by a qualified independent reviewer is conducted every five years in ensuring audit work performed by the Internal Auditors is in line with The Institute of Internal Auditors standards. Based on the external quality assessment, the IAD conforms to the International Standards for the Professional Practice of Internal Auditing. For FY2016, total internal audit expenditure incurred for MAHB is RM2.7 million whilst for ISG and LGM is TL420,117 (equivalent to EUR113,242 or RM534,503).

## 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 2016.

### 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) and the foreign subsidiaries' Concession Agreements, including both the obligations and operations are disclosed in Notes 1.2 and 1.3 to the financial statements.

### RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit from continuing operations, net of tax	73,174	184,195
Profit attributable to:		
Owners of the parent	70,386	184,195

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the impact to the amortisation period arising from the extension of the operating period from 25 years ending 2034 to an additional 35 years ending 2069 which has resulted in an increase in the Group's net profit by RM149,600,000. Further details in regard to the extension of the Operating Agreements are disclosed in Note 1.2(f).

### SHARE CAPITAL

There were no issuance of equity during the financial year.



## DIRECTORS' REPORT

### DIVIDENDS

The amount of dividends declared or paid by the Company since 31 December 2015 were as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 December 2015 as reported in the directors' report of that year:	
Single-tier final dividend of 4.50%, on 1,659,191,829 ordinary shares, declared on 27 April 2016 and paid on 3 June 2016	74,664
In respect of the financial year ended 31 December 2016:	
Single-tier interim dividend of 4.00%, on 1,659,191,829 ordinary shares, declared on 28 July 2016 and paid on 26 August 2016	66,368
	<b>141,032</b>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2016, of 6.00% on 1,659,191,829 ordinary shares on single-tier basis, with a total quantum of RM99,552,000 will be proposed for shareholders' approval (Proposed Final Dividend).

The Proposed Final Dividend does not consist of an electable portion which can be elected to be re-invested in new ordinary shares in accordance with the Dividend Reinvestment Plan (DRP) as disclosed in Note 27 to the financial statements since the Group has sufficient cash to finance it. The Board on 28 February 2017 has approved the Proposed Final Dividend without DRP.

### 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  
 Datuk Mohd Badlisham bin Ghazali  
 Dato' Sri Dr. Mohmad Isa bin Hussain  
 Datuk Ruhaizah binti Mohamed Rashid (appointed on 3 June 2016)  
 Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin  
 Dato' Mohd Izani bin Ghani  
 Datuk Seri Yam Kong Choy  
 Datuk Zalekha binti Hassan  
 Rosli bin Abdullah  
 Dato' Ir. Mohamad bin Husin (appointed on 15 August 2016)  
 Datuk Azailiza binti Mohd Ahad (appointed on 8 November 2016)  
 Dato' Chua Kok Ching [alternate director to Datuk Ruhaizah binti Mohamed Rashid] (appointed on 3 June 2016)  
 Mohd Shihabuddin bin Mukhtar [alternate director to Dato' Sri Dr. Mohmad Isa bin Hussain] (appointed on 6 February 2017)  
 Jeremy bin Nasrulhaq (resigned on 1 November 2016)  
 Norazura binti Tadzim [alternate director to Dato' Sri Dr. Mohmad Isa bin Hussain] (resigned on 6 February 2017)

# DIRECTORS' REPORT

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## 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.

# DIRECTORS' REPORT

## OTHER STATUTORY INFORMATION (CONTINUED)

(e) 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 40 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 28 February 2017.



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



Datuk Mohd Badlisham bin Ghazali

## 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 Datuk Mohd Badlisham bin Ghazali, 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 184 to 312 are drawn up in accordance with the requirements 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 2016 and the financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 44 on page 313 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 February 2017.



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



**Datuk Mohd Badlisham bin Ghazali**

## STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Raja Azmi bin Raja Nazuddin (MIA Number: 8515), 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 184 to 313 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  
Raja Azmi bin Raja Nazuddin at Kuala Lumpur in the  
Federal Territory on 28 February 2017.



Raja Azmi bin Raja Nazuddin

Before me,



No. 86, Tingkat Bawah  
Jalan Putra  
50350 Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AIRPORTS HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of Malaysia Airports Holdings Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and statements of profit or loss and other 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 184 to 312.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards (FRS), and the requirements of the Companies Act, 1965 in Malaysia.

### BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (By-Laws) and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AIRPORTS HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## KEY AUDIT MATTERS (CONTINUED)

### IMPAIRMENT OF INTANGIBLE ASSETS

The intangible assets represent a significant amount on the balance sheet of the Group as disclosed in Note 16 to the financial statements. Under FRS, the Group is required to test the amount of intangible assets with finite useful life for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication that the intangible assets may be impaired. Due to the current environment and the losses arising from operations in Turkey, there is an indication that the assets in Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim ve Isletme A.S (ISG) may be impaired.

We focused on this area because the determination of whether or not an impairment charge for intangible assets is necessary involves significant judgements by the Directors about the future results of the business and assessment of future plans for the Group's assets, which was supported by an independent valuer.

In addressing the risk, the Component team considered the objectivity, independence and expertise of the firm of independent valuer engaged by the Company. We evaluated the Component team's procedures, which included the evaluation of the Directors' impairment calculations, assessment of the cash flow forecasts and projections used in the models, and the process by which they were drawn up and testing the underlying calculations. The Component team challenged:

- The key assumptions for long-term growth rates in the forecasts by comparing them to historical results, and economic and industry forecasts which was supported by an independent valuation report; and
- The discount rate by assessing the cost of capital and that of comparable organisations.

The Component team also performed sensitivity analysis around the key drivers of growth rates of the cash flow forecasts, including revenue growth. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the assets to be impaired, the Component team considered the range of outcomes from changes to the key assumptions.

### LITIGATION

The recognition and measurement of provisions and the measurement and disclosure of contingent liabilities in respect of litigation requires significant judgement. We focused on this area due to the significance of potential provisions and the complexities in assessing and measuring obligations resulting from ongoing legal matters.

We assessed the controls over the identification, evaluation and measurement of potential obligations arising from legal matters. For matters identified, we considered whether an obligation exists, the appropriateness of provisions and/or disclosure based upon the facts and circumstances available. In order to determine facts and circumstances we performed a series of procedures including the examination of litigation related documents and discussions with Group's internal and external legal advisors. We then assessed the management's conclusions and key judgements applied.

Additionally, we considered whether the Group's disclosures of the application of judgement in estimating provisions and contingent liabilities adequately reflected the uncertainties associated with litigation.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AIRPORTS HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## KEY AUDIT MATTERS (CONTINUED)

### AMORTISATION OF INTANGIBLE ASSETS

As at 31 December 2016 the net book value of intangible assets amount to RM17,230,972,000 as disclosed in Note 16. The useful lives of the intangible assets are amortised on usage based method.

We focused on this area because the Group's amortisation policy in respect of intangible assets are determined on the method reflecting the asset's usage based on passenger volume and usage of airport activities over the concession period which involves significant judgements made by the Directors.

With regards to the intangible assets arising from Turkey, the Component team has considered the objectivity, independence and expertise of the firm of independent valuer engaged by the Component. We evaluated the Component team's evaluation of the Directors' amortisation calculations and the process by which they were drawn up and testing the underlying calculations. The Component team challenged the key assumptions for long-term growth rates of the passenger volumes, in the forecasts by comparing them to historical actual results, and economic and industry forecasts which were supported by an independent valuation report.

With regards to the intangible assets arising from Malaysia, we evaluated the Directors' amortisation calculations, assessing the future passenger volume forecasts used in the models over the new extended Operating period, and the process by which they were drawn up and testing the underlying calculations. In testing the underlying calculations, we challenged the key assumptions for long-term growth rates of the passenger volumes, in the forecasts by comparing them to historical actual results, and economic and industry forecasts. We also evaluated Directors' estimates of the passenger growth and maximum capacity of passengers taking into consideration external studies and industry benchmarks.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AIRPORTS HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AIRPORTS HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 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 statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

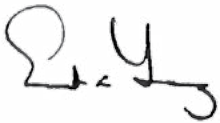
# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AIRPORTS HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 on page 313 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

Kuala Lumpur, Malaysia  
28 February 2017



**Nik Rahmat Kamarulzaman bin Nik Ab. Rahman**  
No. 1759/02/18(J)  
Chartered Accountant

## STATEMENTS OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Continuing operations</b>					
Revenue	3	4,172,768	3,870,207	119,711	119,788
Cost of inventories sold		(396,917)	(373,390)	-	-
Other income	4	220,741	337,073	434,828	506,376
Employee benefits expense	5	(770,263)	(743,966)	(138,740)	(134,010)
Depreciation and amortisation		(852,540)	(901,711)	(15,875)	(11,924)
Other expenses		(1,516,420)	(1,410,824)	(60,519)	(87,257)
Finance costs	6	(689,769)	(741,851)	(158,038)	(169,750)
Share of results of associates	18	1,676	(349)	-	-
Share of results of joint ventures	19	14,055	10,750	-	-
Profit before tax and zakat from continuing operations	7	183,331	45,939	181,367	223,223
Taxation and zakat	9	(110,157)	(5,818)	2,828	15,792
Profit from continuing operations, net of tax		73,174	40,121	184,195	239,015
<b>Discontinued operation</b>					
Loss from discontinued operation, net of tax	10	-	(9)	-	-
Profit, net of tax		73,174	40,112	184,195	239,015
<b>Profit/(loss) attributable to:</b>					
Owners of the parent		70,386	40,904	184,195	239,015
Non-controlling interests		2,788	(792)	-	-
		73,174	40,112	184,195	239,015
<b>Earnings/(loss) per share attributable to owners of the parent</b>					
(sen per share)					
- basic, for profit for the year	11	0.94	(1.09)		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit, net of tax		73,174	40,112	184,195	239,015
Other comprehensive income:					
Available-for-sale investments					
- Gain on fair value changes	20	2,968	7,178	2,925	6,844
Foreign currency translation		1,049	283,331	-	-
Unrealised loss on derivative financial instruments	34	(23,926)	(13,491)	-	-
Other comprehensive income for the year, net of tax		(19,909)	277,018	2,925	6,844
Total comprehensive income for the year		53,265	317,130	187,120	245,859
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		50,477	317,922	187,120	245,859
Non-controlling interests		2,788	(792)	-	-
		53,265	317,130	187,120	245,859

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group	
		2016 RM'000	2015 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	381,665	364,070
Plantation development expenditure	14	66,690	63,698
Land use rights	15	7,141	7,246
Intangible assets	16	17,230,972	17,842,413
Investments in associates	18	36,161	34,485
Investments in joint ventures	19	82,720	71,671
Available-for-sale investments	20	234,729	335,344
Trade and other receivables	22	411,111	429,376
Staff loans	23	31,710	35,344
Deferred tax assets	24	215,886	231,642
		<b>18,698,785</b>	19,415,289
<b>Current assets</b>			
Inventories	25	135,235	117,642
Trade and other receivables	22	871,555	1,140,927
Tax recoverable		10,958	31,588
Cash and cash equivalents	26	1,571,876	1,286,736
		<b>2,589,624</b>	2,576,893
Asset of disposal group classified as held for disposal	10	151	151
		<b>2,589,775</b>	2,577,044
<b>Total assets</b>		<b>21,288,560</b>	21,992,333

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group	
		2016 RM'000	2015 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	27	1,659,192	1,659,192
Perpetual Sukuk	33	997,842	997,842
Share premium		3,455,149	3,455,149
Retained earnings	28	2,321,187	2,449,491
Fair value adjustment reserve	29	8,268	5,300
Hedging reserve	34	(37,417)	(13,491)
Other reserves	30(b)	6,801	5,083
Foreign exchange reserve	30(a)	283,835	282,786
		<b>8,694,857</b>	8,841,352
Non-controlling interests		2,031	(757)
<b>Total equity</b>		<b>8,696,888</b>	8,840,595
<b>Non-current liabilities</b>			
Loans and borrowings	32	5,386,142	5,500,007
Derivative financial instruments	34	43,393	14,523
Trade and other payables	35	4,460,533	4,478,195
Deferred tax liabilities	24	935,840	935,017
		<b>10,825,908</b>	10,927,742
<b>Current liabilities</b>			
Loans and borrowings	32	193,638	398,308
Derivative financial instruments	34	3,389	3,105
Trade and other payables	35	1,538,571	1,784,233
Income tax payable		30,147	38,331
		<b>1,765,745</b>	2,223,977
Liability of disposal group classified as held for disposal	10	19	19
		<b>1,765,764</b>	2,223,996
<b>Total liabilities</b>		<b>12,591,672</b>	13,151,738
<b>Total equity and liabilities</b>		<b>21,288,560</b>	21,992,333

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Company	
		2016 RM'000	2015 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	73,531	66,677
Investments in subsidiaries	17	1,943,696	1,943,696
Investments in joint ventures	19	53,718	53,718
Available-for-sale investments	20	188,416	291,169
Other receivables	22	4,998,489	5,285,090
Deferred tax asset	24	3,361	266
		<b>7,261,211</b>	<b>7,640,616</b>
<b>Current assets</b>			
Inventories	25	13	13
Other receivables	22	2,340,598	2,505,940
Tax recoverable		1,622	1,389
Cash and cash equivalents	26	223,614	171,400
		<b>2,565,847</b>	<b>2,678,742</b>
<b>Total assets</b>		<b>9,827,058</b>	<b>10,319,358</b>



## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Company	
		2016 RM'000	2015 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	27	1,659,192	1,659,192
Perpetual Sukuk	33	997,842	997,842
Share premium		3,455,149	3,455,149
Retained earnings	28	133,540	148,035
Fair value adjustment reserve	29	8,169	5,244
<b>Total equity</b>		<b>6,253,892</b>	<b>6,265,462</b>
<b>Non-current liabilities</b>			
Loans and borrowings	32	3,350,000	3,350,000
<b>Current liabilities</b>			
Loans and borrowings	32	-	250,000
Other payables	35	223,166	453,896
		<b>223,166</b>	<b>703,896</b>
<b>Total liabilities</b>		<b>3,573,166</b>	<b>4,053,896</b>
<b>Total equity and liabilities</b>		<b>9,827,058</b>	<b>10,319,358</b>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	Attributable to owners of the parent		Non-distributable					Non-controlling interests		Total equity RM'000	
		Share capital RM'000 (Note 27)	Perpetual Sukuk RM'000 (Note 33)	Share premium RM'000	Fair value adjustment reserve RM'000 (Note 29)	Foreign exchange reserve RM'000 (Note 30(e))	Hedging reserve RM'000 (Note 34)	Other reserve RM'000 (Note 30(b))	Distributable retained earnings RM'000 (Note 28)	Total RM'000		RM'000
<b>At 1 January 2015</b>		1,374,150	997,842	2,373,149	(1,878)	(545)	-	2,635	2,591,922	7,337,275	35	7,337,310
Total comprehensive income		-	-	-	7,178	283,331	(13,491)	-	40,904	317,922	(792)	317,130
Legal reserve	30(b)	-	-	-	-	-	-	2,448	-	2,448	-	2,448
Distribution to Perpetual Sukuk holder	33	-	-	-	-	-	-	(57,500)	(57,500)	(57,500)	-	(57,500)
<b>Transactions with owners:</b>												
Issuance of new shares pursuant to DRP	27	9,734	-	48,248	-	-	-	-	-	57,982	-	57,982
Issuance of new shares via right issues	27	275,308	-	1,033,752	-	-	-	-	-	1,309,060	-	1,309,060
Dividends	12	-	-	-	-	-	-	(125,835)	(125,835)	(125,835)	-	(125,835)
Total transactions with owners		285,042	-	1,082,000	-	-	-	-	(125,835)	1,241,207	-	1,241,207
<b>At 31 December 2015</b>		1,659,192	997,842	3,455,149	5,300	282,786	(13,491)	5,083	2,449,491	8,841,352	(757)	8,840,595

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	Attributable to owners of the parent										Total equity RM'000
		Non-distributable					Distributable					
Share capital RM'000	Perpetual Sukuk RM'000	Share premium RM'000	Fair value adjustment reserve RM'000	Foreign exchange reserve RM'000	Hedging reserve RM'000	Other reserve RM'000	Distributable retained earnings RM'000	Total RM'000	Total RM'000	Total RM'000	Total equity RM'000	
(Note 27)	(Note 33)	(Note 29)	(Note 30(a))	(Note 34)	(Note 30(b))	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	(Note 28)	
<b>At 1 January 2016</b>		1,659,192	997,842	3,455,149	5,300	282,786	(13,491)	5,083	2,449,491	8,841,352	(757)	8,840,595
Total comprehensive income		-	-	-	2,968	1,049	(23,926)	-	70,386	50,477	2,788	53,265
Legal reserve	30(b)	-	-	-	-	-	-	1,718	-	1,718	-	1,718
Distribution to Perpetual Sukuk holder	33	-	-	-	-	-	-	-	(57,658)	(57,658)	-	(57,658)
<b>Transaction with owners:</b>												
Dividends	12	-	-	-	-	-	-	-	(141,032)	(141,032)	-	(141,032)
Total transaction with owners		-	-	-	-	-	-	-	(141,032)	(141,032)	-	(141,032)
<b>At 31 December 2016</b>		1,659,192	997,842	3,455,149	8,268	283,835	(37,417)	6,801	2,321,187	8,694,857	2,031	8,696,888

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Company	Note	← Attributable to owners of the parent →					Total equity RM'000
		Share capital RM'000 (Note 27)	Perpetual Sukuk RM'000 (Note 33)	Share premium RM'000	Fair value adjustment reserve RM'000 (Note 29)	Distributable retained earnings RM'000 (Note 28)	
<b>At 1 January 2015</b>		1,374,150	997,842	2,373,149	(1,600)	92,355	4,835,896
Total comprehensive income		-	-	-	6,844	239,015	245,859
Distribution to Perpetual Sukuk holder	33	-	-	-	-	(57,500)	(57,500)
<b>Transactions with owners:</b>							
Issuance of new shares pursuant to DRP	27	9,734	-	48,248	-	-	57,982
Issuance of new shares via right issues	27	275,308	-	1,033,752	-	-	1,309,060
Dividends	12	-	-	-	-	(125,835)	(125,835)
Total transactions with owners		285,042	-	1,082,000	-	(125,835)	1,241,207
<b>At 31 December 2015</b>		1,659,192	997,842	3,455,149	5,244	148,035	6,265,462
<b>At 1 January 2016</b>		1,659,192	997,842	3,455,149	5,244	148,035	6,265,462
Total comprehensive income		-	-	-	2,925	184,195	187,120
Distribution to Perpetual Sukuk holder	33	-	-	-	-	(57,658)	(57,658)
<b>Transaction with owners:</b>							
Dividends	12	-	-	-	-	(141,032)	(141,032)
Total transaction with owners		-	-	-	-	(141,032)	(141,032)
<b>At 31 December 2016</b>		1,659,192	997,842	3,455,149	8,169	133,540	6,253,892

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before tax and zakat from				
- continuing operations	183,331	45,939	181,367	223,223
- discontinued operation	-	(9)	-	-
Adjustments for:				
Interest income	(36,831)	(33,656)	(3,173)	(2,015)
Dividend income	-	-	(125,234)	(124,776)
Interest expense	686,332	741,239	158,038	169,750
Loss from derivative instrument	3,437	612	-	-
Provision for liabilities	7,909	7,334	-	563
Write-back of provision for liabilities	(5,692)	(514)	(150)	-
Amortisation of:				
- intangible assets	786,965	846,291	-	-
- plantation development expenditure	3,227	3,200	-	-
- land use rights	105	133	-	-
Depreciation of property, plant and equipment	62,243	52,087	15,875	11,924
Impairment/(reversal of impairment) of:				
- intangible assets	1,305	(18,368)	-	-
- property, plant and equipment	394	-	394	-
Net allowance/(write-back) for doubtful debts	13,020	25,688	(240)	(522)
Net bad debt written off	2,120	6,483	2	141
Gain on disposal of:				
- property, plant and equipment	-	(22)	-	(3)
- intangible assets	(35)	-	-	-
- quoted unit trust	(2,742)	-	(2,742)	-
- unquoted equity shares	-	(81,245)	-	-
Realised foreign exchange gain arising from settlement of bridger loan	-	(63,450)	-	(63,450)
Property, plant and equipment written off	1,263	19,174	92	13,627
Intangible assets written off	8,254	18,444	-	-
Plantation development expenditure written off	54	-	-	-
Balance carried forward	1,714,659	1,569,360	224,229	228,462

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>				
Adjustments for: (continued)				
Balance brought forward	1,714,659	1,569,360	224,229	228,462
Inventories written off	4,987	7,395	-	-
Investment income	(27,647)	(30,346)	(6,124)	(22,218)
Share of results of:				
- associates	(1,676)	349	-	-
- joint ventures	(14,055)	(10,750)	-	-
Operating profit before working capital changes	1,676,268	1,536,008	218,105	206,244
(Increase)/decrease in inventories	(22,550)	29,802	-	-
Decrease/(increase) in receivables	303,313	(388,948)	272,936	(123,875)
Decrease in payables	(76,946)	(366,311)	(202,735)	(187,222)
Decrease in concession liabilities	(28,465)	(26,943)	-	-
Decrease in provisions for liabilities	(3,595)	(4,383)	(15)	(10)
Changes in related company balances	-	-	157,772	(1,336,850)
Cash generated from/(used in) operations	1,848,025	779,225	446,063	(1,441,713)
Taxes and zakat paid	(77,174)	(101,354)	(500)	-
Net cash generated from/(used in) operating activities	1,770,851	677,871	445,563	(1,441,713)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of:				
- property, plant and equipment	(62,135)	(71,463)	(23,215)	(44,473)
- intangible assets	(368,379)	(229,211)	-	-
- quoted unit trust	(2,844)	(49,812)	(2,780)	(80,646)
- quoted bonds	-	(5,000)	-	(5,000)
- plantation development expenditure	(6,273)	(12,995)	-	-
Proceeds from disposal of:				
- property, plant and equipment	-	22	-	3
- intangible assets	70	-	-	-
- quoted unit trust	111,200	-	111,200	-
- unquoted equity shares	-	290,400	-	-
Balance carried forward	(328,361)	(78,059)	85,205	(130,116)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES (CONTINUED)</b>				
Balance brought forward	(328,361)	(78,059)	85,205	(130,116)
Acquisition of a subsidiary	-	(1,182,856)	-	-
Additional investment in an associate	-	(3,000)	-	-
Investment income received	27,647	30,346	6,124	22,218
Interest received	3,826	8,698	686	982
Dividend received from:				
- an associate	-	7,200	-	-
- joint ventures	3,006	1,494	5,523	4,988
- subsidiaries	-	-	119,711	119,788
Net cash (used in)/generated from investing activities	(293,882)	(1,216,177)	217,249	17,860
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Share issuance expenses for right issue	-	(6,940)	-	(6,940)
Proceeds from issuance of shares from right issue	-	275,308	-	275,308
Proceeds of share premium arising from right issue	-	1,040,692	-	1,040,692
Loan syndication fee payment	-	(6,988)	-	-
Repayment of loan	(342,000)	(644,032)	(250,000)	(250,000)
Swap payment	(3,437)	-	-	-
Repayment of bridger loan	-	(1,119,413)	-	(1,119,413)
Repayment of debenture	-	(209,451)	-	-
Concession payment	(423,701)	(379,705)	-	-
Drawdown of loans and borrowings	-	1,182,856	-	1,182,856
Interest paid	(247,474)	(236,346)	(161,908)	(163,243)
Premium on debenture	-	(59,169)	-	-
Dividends paid to shareholders of the Company	(141,032)	(94,606)	(141,032)	(94,606)
Distribution paid to Perpetual Sukuk holder	(57,658)	(57,500)	(57,658)	(57,500)
Net cash (used in)/generated from financing activities	(1,215,302)	(315,294)	(610,598)	807,154
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>261,667</b>	<b>(853,600)</b>	<b>52,214</b>	<b>(616,699)</b>
<b>Effects of foreign currency translation</b>	<b>23,473</b>	<b>99,254</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,286,887</b>	<b>2,041,233</b>	<b>171,400</b>	<b>788,099</b>
<b>Cash and cash equivalents at end of year (Note 26)</b>	<b>1,572,027</b>	<b>1,286,887</b>	<b>223,614</b>	<b>171,400</b>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 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 28 February 2017.

#### 1.2 Operating Agreements

On 12 February 2009, the Group signed the following Operating Agreements between the Company, Malaysia Airports (Sepang) Sdn. Bhd. (MA (Sepang)) and the Government of Malaysia (GoM) (Operating Agreement for KLIA) and between the Company, Malaysia Airports Sdn. Bhd. (MASB) and the GoM (Operating Agreement for Designated Airports).

The Operating Agreements include the following salient terms:

- (a) To restate the Group's respective rights and commitments with respect to the operation, management, maintenance and development of K.L. International Airport (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;
- (c) MA (Sepang) and MASB (Malaysia Airports) have been granted a lease of the airport lands which co-terminus with the operating period of 25 years commencing from 12 February 2009 via Lease Agreements signed between Federal Land Commissioner and Malaysia Airports, respectively on 12 February 2009;
- (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;
- (e) Under the Operating Agreement, the GoM shall assist MAHB in bearing its socio-economic obligations by compensating MA (Sepang) and MASB with a marginal cost support sum (MARCS) as disclosed in Note 2.4(y)(iv) for marginal losses suffered, arising from the undertaking of socio-economic activities and GoM policies;



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 1. Corporate information and Operating Agreements (continued)

#### 1.2 Operating Agreements (continued)

The Operating Agreements include the following salient terms: (continued)

- (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 25 years from 12 February 2009. During the year, the GoM via a letter from the Ministry of Transport, dated 28 December 2016, has granted the Group an extension of the Operating Agreements for a period of 35 years on top of the existing 25 years from 12 February 2009. The Group and the respective GoM agencies are finalising the revised terms and conditions in relation to the extension of the operating period; and
- (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.

#### 1.3 Concession Agreements relating to Istanbul Sabiha Gokcen Uluslararası Havalimani Yatirim Yapim ve Isletme A.S. (ISG) and LGM Havalimani Isletmeleri Ticaret ve Turizm A.S. (LGM) operation

ISG via the Concession Agreement signed with the Undersecretariat of Defence, Turkey (the Administration) has been given the rights to operate Istanbul Sabiha Gokcen International Airport (ISGIA) for a period of 22 years commencing 1 May 2008.

The Concession Agreements include the following salient information:

- (a) The right to operate the ISGIA is transferred to ISG in exchange for the amount offered at the tender and completion of the construction with regards to establishment of ISGIA's New International Terminal Building and its Complementaries (the Construction), which include the construction of all infrastructures and superstructures, their connections to the main-system within the framework of the implementation including detailed projects to be drafted in accordance with tender specifications.
- (b) ISG is responsible for operating the domestic and international terminals currently available in the ISGIA in accordance with the principles and requirements of International Civil Aviation Organization (ICAO), European Civil Aviation Conference (ECAC), Airports Council International (ACI), European Organization for the Safety of Air Navigation (EUROCONTROL), Joint Aviation Authorities (JAA) and International Air Transport Association (IATA); principles and procedures set forth by the Airport Authority and other criteria set forth in the relevant legislation of the Directorate of Air Transportation of the Ministry of Transportation, Turkey. In respect of this operation, ISG charges airlines departing passenger service fee. In addition, the occupiers of the areas within the ISGIA, other than public entities and agencies are charged for general utilities (i.e. heating, cooling and ventilation).

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 1. Corporate information and Operating Agreements (continued)

#### 1.3 Concession Agreements relating to Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım ve İşletme A.S. (ISG) and LGM Havalimani İşletmeleri Ticaret ve Turizm A.S. (LGM) operation (continued)

The Concession Agreements include the following salient information: (continued)

- (c) The passenger service fees for international and domestic lines are determined by the Ministry of Transportation, Turkey. In the event the passenger service fees increases above the amounts set in the Concession Agreement, ISG shall pay 50% of the incremental increase to the Administration. In the event the passenger service fees decreases below the amounts set in the Concession Agreement, 50% of the difference shall be deducted from the Utilisation Fee.
- (d) In accordance with the Concession Agreement, the tariff regarding the counter, bridge revenues (bridge, 400 Hz, water), commercially important person (CIP), general aviation terminal, meeting, conference hall revenues (except for space allocation, lease and advertisement revenues) together with ticket sales, office allocation, left luggage offices, parking area, luggage carrying (porter), telephone, diaphone, public announcement, aviation information and monitor utilisation, medical examination, treatment, electricity and water revenues shall be determined based on the tariff applied in İstanbul Atatürk Airport.
- (e) ISG is responsible for:
- taking all measures to ensure that the operation continues without interruption during the concession period;
  - providing insurance coverage for the Construction and the ISGIA;
  - regular and continuous repair of all systems and equipment it possesses, keeping them in working order, replacement of the assets subject to depreciation during the concession period, whose economic useful lives determined by the Turkish Tax Procedural Law have ended or which have become out of order.
- (f) According to the Concession Agreement, ISG is responsible for ensuring the security of the ISGIA (including the New International Terminal and Its Complementaries), maintenance, periodic maintenance and repairs, and transfer of the ISGIA to the Administration at the end of the concession period free from any obligation and liability and free of charge in operational condition.

### 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 requirements of 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 2016 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 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 2016, the Group and the Company adopted the following new and amended FRSs which are mandatory for annual financial periods beginning on or after 1 January 2016.

##### **Effective for financial periods beginning on or after 1 January 2016**

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

Amendments to FRS 127: Equity Method in Separate Financial Statements

Amendments to FRS 101: Disclosure Initiatives

Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception

FRS 14 Regulatory Deferral Accounts

Annual Improvements to FRSs 2012–2014 Cycle:

- FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- FRS 7 Financial Instruments: Disclosures
- FRS 119 Employee Benefits
- FRS 134 Interim Financial Reporting

The application of the above amendments had no material impact on the financial position or disclosure in the Group's financial statements.

#### 2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

##### **Effective for financial periods beginning on or after 1 January 2017**

Amendments to FRS 107: Disclosure Initiatives

Amendments to FRS 112: Recognition of Deferred Tax for Unrealised Losses

##### **Effective for financial periods beginning on or after 1 January 2018**

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

MFRS 9: Financial Instruments

MFRS 15: Revenue from Contracts with Customers

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.3 Standards issued but not yet effective (continued)

##### Effective for financial periods beginning on or after 1 January 2019

MFRS 16: Leases

##### Effective for annual periods to be determined by Malaysian Accounting Standards Board (MASB)

Amendments to FRS 10 and FRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 except as discussed below:

##### MFRS 9: Financial Instruments

In November 2014, the Malaysian Accounting Standards Board issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

##### MFRS 15: Revenue from Contracts with Customer

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have an immaterial impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.3 Standards issued but not yet effective (continued)

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 except as discussed below: (continued)

##### MFRS 16: Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

##### **Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board issued a new 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. On 8 September 2015, the Malaysian Accounting Standards Board had announced the adoption of MFRS for the TEs is deferred to 1 January 2018.

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 2018.

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 2018.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 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 2016. 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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (a) Subsidiaries and basis of consolidation (continued)

##### (ii) Basis of consolidation (continued)

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.

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

Non-controlling 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 non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling 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 non-controlling interests is recognised directly in equity.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (b) Business combination

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. The accounting policy of goodwill is stated in Note 2.4(d)(iii) to the financial statements.

Goodwill is carried at cost less accumulated impairment losses, if any. 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 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.

##### (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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (c) Investment in associates and joint ventures (continued)

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 results 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.

##### (i) Concession rights

###### (a) Airport operation rights in Malaysia

As disclosed in Note 1.2, the Group signed Operating Agreements on 12 February 2009 for a period of 25 years ending 2034 (which was further extended for an additional 35 years ending 2069) and the consideration paid to the GoM is classified as concession rights.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### (d) Intangible assets (continued)

###### (i) Concession rights (continued)

###### (a) Airport operation rights in Malaysia (continued)

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 to reflect the 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.

###### (b) Airport operations right in Turkey

As disclosed in Note 1.3, ISG via the Concession Agreement signed with the Administration has given the rights to operate ISGIA for the period of 22 years commencing 1 May 2008.

The right to charge users of an airport for services is recognised as an intangible asset. The airport operations right is initially recognised at cost, being the fair value of Utilisation Fee liability at the date of transfer of control of the ISGIA to ISG and the fair value of other consideration transferred to acquire the asset, which is the fair value of the consideration receivable for the construction services delivered. ISG estimates the fair value of the consideration receivable is estimated to be equal to the construction costs, plus 10% margin. Other costs (including travel and consultancy costs) incurred in regards to the project covered by the Concession Agreement are regarded as part of the consideration paid by ISG, and therefore included in the cost of airport operations right. The airport has been operational since 31 October 2009.

The airport operations right is amortised over the concession period, starting from the date the right is available for use. Accordingly, ISG started to amortise the first phase of the airport operations right, cost of which is measured as the fair value of Utilisation Fees payable, on 1 May 2008 (for extended period of 2 years on 15 October 2009), whereas the second phase, cost of which is measured as the fair value of the consideration receivable for the construction services delivered started to be amortised following the completion of the construction by November 2009. Prior to 2016, the airport operations rights are amortised using the revenue projections (mainly based on traffic projections) during the concession period, considering such method best reflects the pattern in which the asset's future benefits are expected to be consumed by ISG. Effective 1 January 2016, ISG has adopted the amendments to FRS 116 and FRS 138 which requires the airport operation rights to be amortised based on passengers volume to reflect the usage of airport activities over the concession period. Amortisation method and underlying assumptions are reviewed for validity at each period.

The concession rights also includes identifiable intangible asset of LGM long-term service contract with ISG to operate the food and beverage operations, CIP lounges and the hotel. The contract will expire in 2019 and MAHB intends to extend this contract until the end of the concession period in 2030.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (d) Intangible assets (continued)

##### (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. The capital work in progress relating to these assets is not amortised until the assets are fully completed and brought to use. Similar to concession rights, the infrastructure and construction assets are amortised based on passengers volume and usage of airport activities over the concession period.

The Group's amortisation policy in respect of infrastructure and construction assets are determined on the method reflecting the asset's usage based on passenger 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.

##### (iii) Goodwill

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 (bargain purchase) 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 Unit (CGU) 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 CGU 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 CGU retained.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### (e) Fair value measurement (continued)

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 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.

###### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (f) Property, plant and equipment and depreciation (continued)

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	2% - 20%
Hotel property	2%
Infrastructure, safety equipment and motor vehicles	4% - 50%
Office, communication 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.

##### (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 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### (g) Impairment of non-financial assets (continued)

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.

###### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (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 and available-for-sale financial assets.

##### (i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### (ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (k) Financial assets (continued)

##### (iii) 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's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

The Group and the Company do not have any financial assets designated as financial assets held to maturity investments.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (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.

##### (ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (l) Impairment of financial assets (continued)

##### (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) Derivative financial instruments and hedging activities

Derivative financial instruments are recognised and measured at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value with changes in fair value recognised in the statement of profit or loss at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge) or hedges of a particular risk associated with a recognised asset or liability (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (m) Derivative financial instruments and hedging activities (continued)

###### (i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the statement of profit or loss within 'finance cost'. The gain or loss relating to the ineffective portion is recognised in the statement of profit or loss within 'other gains or losses - net'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the statement of profit or loss within 'finance cost'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the statement of profit or loss over the period to maturity.

###### (ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss within 'other gains or losses - net'.

Amounts accumulated in equity are reclassified to the statement of profit or loss in the periods when the hedged item affects the statement of profit or loss. The gain or loss relating to the effective portion of cross currency interest rate swaps hedging fixed rate borrowings is recognised in the statement of profit or loss within 'finance cost'.

When a hedging instrument matures, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the statement of profit or loss.

##### (n) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### (o) 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.

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.

###### (p) 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.

###### (q) Income tax and zakat

###### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### (q) Income tax and zakat (continued)

###### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (q) Income tax and zakat (continued)

###### (iii) Zakat

Zakat payable by the Group and the Company is a form of contribution according to the principles of Syariah.

###### (iv) Goods and Services Tax (GST)

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

##### (r) Provisions for liabilities

Provisions for liabilities are recognised when the Group and the Company have 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.

##### (s) 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### (s) Financial liabilities (continued)

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.

###### (t) 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 at KLIA.
- (iii) Privatisation of the Development of a Generation Plant at klia2.

###### (u) 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). For companies in Turkey, the contributions are made to public administered Social Security Fund.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (u) Employee benefits (continued)

###### (iii) Defined benefit plans

In accordance with the existing social legislation in Turkey, ISG and LGM are required to make lump-sum termination indemnities to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Provision for unemployment termination benefits is provided as requirement of Turkish Labour Law to each employee who has completed one year of service and retires, whose employment is terminated without due cause, who is called up for military service, or who dies; and represents the present value of the estimated total reserve of the future probable obligation of the Group.

Malaysia Airports Consultancy Services Middle East L.L.C. (MACS ME) provides end of service benefits to its expatriate employees in accordance with Qatar Labour Law. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of minimum service period. The expected costs of these benefits are accrued over the period of employment.

##### (v) 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 and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated at exchange rates ruling at the statement of financial position date. All exchange differences are recognised in the statement of profit or loss within the category of foreign exchange gain/(loss).

###### (iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### (v) Foreign currencies (continued)

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2016 RM	2015 RM
United States Dollar (USD)	4.49	4.29
Great Britain Pound (GBP)	5.51	6.37
Singapore Dollar (SGD)	3.10	3.04
Euro (EUR)	4.72	4.69
Switzerland Swiss Franc (CHF)	4.40	4.33
China Renminbi (RMB)	0.64	0.68
Hong Kong Dollar (HKD)	0.58	0.55
Qatar Riyal (QAR)	1.26	1.19
Australian Dollar (AUD)	3.24	3.14

###### (w) 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 in Malaysia 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 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.

###### (x) Utilisation Fee

The Utilisation Fee liability represents the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period. The Utilisation Fee liability is discounted to present value, at a rate of 10.3%.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### (y) 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 operations, hotel and horticulture services rendered are recognised net of goods and 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 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.

As stipulated in the Operating Agreement, the Benchmark Passenger Service Charge (PSC) rate is revised in every 5 years based on the agreed calculation. The 2nd Tariff Cycle revision became effective on 12 February 2014. MARCS PSC of RM106,216,000 (2015: RM87,659,000) was recognised during the year for the difference between actual PSC and Benchmark PSC rate.

Apart from this, included in MARCS is MARCS Express Rail Link (MARCS ERL) as disclosed in Note 3.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (y) Revenue recognition (continued)

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: (continued)

##### (v) Revenue from hotel operations

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised when the services are performed.

##### (vi) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

##### (z) Disposal groups classified as held for sale and discontinued operations

A component of the Group is classified as a “discontinued operation” when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

##### (aa) 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (aa) Concession contracts (continued)

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 to reflect the 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.

##### (ab) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### (ac) Equity instruments and related expenses

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 and Perpetual Sukuk are classified as equity instruments.

Dividends on ordinary shares and distribution on Perpetual Sukuk are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

#### 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 and infrastructure and construction assets

The carrying amount of the concession rights and infrastructure and construction assets are 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 the end of concession period. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.5 Significant accounting judgements and estimates (continued)

##### (a) Critical judgements made in applying accounting policies (continued)

##### (ii) Amount due from GoM (continued)

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).
- 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 35.

##### (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% (2015: 6%) 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.

##### (v) Impairment of available-for-sale investments

The Group and the Company review their investments in equity instruments, which are classified as available-for-sale investments at each reporting date to assess whether they are impaired. The Group and the Company record impairment charges when there has been a significant or prolonged decline in the fair value below their cost.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group and the Company evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. The Group and the Company impair quoted and unquoted equity instruments with "significant" decline in fair value greater than 20%, and "prolonged" period as greater than 12 months.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.5 Significant accounting judgements and estimates (continued)

##### (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.

##### (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 35(c).

##### (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 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.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 2. Significant accounting policies (continued)

#### 2.5 Significant accounting judgements and estimates (continued)

##### (b) Key sources of estimation uncertainty (continued)

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: (continued)

##### (v) 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 prior years construction project is 4.5% and 7.5% for construction projects in Malaysia and 10% for construction project in ISG as disclosed in Note 16.

##### (vi) Concession liabilities

As disclosed in Note 2.4(t) and (aa), 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

6.0% per annum over the period of 60 years ending 2069. 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 RM64,000 or lower by RM90,000 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 RM334,000 or lower by RM314,000 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 RM2,047,000 or lower by RM2,028,000 respectively.

##### (vii) Financial liability relating to the Utilisation Fee recognised in ISG

The Utilisation Fee liability represent the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period. The Utilisation Fee liability is discounted to present value, at a rate of 10.3%.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 3. Revenue

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Airport operations:				
- Airport services:				
- Aeronautical	2,133,877	1,947,532	-	-
Less: Airline incentives	(71,292)	(48,184)	-	-
	<b>2,062,585</b>	1,899,348	-	-
- Non-aeronautical	1,110,220	1,046,500	-	-
- Duty free and non-dutiable goods	740,019	672,520	-	-
Non-airport operations:				
- Agriculture and horticulture	34,341	29,915	-	-
- Hotel operations	92,839	86,017	-	-
- Project and repair maintenance	132,764	135,907	-	-
Dividend income from subsidiaries	-	-	119,711	119,788
	<b>4,172,768</b>	3,870,207	<b>119,711</b>	119,788

Included in aeronautical revenue is MARCS sum income of RM203,435,000 (2015: RM144,181,000) as disclosed in Note 2.4(y)(iv).

Included in revenue is revenue from overseas operations contributed by ISG and LGM totalling to RM958,803,000 (2015: RM919,315,000) and revenue contributed by MACS ME totalling to RM114,666,000 (2015: RM115,506,000).

#### 4. Other income

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income:				
- Unquoted investments and staff loans	3,826	8,698	686	982
- Other loans and receivables	32,701	23,875	2,487	-
- Gain on financial instruments at fair value through profit or loss	304	1,083	-	1,033
Balance carried forward	<b>36,831</b>	33,656	<b>3,173</b>	2,015

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 4. Other income (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Balance brought forward	36,831	33,656	3,173	2,015
Investment income:				
Available-for-sale investments on equity instruments:				
- quoted in Malaysia	15,219	24,703	5,325	20,619
- unquoted in Malaysia	6,256	2,940	-	-
Unquoted short-term investments	6,172	2,703	799	1,599
Rental income:				
- Minimum lease payments	13,761	10,462	-	-
Gain on disposal of:				
- property, plant and equipment	-	22	-	3
- intangible assets	35	-	-	-
- quoted unit trust	2,742	-	2,742	-
- unquoted equity shares	-	81,245	-	-
Realised foreign exchange gain arising from settlement of bridger loan	-	63,450	-	63,450
Net realised foreign exchange gain/(loss)	1,838	3,765	(202)	(549)
Management fee charged to subsidiaries	-	-	188,146	186,489
Recoupment of expenses	92,653	94,946	215,218	218,857
Miscellaneous	45,234	19,181	19,627	13,893
	<b>220,741</b>	<b>337,073</b>	<b>434,828</b>	<b>506,376</b>

#### 5. Employee benefits expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	476,404	458,466	85,746	80,370
Bonus	64,652	59,420	12,380	15,724
Contributions to defined contribution plans	81,035	80,476	16,518	16,250
Social security contributions	5,964	5,565	796	674
Net (write-back of)/additional provision for short-term accumulating compensated absences	(619)	2,794	(150)	563
Other employee benefits	142,827	137,245	23,450	20,429
	<b>770,263</b>	<b>743,966</b>	<b>138,740</b>	<b>134,010</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 5. Employee benefits expense (continued)

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,627,000 (2015: RM1,458,000) and RM1,627,000 (2015: RM1,458,000) respectively as further disclosed in Note 8.

#### 6. Finance costs

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense:				
- concession payables and borrowings	247,474	236,347	157,818	162,707
- financial liabilities	442,295	446,335	220	7,043
Premium on debenture	-	59,169	-	-
	<b>689,769</b>	741,851	<b>158,038</b>	169,750

#### 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	2,350	2,061	1,970	1,874
Auditors' remuneration:				
- statutory	1,132	1,132	142	147
- other services	604	594	599	582
User Fee expenses	362,431	282,059	-	-
Rental expenses	114,782	111,799	5,815	6,061
Depreciation of property, plant and equipment (Note 13)	62,243	52,087	15,875	11,924

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 7. Profit before tax and zakat from continuing operations (continued)

The following items have been included in arriving at profit before tax and zakat: (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amortisation of:				
- plantation development expenditure (Note 14)	3,227	3,200	-	-
- land use rights (Note 15)	105	133	-	-
- intangible assets (Note 16)	786,965	846,291	-	-
Property, plant and equipment written off	1,263	19,174	92	13,627
Intangible assets written off	8,254	18,444	-	-
Plantation development expenditure written off	54	-	-	-
Gain on disposal of:				
- intangible assets	(35)	-	-	-
- property, plant and equipment	-	(22)	-	(3)
- quoted unit trusts	(2,742)	-	(2,742)	-
- unquoted equity shares	-	(81,245)	-	-
Impairment/(reversal of impairment) of:				
- intangible assets (Note 16)	1,305	(18,368)	-	-
- property, plant and equipment (Note 13)	394	-	394	-
Net allowance/(writeback) of doubtful debts	13,020	25,688	(240)	(522)
Inventories written off	4,987	7,395	-	-
Bad debts written off	2,120	6,483	2	141
Utility charges	343,152	326,295	1,543	1,404
Repair and maintenance costs	343,177	306,535	11,617	11,017
Legal and other professional fees	24,004	32,762	13,137	13,970

User Fee expenses amounting to RM362,431,000 (2015: RM282,059,000) relates to payments made to the GoM for operating rights. User Fee rates range from 10.89% to 11.18% (2015: 10.51% to 10.80%) and are calculated on gross revenues by the Group from activities carried out at KLIA and other airports excluding reimbursements, interest income, recovery of bad debts or inter-company transactions.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 8. Directors' remuneration

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive director's remuneration (Note 5):				
- Other emoluments	1,627	1,458	1,627	1,458
Non-executive directors' remuneration (Note 7):				
- Fees	1,038	1,035	1,038	1,035
- Other emoluments	1,312	1,026	932	839
	<b>2,350</b>	2,061	<b>1,970</b>	1,874
Total directors' remuneration	<b>3,977</b>	3,519	<b>3,597</b>	3,332
Estimated money value of benefits-in-kind	194	237	194	237
Total directors' remuneration including benefits-in-kind	<b>4,171</b>	3,756	<b>3,791</b>	3,569

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive:				
- Salaries and other emoluments	1,055	993	1,055	993
- Bonus	336	253	336	253
- Defined contribution plans	236	212	236	212
- Estimated money value of benefits-in-kind	98	131	98	131
	<b>1,725</b>	1,589	<b>1,725</b>	1,589
Non-executive:				
- Fees	1,038	1,035	1,038	1,035
- Allowances	1,312	1,026	932	839
- Estimated money value of benefits-in-kind	96	106	96	106
	<b>4,171</b>	3,756	<b>3,791</b>	3,569

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 8. Directors' remuneration (continued)

Included in the Group non-executive directors' allowance was the subsidiaries directors' allowance of RM380,000 (2015: RM187,000).

The number of directors of the Company whose total remuneration during the financial year fell within the following bands are analysed below:

	Number of directors	
	2016	2015
<b>Executive director:</b>		
RM1,550,001 – RM1,600,000	-	1
RM1,600,001 – RM1,650,000	-	-
RM1,650,001 – RM1,700,000	-	-
RM1,700,001 – RM1,750,000	1	-
<b>Non-executive directors:</b>		
Less than RM50,000	4	5
RM50,001 – RM100,000	2	2
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	3	3
RM200,001 – RM250,000	2	3
RM250,001 – RM300,000	2	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	1
RM400,001 – RM450,000	1	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 9. Taxation and zakat

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current income tax:				
- Malaysian income tax	107,632	83,439	151	207
- Foreign tax	5,558	8,162	-	-
- (Over)/under provision of income tax in prior years	(28,310)	9,223	(208)	(104)
	<b>84,880</b>	100,824	<b>(57)</b>	103
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	9,193	(75,881)	(350)	(1,638)
Relating to reduction in Malaysia income tax rate	-	955	-	11
Under/(over) provision of deferred tax in prior years	11,344	(22,587)	(2,745)	(14,268)
	<b>20,537</b>	(97,513)	<b>(3,095)</b>	(15,895)
	<b>105,417</b>	3,311	<b>(3,152)</b>	(15,792)
Income tax expense/(credit)	105,417	3,311	(3,152)	(15,792)
Zakat	4,740	2,507	324	-
Total income tax expense/(credit) and zakat	<b>110,157</b>	5,818	<b>(2,828)</b>	(15,792)



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 9. Taxation and zakat (continued)

##### Reconciliation between tax expense/(credit) and accounting profit

The reconciliations between tax expense/(credit) and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	2016 RM'000	2015 RM'000
<b>Group</b>		
Profit/(loss) before tax and zakat from:		
Continuing operations	183,331	45,939
Discontinued operation (Note 10)	-	(9)
	<b>183,331</b>	<b>45,930</b>
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	43,999	11,483
Different tax rates in other countries	4,324	(5,466)
Relating to reduction in Malaysia tax rate	-	955
Tax effects of share of results of associates and joint ventures	(3,775)	(2,600)
Income not subject to tax	(47,258)	(51,815)
Expenses not deductible for tax purposes	71,169	156,537
Deferred tax asset recognised on investment tax allowances	-	(29,520)
Utilisation of other deductible temporary differences	(45,674)	(44,399)
Utilisation of previously unrecognised tax losses	-	27,866
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	99,598	(46,366)
(Over)/under provision of income tax in prior years	(28,310)	9,223
Under/(over) provision of deferred tax in prior years	11,344	(22,587)
Income tax expense for the year	<b>105,417</b>	<b>3,311</b>
<b>Company</b>		
Profit before tax and zakat	181,367	223,223
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	43,528	55,806
Relating to reduction in Malaysia tax rate	-	11
Income not subject to tax	(49,171)	(67,023)
Expenses not deductible for tax purposes	5,444	9,786
Overprovision of income tax in prior years	(208)	(104)
Overprovision of deferred tax in prior years	(2,745)	(14,268)
Income tax credit for the year	<b>(3,152)</b>	<b>(15,792)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 9. Taxation and zakat (continued)

Current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

#### 10. Discontinued operation and disposal group classified as held for disposal

On 3 September 2013, K.L. Airport Hotel Sdn. Bhd. (KLAH) issued a notice of termination of the Hotel Management Agreement (HMA) to Sama-Sama Hospitality Management Sdn. Bhd. (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.

The Board of Directors of MAHB, had on 25 November 2014 approved for the striking off or winding up of SSHM via court order, after attempts to have SSHM wound up via voluntary winding up failed. Subsequently, on 6 November 2015, ATOZ has applied for an Intervener Application.

The matter was called up for hearing on 5 May 2016 and ATOZ withdrew the Intervener Application. Accordingly, the court ordered SSHM to be wound up. On 27 October 2016, the Group has appointed a private liquidator and is currently carrying out the liquidation process.

As at 31 December 2016, the assets and liabilities of SSHM have been presented on the consolidated statements of financial position as asset and liability held for disposal and results from SSHM is presented separately on the statement of comprehensive income as a discontinued operation.

An analysis of the results of the discontinued operation is as follows:

	Group	
	2016 RM'000	2015 RM'000
Expenses	-	(9)
Loss before tax of a discontinued operation	-	(9)
Income tax expense	-	-
Loss for the year from a discontinued operation	-	(9)

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 10. Discontinued operation and disposal group classified as held for disposal (continued)

The classes of asset and liability classified as held for disposal on the consolidated statement of financial position are as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Asset</b>		
Cash and cash equivalents	151	151
Asset of disposal group classified as held for disposal	151	151
<b>Liability</b>		
Trade and other payables	19	19
Liability of disposal group classified as held for disposal	19	19

#### 11. Earnings/(loss) per share

##### (a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) 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	
	2016 RM'000	2015 RM'000
Profit from continuing operations attributable to ordinary equity holders of the Company	73,174	40,121
Distribution to Perpetual Sukuk holders	(57,658)	(57,500)
Net profit/(loss) from continuing operations attributable to owners of the parent	15,516	(17,379)
Loss from a discontinued operation attributable to ordinary equity holders of the Company	-	(9)
Profit/(loss) attributable to ordinary equity holders of the Company	15,516	(17,388)

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 11. Earnings/(loss) per share (continued)

##### (a) Basic (continued)

	Group 2016	2015
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,590,754
	Group 2016 sen	2015 sen
Basic earnings/(loss) per share for:		
- Basic, for profit for the year	0.94	(1.09)

##### (b) Diluted

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-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

There was no issuance of shares between the current financial year end and the date of the report.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Recognised during the year:</b>				
Interim dividend for 2016:				
on 1,659,191,829 ordinary shares				
- 4.00% on single-tier (4.00 sen net per ordinary share)	66,368	-	66,368	-
Final dividend for 2015:				
on 1,659,191,829 ordinary shares				
- 4.50% on single-tier (4.50 sen net per ordinary share)	-	74,664	74,664	-
Interim dividend for 2015:				
on 1,659,191,829 ordinary shares				
- 4.00% on single-tier (4.00 sen net per ordinary share)	-	66,368	-	66,368
Final dividend for 2014:				
on 1,651,849,607 ordinary shares				
- 3.60% on single-tier (3.60 sen net per ordinary share)	-	-	-	59,467
<b>Proposed for approval at forthcoming Annual General Meeting (not recognised as liability as at 31 December 2016):</b>				
Final dividend for 2016:				
on 1,659,191,829 ordinary shares				
- 6.00% on single-tier (6.00 sen net per ordinary share)	99,552	-	-	-
	<b>165,920</b>	141,032	<b>141,032</b>	125,835

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 12. Dividends (continued)

##### **Proposed Final Dividend**

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2016, of 6.00% on 1,659,191,829 ordinary shares on single-tier basis, with a total quantum of RM99,552,000, will be proposed for shareholders' approval.

##### **Dividend Reinvestment Plan (DRP)**

The 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 re-invest 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 each in MAHB (MAHB Shares).

Details of the DRP are disclosed in Note 27.

##### **Dividend paid during financial year**

A single-tier final dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 December 2015 was approved by the Shareholders at its Annual General Meeting held on 27 April 2016. The final dividend amounting to RM74,664,000 was paid on 3 June 2016.

A single-tier interim dividend of 4.00 sen per ordinary share in respect of the financial year ended 31 December 2016 was declared on 28 July 2016. The interim dividend amounting to RM66,368,000 was paid in full on 26 August 2016.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 13. Property, plant and equipment

Group	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
<b>At 31 December 2016</b>							
<b>Cost</b>							
At 1 January 2016	167,560	120,724	6,917	385,778	28,921	19,519	729,419
Additions	-	-	8	23,032	124	38,971	62,135
Written off	-	-	(307)	(9,233)	(3,279)	-	(12,819)
Transfers	2,596	-	5,812	3,708	1,460	(13,576)	-
Reclassified from/(to) intangible assets	26,339	-	15,809	33,779	(24)	(6)	75,897
Foreign currency translation	1	-	59	401	-	-	461
At 31 December 2016	196,496	120,724	28,298	437,465	27,202	44,908	855,093
<b>Accumulated depreciation and impairment</b>							
At 1 January 2016	32,808	56,607	1,670	251,107	20,661	2,496	365,349
Charge for the year (Note 7)	8,858	4,082	736	45,865	2,702	-	62,243
Written off	-	-	(307)	(8,102)	(3,147)	-	(11,556)
Reclassified from/(to) intangible assets	8,897	-	14,146	33,197	(22)	-	56,218
Impairment (Note 7)	-	-	-	-	-	394	394
Foreign currency translation	1	-	64	715	-	-	780
At 31 December 2016	50,564	60,689	16,309	322,782	20,194	2,890	473,428
Analysed as:							
Accumulated depreciation	48,805	60,689	6,561	300,291	20,194	-	436,540
Accumulated impairment loss	1,759	-	9,748	22,491	-	2,890	36,888
	50,564	60,689	16,309	322,782	20,194	2,890	473,428
<b>Net carrying amount</b>	<b>145,932</b>	<b>60,035</b>	<b>11,989</b>	<b>114,683</b>	<b>7,008</b>	<b>42,018</b>	<b>381,665</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 13. Property, plant and equipment (continued)

	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
<b>Group (continued)</b>							
<b>At 31 December 2015</b>							
<b>Cost</b>							
At 1 January 2015	119,667	120,282	6,438	360,797	30,991	48,583	686,758
Additions	-	234	424	27,195	407	43,203	71,463
Disposal	-	-	(95)	(999)	(159)	-	(1,253)
Written off	-	-	-	(11,796)	(4,410)	(12,927)	(29,133)
Transfers	47,875	208	-	6,855	2,092	(57,030)	-
Reclassified to intangible assets	-	-	-	-	-	(2,310)	(2,310)
Foreign currency translation	18	-	150	3,726	-	-	3,894
At 31 December 2015	167,560	120,724	6,917	385,778	28,921	19,519	729,419
<b>Accumulated depreciation and impairment</b>							
At 1 January 2015	27,140	52,542	1,128	218,070	20,283	2,496	321,659
Charge for the year (Note 7)	5,660	4,065	530	38,440	3,392	-	52,087
Disposal	-	-	(95)	(999)	(159)	-	(1,253)
Written off	-	-	-	(7,104)	(2,855)	-	(9,959)
Foreign currency translation	8	-	107	2,700	-	-	2,815
At 31 December 2015	32,808	56,607	1,670	251,107	20,661	2,496	365,349
Analysed as:							
Accumulated depreciation	32,808	56,607	1,670	250,355	20,661	-	362,101
Accumulated impairment loss	-	-	-	752	-	2,496	3,248
	32,808	56,607	1,670	251,107	20,661	2,496	365,349
<b>Net carrying amount</b>	134,752	64,117	5,247	134,671	8,260	17,023	364,070



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 13. Property, plant and equipment (continued)

	Building RM'000	Motor vehicles RM'000	Office equipment RM'000	Capital work- in-progress RM'000	Total RM'000
<b>Company</b>					
<b>At 31 December 2016</b>					
<b>Cost</b>					
At 1 January 2016	32,568	2,200	98,794	12,827	146,389
Additions	-	-	577	22,638	23,215
Transfers	258	-	18,615	(18,873)	-
Written off	-	-	(1,220)	-	(1,220)
At 31 December 2016	32,826	2,200	116,766	16,592	168,384
<b>Accumulated depreciation and impairment</b>					
At 1 January 2016	8,718	1,529	69,465	-	79,712
Charge for the year (Note 7)	1,375	-	14,500	-	15,875
Written off	-	-	(1,128)	-	(1,128)
Impairment	-	-	-	394	394
At 31 December 2016	10,093	1,529	82,837	394	94,853
Analysed as:					
Accumulated depreciation	10,093	1,529	82,837	-	94,459
Accumulated impairment loss	-	-	-	394	394
	10,093	1,529	82,837	394	94,853
<b>Net carrying amount</b>	22,733	671	33,929	16,198	73,531
<b>At 31 December 2015</b>					
<b>Cost</b>					
At 1 January 2015	32,568	2,200	91,457	38,809	165,034
Additions	-	-	10,220	34,253	44,473
Transfers	-	-	129	(129)	-
Written off	-	-	(3,012)	(12,927)	(15,939)
Disposal	-	-	-	(47,179)	(47,179)
At 31 December 2015	32,568	2,200	98,794	12,827	146,389
<b>Accumulated depreciation</b>					
At 1 January 2015	7,353	1,392	61,355	-	70,100
Charge for the year (Note 7)	1,365	137	10,422	-	11,924
Written off	-	-	(2,312)	-	(2,312)
At 31 December 2015	8,718	1,529	69,465	-	79,712
<b>Net carrying amount</b>	23,850	671	29,329	12,827	66,677

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 13. Property, plant and equipment (continued)

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 RM199,570,000 (2015: RM176,824,000) and RM53,278,000 (2015: RM36,933,000) respectively.

#### 14. Plantation development expenditure

	Group	
	2016 RM'000	2015 RM'000
<b>Cost</b>		
At 1 January	96,401	83,406
Additions	6,273	12,995
Written off	(101)	-
At 31 December	102,573	96,401
<b>Accumulated amortisation</b>		
At 1 January	32,703	29,503
Charge for the year (Note 7)	3,227	3,200
Written off	(47)	-
At 31 December	35,883	32,703
<b>Net carrying amount</b>	<b>66,690</b>	<b>63,698</b>

#### 15. Land use rights

	Group	
	2016 RM'000	2015 RM'000
<b>Net carrying amount</b>		
At 1 January	7,246	7,379
Amortisation during the year (Note 7)	(105)	(133)
At 31 December	7,141	7,246
<b>Analysed as:</b>		
Short-term land use rights	1,504	1,538
Long-term land use rights	5,637	5,708
	<b>7,141</b>	<b>7,246</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 16. Intangible assets

	Concession rights RM'000	Terminal building, plant and infrastructures RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2016</b>				
<b>Cost</b>				
At 1 January 2016	10,558,654	10,683,785	321,264	21,563,703
Additions	6,863	29,425	138,524	174,812
Disposal	-	(37)	-	(37)
Written off	-	(31,681)	-	(31,681)
Transfers	-	49,890	(49,890)	-
Reclassified to property, plant and equipment	-	(75,897)	-	(75,897)
Foreign currency translation	54,860	14,059	-	68,919
At 31 December 2016	10,620,377	10,669,544	409,898	21,699,819
<b>Accumulated amortisation</b>				
At 1 January 2016	1,298,083	2,423,207	-	3,721,290
Charge for the year (Note 7)	382,170	404,795	-	786,965
Disposal	-	(2)	-	(2)
Written off	-	(23,427)	-	(23,427)
Impairment (Note 7)	-	1,305	-	1,305
Reclassified to property, plant and equipment	-	(56,218)	-	(56,218)
Foreign currency translation	31,253	7,681	-	38,934
At 31 December 2016	1,711,506	2,757,341	-	4,468,847
<b>Net carrying amount</b>	<b>8,908,871</b>	<b>7,912,203</b>	<b>409,898</b>	<b>17,230,972</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 16. Intangible assets (continued)

	Concession rights RM'000	Terminal building, plant and infrastructures RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group (continued)</b>				
<b>At 31 December 2015</b>				
<b>Cost</b>				
At 1 January 2015	9,754,034	10,353,373	245,065	20,352,472
Additions	-	24,543	204,668	229,211
Written off	-	(29,604)	-	(29,604)
Transfers	-	128,469	(128,469)	-
Reclassified from property, plant and equipment	-	2,310	-	2,310
Foreign currency translation	804,620	204,694	-	1,009,314
At 31 December 2015	10,558,654	10,683,785	321,264	21,563,703
<b>Accumulated amortisation and impairment</b>				
At 1 January 2015	892,843	1,902,839	-	2,795,682
Charge for the year (Note 7)	346,016	500,275	-	846,291
Written off	-	(11,160)	-	(11,160)
Reversal of impairment (Note 7)	-	(18,368)	-	(18,368)
Foreign currency translation	59,224	49,621	-	108,845
At 31 December 2015	1,298,083	2,423,207	-	3,721,290
Analysed as:				
Accumulated amortisation	1,298,083	2,391,265	-	3,689,348
Accumulated impairment loss	-	31,942	-	31,942
	1,298,083	2,423,207	-	3,721,290
<b>Net carrying amount</b>	9,260,571	8,260,578	321,264	17,842,413

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 16. Intangible assets (continued)

Included in the cost of intangible assets of the Group is cost of fully depreciated intangible assets which are still in use amounting to RM420,357,000 (2015: RM322,150,000).

The Group's intangible assets comprises fair value of the consideration receivable for the construction service delivered during the stage of construction, including certain mark-up on the actual costs incurred.

#### 17. Investments in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares at cost	1,943,696	1,943,696

Name of company	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
		2016 %	2015 %	
Malaysia Airports Sdn. Bhd. (230646-U)	360,113,847	100	100	Management, operations, maintenance and provision of airport related services of designated airports in Malaysia other than KLIA and klia2.
Malaysia Airports (Sepang) Sdn. Bhd. (320480-D)	50,000,002	100	100	Management, operations, maintenance and provision of airport related services in KLIA and klia2.
Malaysia Airports (Niaga) Sdn. Bhd. (281310-V)	5,000,002	100	100	Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.
Malaysia Airports Consultancy Services Sdn. Bhd. (MACS) (375245-X)	500,002	100	100	Provision of maintenance and technical services in connection with the airport industry.
Malaysia Airports (Properties) Sdn. Bhd. (MAP) (484656-H)	2	100	100	Provision of non-passenger related services which involves property management and establishing fixed asset requirements.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 17. Investments in subsidiaries (continued)

Name of company	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
		2016 %	2015 %	
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 and Sama-Sama Express KL International Airport and Sama-Sama Express klia2.
- preference shares	900,000			
Malaysia Airports Technologies Sdn. Bhd. (512262-H)	1,150,002	100	100	Operations and maintenance services of 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.
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. (MAMSC) (516854-V)	500,000	100	100	Investment holding.
Malaysia Airports (Labuan) Pte. Ltd. (LL05298)	USD1,000	100	100	Investment holding.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 17. Investments in subsidiaries (continued)

Name of company	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
		2016 %	2015 %	
Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)	750,000	100	100	Provision of mechanical, electrical and civil engineering services.
Malaysia Airports Capital Berhad (906593-U)	2	100	100	Investment holding.
Malaysia Airports Capital (Labuan) Ltd. (LL07679)	USD2	100	100	Investment holding.
MA Construction (Labuan) Private Limited (LL08348)	USD1,000	100	100	Investment holding.
Malaysia Airports Consultancy Services Middle East LLC @ ^^ (62645)	Qatar Riyal 200,000	49	49	Facilities Maintenance Services at airports.
Sama-Sama Hospitality Management Sdn. Bhd. (SSHM) (1029991-A)	100	51	51	Ceased operation.
Malaysia Airports Cities Sdn. Bhd. (MA Cities) (1114062-X)	3,000	100	100	Investment holding.
Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım ve İşletme A.S. * @ **	€178,741,000	100	100	Operation, management and development and provision of airport related services.
LGM Havalimani İşletmeleri Ticaret ve Turizm A.S. * @ **	€209,037	100	100	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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 17. Investments in subsidiaries (continued)

Name of company	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
		2016 %	2015 %	
Istanbul Sabiha Gokcen Uluslararası Havalimani Yer Hizmetleri A.S. @	€2,420,582	60.8 ^	60.8 ^	Provision of ground handling services. Ceased operations.
KLIA Aeropolis Sdn. Bhd. (KLIA Aeropolis) ^^^ (1212392-H)	101	100	-	Investment holding.

@ Audited by a member firm of Ernst & Young Global

\* Effective interest held in each subsidiary through:

	2016	2015
Company	20%	20%
MAMSC	40%	40%
MA Cities	40%	40%
	<b>100%</b>	<b>100%</b>

\*\* Investment in ISG with carrying amount of RM674,983,000 (2015: RM670,608,000) is pledged to financial institutions for credit facilities granted to the subsidiaries.

^ 51% shareholding held through ISG.

^^ Eventhough the proportion of ownership is 49%, MAHB's effective interest held is 100% due to certain terms and conditions as stipulated in the shareholder's agreement.

^^^ KLIA Aeropolis was incorporated on 14 December 2016 and is a wholly owned subsidiary of MAHB.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 18. Investments in associates

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares at cost:		
- outside Malaysia	34,268	34,268
- in Malaysia	23,640	23,640
	57,908	57,908
Share of post-acquisition reserve	59,922	58,246
Impairment of investment	(81,669)	(81,669)
	36,161	34,485
Analysed as:		
Unquoted shares at cost:		
At 1 January	57,908	54,908
Additional investment	-	3,000
At 31 December	57,908	57,908
Share of post-acquisition reserve:		
At 1 January	58,246	65,795
Share of results	1,676	(349)
Dividend received	-	(7,200)
At 31 December	59,922	58,246

#### **GMR Male International Airport Limited**

On 27 November 2012, the Maldivian Government together with Maldives Airports Company Limited (MACL) declared that the concession agreement with GMR Male International Airport Limited (GMR Male) which was awarded in 2010, as void ab initio. 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.

The dispute was brought to an arbitration tribunal as per the dispute resolution mechanics stipulated under the concession agreement. The directors had made impairment on this investment in the previous financial years.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 18. Investments in associates (continued)

##### **GMR Male International Airport Limited (continued)**

By the first arbitration award dated 18 June 2014 (First Part Final Award), the arbitration tribunal declared that the concession agreement was valid and binding and the concession agreement was not void ab initio. Further, the arbitration tribunal declared that the Maldivian Government and MACL are jointly and severally liable in damages to GMR Male for loss caused by wrongful repudiation of the agreement. As the concession agreement has now been found to be valid and persisting, MACL and the Maldivian Government have been found to have acted in repudiatory breach of the concession agreement by forcibly taking possession of the INIA. The tribunal had also ordered that the compensation shall be in accordance with the terms of the concession agreement which includes the sums payable by GMR Male to a financial institution under the Facility Agreement as at the date of termination of the Concession Agreement.

On 25 October 2016, the arbitration panel had granted an order for MACL to pay USD 208,100,000 equivalent to RM865,696,000 as liquidated damages to GMR Male. However, MACL had paid a full amount of USD 271,000,000 equivalent to RM1,127,360,000 (including the interest). These funds are expected to be utilised for the settlement of GMR Male's bank borrowings, creditors and other accrued expenses.

The Group has not recognised further losses relating to GMR Male where its 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. The Group's current year end cumulative share of unrecognised losses in the financial year was RM19,709,000. The Group has no further obligation in respect of these losses and until such time where the associate is 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.

In the previous year, the investment in GMR Male with carrying value of RM15,134,000 was pledged to a financial institution for credit facilities granted to the associate. However, on 10 January 2017, the share pledged was released by the financial institution.

##### **MFMA Development Sdn. Bhd.**

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% by RI One. In the previous year, MFMA had further increased the share capital to RM76,800,000 of which 30% is held by MA (Sepang) and 70% by RI One.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 18. Investments in associates (continued)

Details of the associates are as follows:

Name of associate	Country of incorporation	Issued and paid-up capital	Proportion of ownership interest held		Financial year end	Principal activities
			2016 %	2015 %		
<b>Held through a subsidiary:</b>						
GMR Male International Airport Private Limited	Republic of Maldives	USD30,050,094	23	23	31 December	Operation, management and development and provision of airport related services. However, the entity has ceased operations.
Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAF)	Malaysia	RM3,000,000	20	20	31 December	Development, management and operation of aviation fuelling system at KLIA.
MFMA Development Sdn. Bhd. *	Malaysia	RM76,800,000	30	30	31 December	Development operation and maintenance of a Factory Outlet Centre and its complementary components known as Mitsui Outlet Park KLIA.

\* In the previous year, the Group had further increased its investment in MFMA amounting to RM3,000,000.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 18. Investments in associates (continued)

Details of the associates are as follows: (continued)

(a) The summarised financial statement of KAF is as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Assets and liabilities</b>		
Current assets	19,175	17,173
Non-current assets	199,190	201,353
Current liabilities	(34,832)	(22,758)
Non-current liabilities	(88,030)	(104,822)
<b>Equity</b>	<b>95,503</b>	<b>90,946</b>
<b>Cost of investment</b>	<b>600</b>	<b>600</b>
<b>Results</b>		
Revenue	59,254	63,769
Cost of sales	(24,473)	(25,662)
Other income	1,168	2,294
Administrative expenses	(25,969)	(17,557)
Finance costs	(3,584)	(4,826)
<b>Profit before tax for the year</b>	<b>6,396</b>	<b>18,018</b>
Income tax	(1,991)	(4,788)
<b>Profit for the year</b>	<b>4,405</b>	<b>13,230</b>
<b>Group's share of profit for the year</b>	<b>881</b>	<b>2,646</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 18. Investments in associates (continued)

Details of the associates are as follows: (continued)

(b) The summarised financial statement of MFMA is as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Assets and liabilities</b>		
Current assets	99,219	35,603
Non-current assets	182,760	228,129
Current liabilities	(224,661)	(21,933)
Non-current liabilities	-	(187,131)
<b>Equity</b>	<b>57,318</b>	<b>54,668</b>
<b>Cost of investment</b>	<b>23,040</b>	<b>23,040</b>
<b>Results</b>		
Revenue	49,079	30,319
Cost of sales	(21,410)	(20,266)
Other income	8,695	33,215
Administrative expenses	(33,713)	(53,249)
<b>Profit/(loss) before tax for the year</b>	<b>2,651</b>	<b>(9,981)</b>
Income tax	-	-
<b>Profit/(loss) for the year</b>	<b>2,651</b>	<b>(9,981)</b>
<b>Group's share of profit/(loss) for the year</b>	<b>795</b>	<b>(2,995)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 18. Investments in associates (continued)

Details of the associates are as follows: (continued)

(c) The summarised financial statement of GMR Male is as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Asset and liabilities</b>		
Current assets	166,641	228,217
Current liabilities	(235,883)	(774,788)
Non-current liabilities	(23,107)	(158,787)
<b>Equity</b>	<b>(92,349)</b>	<b>(705,358)</b>
<b>Cost of investment</b>	<b>34,268</b>	34,268
<b>Results</b>		
Revenue	66,584	-
Administrative expenses	(82,872)	(56,756)
Finance (costs)/income	(23,804)	4,856
<b>Loss before tax for the year</b>	<b>(40,092)</b>	(51,900)
Income tax	(5,250)	(21)
<b>Loss for the year</b>	<b>(45,342)</b>	(51,921)
<b>Group's share of loss for the year *</b>	-	-

\* The Group has not recognised further losses relating to GMR Male where its 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. The Group's current year end cumulative share of unrecognised losses in the financial year was RM19,709,000. The Group has no further obligation in respect of these losses and until such time where the associate is 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 19. Investments in joint ventures

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares at cost:				
- in Malaysia	53,718	53,718	53,718	53,718
Share of post-acquisition reserve	29,002	17,953	-	-
	<b>82,720</b>	71,671	<b>53,718</b>	53,718
Analysed as:				
Unquoted shares at cost:				
At 1 January/31 December	53,718	53,718	53,718	53,718
Share of post-acquisition reserve:				
At 1 January	17,953	8,697	-	-
Share of results	14,055	10,750	-	-
Dividend received	(3,006)	(1,494)	-	-
At 31 December	<b>29,002</b>	17,953	-	-

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Issued and paid-up capital	Effective interest held		Financial year end	Principal activities
			2016 %	2015 %		
<b>Held by the Company:</b>						
Segi Astana Sdn. Bhd.(SASB)*	Malaysia	RM106,060,000	<b>30</b>	30	31 December	Development, management and operations of property.
Airport Cooling Energy Supply Sdn. Bhd. (ACES)**	Malaysia	RM19,040,000	<b>23</b>	23	31 August	Development, management and operations of chilled water plant.
- redeemable preference shares		RM761,600				

\* On 22 September 2011, the Company 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.

\*\* On 27 October 2011, the Company 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 klia2.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 19. Investments in joint ventures (continued)

Details of the joint ventures are as follows: (continued)

(a) The summarised financial statement of SASB is as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Assets and liabilities</b>		
Current assets	99,741	74,819
Non-current assets	589,310	606,743
Current liabilities	(133,304)	(113,191)
Non-current liabilities	(427,036)	(459,804)
<b>Equity</b>	<b>128,711</b>	<b>108,567</b>
<b>Cost of investment</b>	<b>31,818</b>	<b>31,818</b>
<b>Results</b>		
Revenue	124,800	118,702
Cost of sales	(30,326)	(27,540)
Other income	13,073	10,535
Administrative expenses	(46,346)	(31,963)
Finance costs	(34,442)	(56,875)
<b>Profit before tax for the year</b>	<b>26,759</b>	<b>12,859</b>
Income tax	(6,724)	113
<b>Profit for the year</b>	<b>20,035</b>	<b>12,972</b>
<b>Group's share of profit for the year</b>	<b>6,011</b>	<b>3,892</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 19. Investments in joint ventures (continued)

Details of the joint ventures are as follows: (continued)

(b) The summarised financial statement of ACES is as follows:

	Group	
	2016 RM'000	2015 RM'000
<b>Assets and liabilities</b>		
Current assets	75,477	72,515
Non-current assets	365,347	368,304
Current liabilities	(37,632)	(38,666)
Non-current liabilities	(212,066)	(231,915)
<b>Equity</b>	<b>191,126</b>	<b>170,238</b>
<b>Cost of investment</b>	<b>21,900</b>	<b>21,900</b>
<b>Results</b>		
Revenue	75,695	76,697
Cost of sales	(17,182)	(20,194)
Other income	1,015	1,277
Administrative expenses	(1,210)	(1,395)
Finance costs	(12,876)	(14,702)
<b>Profit before tax for the year</b>	<b>45,442</b>	<b>41,683</b>
Income tax	(10,467)	(11,866)
<b>Profit for the year</b>	<b>34,975</b>	<b>29,817</b>
<b>Group's share of profit for the year</b>	<b>8,044</b>	<b>6,858</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 20. Available-for-sale investments (AFS)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Quoted bonds in Malaysia at fair value	5,000	4,928	5,000	4,928
Quoted unit trust in Malaysia at fair value	185,958	288,676	183,416	286,241
AFS at fair value	190,958	293,604	188,416	291,169
Unquoted shares at cost*:				
- in Malaysia	254	254	-	-
- outside Malaysia**	43,517	41,486	-	-
AFS at cost	43,771	41,740	-	-
Total AFS investments	234,729	335,344	188,416	291,169

Movement in AFS investments is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	335,344	467,379	291,169	198,679
Additions	2,844	54,812	2,780	85,646
Fair value adjustment	2,968	7,178	2,925	6,844
Disposals	(108,458)	(209,155)	(108,458)	-
Foreign currency translation	2,031	15,130	-	-
At 31 December	234,729	335,344	188,416	291,169

Unquoted shares of RM31,463,000 (2015: RM28,620,000) of the Group are pledged as security in respect of certain agreements entered into by the Group.

\* 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.

\*\* In the previous year, the Group has disposed of its entire 10% equity interest in Delhi International Airport Private Limited (DIAL) at a sale consideration of USD 80,000,000, equivalent to RM290,400,000.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 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
<b>As at 31 December 2016</b>				
<b>Available-for-sale financial investment (Note 20)</b>				
Quoted bond	5,000	-	5,000	-
Quoted unit trust	185,958	-	185,958	-
Unquoted equity shares	43,771	-	-	43,771
	<b>234,729</b>	<b>-</b>	<b>190,958</b>	<b>43,771</b>
<b>As at 31 December 2015</b>				
<b>Available-for-sale financial investment (Note 20)</b>				
Quoted bond	4,928	-	4,928	-
Quoted unit trust	288,676	-	288,676	-
Unquoted equity shares	41,740	-	-	41,740
	<b>335,344</b>	<b>-</b>	<b>293,604</b>	<b>41,740</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 22. Trade and other receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	499,813	721,044	-	-
Due from GoM	167,720	156,900	-	-
Accrued revenue	158,264	222,904	-	-
	<b>825,797</b>	<b>1,100,848</b>	<b>-</b>	<b>-</b>
Less: Allowance for doubtful debts				
Third parties	(86,432)	(74,256)	-	-
Trade receivables, net	<b>739,365</b>	<b>1,026,592</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>				
Due from GoM	37,736	-	15,320	-
Amounts due from subsidiaries	-	-	2,314,203	2,495,935
Staff loans (Note 23)	3,572	5,259	-	-
Deposits	10,536	5,553	124	115
Prepayments	27,489	32,651	3,319	4,030
Sundry receivables	64,516	81,671	13,554	12,022
	<b>143,849</b>	<b>125,134</b>	<b>2,346,520</b>	<b>2,512,102</b>
Less: Allowance for doubtful debts	(11,659)	(10,799)	(5,922)	(6,162)
Other receivables, net	<b>132,190</b>	<b>114,335</b>	<b>2,340,598</b>	<b>2,505,940</b>
	<b>871,555</b>	<b>1,140,927</b>	<b>2,340,598</b>	<b>2,505,940</b>
<b>Non-current</b>				
<b>Trade receivable</b>				
Third party	205	278	-	-
<b>Other receivables</b>				
Due from GoM	349,191	368,359	28,496	41,330
Amounts due from a subsidiary	-	-	4,969,993	5,243,760
Sundry receivables	61,715	60,739	-	-
	<b>410,906</b>	<b>429,098</b>	<b>4,998,489</b>	<b>5,285,090</b>
	<b>411,111</b>	<b>429,376</b>	<b>4,998,489</b>	<b>5,285,090</b>
Total trade and other receivables (current and non-current)	<b>1,282,666</b>	<b>1,570,303</b>	<b>7,339,087</b>	<b>7,791,030</b>
Add: Cash and cash equivalents (Note 26)	<b>1,571,876</b>	<b>1,286,736</b>	<b>223,614</b>	<b>171,400</b>
Less: Prepayment	<b>(27,489)</b>	<b>(32,651)</b>	<b>(3,319)</b>	<b>(4,030)</b>
Total loans and receivables	<b>2,827,053</b>	<b>2,824,388</b>	<b>7,559,382</b>	<b>7,958,400</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 22. Trade and other receivables (continued)

##### Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables, but excluding accrued revenue is as follows:

	Group	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	376,899	368,506
1 to 30 days past due not impaired	67,229	113,057
31 to 60 days past due not impaired	17,740	62,781
61 to 90 days past due not impaired	21,237	54,318
91 to 120 days past due not impaired	23,017	31,726
More than 121 days past due not impaired	62,258	134,482
	191,481	396,364
Impaired	99,358	113,352
	667,738	878,222

##### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 68% (2015: 77%) of the Group's trade receivables arise from customers with more than 5 years of experience with the Group.

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	
	2016 RM'000	2015 RM'000
<b>Group</b>		
Trade receivables		
- nominal amounts	99,358	113,352
Less: Allowance for doubtful debts	(86,432)	(74,256)
	12,926	39,096

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 22. Trade and other receivables (continued)

##### Receivables that are impaired (continued)

- (a) Receivables amounting to RM8,623,000 (2015: RM3,354,000) 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 RM4,303,000 (2015: RM35,742,000) are expected to be settled by installment arrangement plan.

Movement in allowance for doubtful debts:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Trade receivables</b>				
At 1 January	74,256	47,706	-	-
Net allowance of doubtful debts (Note 7)	12,160	26,426	-	-
Foreign currency translation	16	124	-	-
At 31 December	86,432	74,256	-	-
<b>Other receivables</b>				
At 1 January	10,799	11,537	6,162	6,684
Net allowance/(writeback) of doubtful debts (Note 7)	860	(738)	(240)	(522)
At 31 December	11,659	10,799	5,922	6,162

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 five (2015: five) customers representing approximately 49% (2015: 51%) of the total trade receivables.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 22. Trade and other receivables (continued)

##### (b) Amounts due from subsidiaries

###### (i) 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.

###### (ii) Non-current

Amount due from a subsidiary is unsecured and bear interest at 4.80% per annum.

##### (c) Sundry receivables (Non-current)

Included in sundry receivables is Value Added Tax (VAT) receivable of RM55,710,000 (2015: RM55,673,000) classified as long-term receivables. These amounts arised from the Utilisation Fee liability to the Administration, and cannot be refunded in cash or offset against other tax liabilities. ISG will be offsetting these long-term receivables when it generates such a level of revenue that the VAT payable arising would exceed VAT paid for other operational and investing activities.

##### (d) Prepayments

Prepayments amounting to RM15,001,000 (2015: RM17,383,000) are in respect of leasing equipment for klia2.

##### (e) Due from GoM

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<b>Current</b>				
<b>Trade receivable</b>				
MARCS (Note 2.4(y)(iv))	167,720	156,900	-	-
<b>Other receivable</b>				
Debts assumed from former subsidiary	37,736	-	15,320	-
<b>Non-current</b>				
<b>Other receivables</b>				
Debts assumed from former subsidiary	70,192	101,802	28,496	41,330
Receivable on call option (Note 2.5(a)(ii))	278,999	266,557	-	-
	349,191	368,359	28,496	41,330
Total amount due from GoM	554,647	525,259	43,816	41,330

Other information on financial risks of trade and other receivables are disclosed in Note 41.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 23. Staff loans

	Group	
	2016 RM'000	2015 RM'000
Staff loans	35,282	40,603
Less: Current portion (Note 22)	(3,572)	(5,259)
Non-current portion	31,710	35,344
Analysed as:		
Current	3,572	5,259
Non-current:		
Later than 1 year but not later than 2 years	2,919	3,085
Later than 2 years but not later than 5 years	6,922	8,188
Later than 5 years	21,869	24,071
	31,710	35,344
	35,282	40,603

The staff loans attract interest rate at 4% (2015: 4%) per annum.

#### 24. Deferred tax (assets)/liabilities

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	703,375	738,249	(266)	15,629
Recognised in the statement of profit or loss (Note 9)	20,537	(97,513)	(3,095)	(15,895)
Recognised in equity	(5,806)	(3,522)	-	-
Foreign currency translation	1,848	66,161	-	-
At 31 December	719,954	703,375	(3,361)	(266)
Presented in the statements of financial position as follows:				
Deferred tax assets	(215,886)	(231,642)	(18,041)	(11,948)
Deferred tax liabilities	935,840	935,017	14,680	11,682
	719,954	703,375	(3,361)	(266)



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 24. Deferred tax (assets)/liabilities (continued)

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	Borrowings RM'000	Total RM'000
At 1 January 2016	1,810,499	9,588	1,820,087
Recognised in the statement of profit or loss	(15,881)	(2,021)	(17,902)
Foreign currency translation	4,520	(5)	4,515
At 31 December 2016	1,799,138	7,562	1,806,700
Less: Offset against deferred tax assets			(870,860)
			935,840
At 1 January 2015	1,794,949	8,232	1,803,181
Recognised in the statement of profit or loss	(124,799)	476	(124,323)
Foreign currency translation	140,349	880	141,229
At 31 December 2015	1,810,499	9,588	1,820,087
Less: Offset against deferred tax assets			(885,070)
			935,017

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 24. Deferred tax (assets)/liabilities (continued)

##### Deferred tax assets of the Group:

	Investment tax allowances RM'000	Fair value of the interest swap RM'000	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 2016	(29,520)	(3,522)	(380,537)	(30,552)	(27)	(672,554)	(1,116,712)
Recognised in the statement of profit or loss	-	-	57,312	(2,464)	(14)	(16,395)	38,439
Recognised in equity	-	(5,806)	-	-	-	-	(5,806)
Foreign currency translation	-	(27)	1,893	11	(1)	(4,543)	(2,667)
At 31 December 2016	(29,520)	(9,355)	(321,332)	(33,005)	(42)	(693,492)	(1,086,746)
Less: Offset against deferred tax liabilities							870,860
							(215,886)
At 1 January 2015	-	-	(425,374)	(24,790)	(17)	(614,751)	(1,064,932)
Recognised in the statement of profit or loss	(29,520)	-	62,442	(6,312)	(13)	213	26,810
Recognised in equity	-	(3,522)	-	-	-	-	(3,522)
Foreign currency translation	-	-	(17,605)	550	3	(58,016)	(75,068)
At 31 December 2015	(29,520)	(3,522)	(380,537)	(30,552)	(27)	(672,554)	(1,116,712)
Less: Offset against deferred tax liabilities							885,070
							(231,642)

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 24. Deferred tax (assets)/liabilities (continued)

##### Deferred tax liability of the Company:

	Property, plant and equipment RM'000
At 1 January 2016	11,682
Recognised in the statement of profit or loss	2,998
At 31 December 2016	14,680
At 1 January 2015	22,463
Recognised in the statement of profit or loss	(10,781)
At 31 December 2015	11,682

##### Deferred tax asset of the Company:

	Payables RM'000
At 1 January 2016	(11,948)
Recognised in the statement of profit or loss	(6,093)
At 31 December 2016	(18,041)
At 1 January 2015	(6,834)
Recognised in the statement of profit or loss	(5,114)
At 31 December 2015	(11,948)

Deferred tax assets of the Group has not been recognised in respect of the following items:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised tax losses	549,464	134,511	-	-
Unabsorbed capital allowances	43	2	-	-
Other deductible temporary differences	23	24	-	-
	549,530	134,537	-	-

The availability of the unused tax losses, unabsorbed capital allowances and other deductible temporary differences 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 24. Deferred tax (assets)/liabilities (continued)

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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cost</b>				
Spares and consumables	33,847	30,098	13	13
Merchandise goods	99,623	85,296	-	-
Food and beverages	1,765	2,248	-	-
	<b>135,235</b>	<b>117,642</b>	<b>13</b>	<b>13</b>

The cost of inventories relating to merchandise goods, food and beverages recognised as an expense during the financial year amounted to RM396,917,000 (2015: RM373,390,000).

#### 26. Cash and cash equivalents

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash on hand and at banks	272,265	299,186	12,378	16,338
Deposits with licensed banks	1,255,412	975,449	198,703	142,961
Money on call with licensed banks	44,199	12,101	12,533	12,101
Cash and bank balances	<b>1,571,876</b>	<b>1,286,736</b>	<b>223,614</b>	<b>171,400</b>

Other information on financial risks of cash and cash equivalents are disclosed in Note 41.

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances:				
- Continuing operations	1,571,876	1,286,736	223,614	171,400
- Discontinued operation (Note 10)	151	151	-	-
Cash and cash equivalents	<b>1,572,027</b>	<b>1,286,887</b>	<b>223,614</b>	<b>171,400</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 27. Share capital

	Number of shares of RM1 each		Amount	
	2016	2015	2016 RM	2015 RM
<b>Authorised:</b>				
Special Rights Preference				
Share of RM1 each	1	1	1	1
Ordinary shares of RM1 each	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
	2,000,000,001	2,000,000,001	2,000,000,001	2,000,000,001

#### Issued and fully paid:

	Number of shares of RM1 each	Amount RM
<b>At 1 January 2015</b>	1,374,149,855	1,374,149,855
DRP issued on:		
23 January 2015	2,391,485	2,391,485
Rights Shares issued on 27 March 2015	275,308,267	275,308,267
DRP issued on:		
19 June 2015	7,342,222	7,342,222
<b>At 31 December 2015/31 December 2016</b>	1,659,191,829	1,659,191,829

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 27. Share capital (continued)

##### Dividend Reinvestment Plan (DRP)

The DRP was established upon the approval from the Shareholders, at the Extraordinary General Meeting held on 30 November 2012. The DRP provides Shareholders an option to elect to re-invest 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 each in MAHB (MAHB Shares).

The DRP provides Shareholders with an opportunity to re-invest 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.

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 re-invest 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 re-invest 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 re-invested (if any) (Remaining Portion); or
- (b) elect not to participate in the Reinvestment Option and thereby receive the entire Dividend wholly in cash.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 27. Share capital (continued)

##### Dividend Reinvestment Plan (DRP) (continued)

The issue price of such New Shares shall be the higher of the following (Issue Price):

- (a) the adjusted Volume Weighted Average Market Price (VWAMP) 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 VWAMP 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.
- (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

The Company may distribute dividends out of its entire retained earnings as at 31 December 2016 and 2015 under the single-tier system.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 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 off or impaired.

#### 30. Other reserves and foreign exchange reserve

##### (a) Foreign exchange reserve

Foreign exchange 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.

##### (b) Other reserves

	Group	
	2016 RM'000	2015 RM'000
<b>Reserve arising from acquisition of non-controlling interest</b>		
As at 1 January/31 December	2,546	2,546
<b>Legal reserve</b>		
As at 1 January	2,537	89
Created during the year	1,694	2,418
Foreign currency translation	24	30
As at 31 December	4,255	2,537
	6,801	5,083

##### (i) Reserve arising from acquisition of non-controlling interest

This relates to the discount on acquisition of non-controlling interest in prior years.

##### (ii) Legal reserve

- (i) In accordance with Qatar Commercial Companies' Law No. 11 of 2015, (the Qatari Law) and the Articles of Association of MACS ME, 10% of the MACS ME's profit for the period is required to be transferred to a Legal Reserve until such time the reserve equals 50% of MACS ME's paid-up capital. This reserve is not available for distribution except in the circumstances stipulated under the Qatari Law.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 30. Other reserves and foreign exchange reserve (continued)

##### (b) Other reserves (continued)

##### (ii) Legal reserve (continued)

- (ii) According to Turkish Commercial Code (TCC), legal reserves comprises first and second legal reserves. The first legal reserve are generated by annual appropriations amounting to 5% of income disclosed in the Company's statutory accounts until it reaches 20% of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communique II-19.1, a further 1/10 of dividend distributions, in excess of 5% of paid-in capital is to be appropriated to increase second legal reserves. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distributions, in excess of 5% of paid-in capitals are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. As at 31 December 2016, total legal reserves in LGM amounts to EUR 874,000, equivalent to RM4,125,000 (2015: EUR 515,000, equivalent to RM2,415,000).

#### 31. Other financial liability

	Group	
	2016 RM'000	2015 RM'000
At 1 January	-	201,950
Redemption of debenture	-	(209,451)
Foreign currency translation	-	7,501
At 31 December	-	-

Other financial liability is in respect of unsecured debentures issued by a foreign subsidiary comprising 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.

In the previous year, the Group has fully redeemed its debentures at nominal value plus premium amounting to USD 74,000,000, equivalent to RM268,620,000 by utilising the proceeds from the disposal of its stake in DIAL.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 32. Loans and borrowings

	Maturity	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
Unsecured:					
3.85% p.a. fixed rate RM Senior Sukuk	2016	-	250,000	-	250,000
Secured:					
Senior Term Facility	2016	-	148,308	-	-
Senior Term Facility	2017	193,638	-	-	-
		<b>193,638</b>	<b>398,308</b>	<b>-</b>	<b>250,000</b>
<b>Non-current</b>					
Unsecured:					
4.55% p.a. fixed rate RM IMTN	2020	1,000,000	1,000,000	1,000,000	1,000,000
4.68% p.a. fixed rate RM IMTN	2022	1,500,000	1,500,000	1,500,000	1,500,000
4.15% p.a. fixed rate RM IMTN	2024	600,000	600,000	600,000	600,000
4.15% p.a. fixed rate RM Senior Sukuk	2018	250,000	250,000	250,000	250,000
Secured:					
Senior Term Facility	2017 - 2021	-	2,150,007	-	-
Senior Term Facility	2018 - 2021	2,036,142	-	-	-
		<b>5,386,142</b>	<b>5,500,007</b>	<b>3,350,000</b>	<b>3,350,000</b>
<b>Total loans and borrowings</b>					
4.55% p.a. fixed rate RM IMTN		1,000,000	1,000,000	1,000,000	1,000,000
4.68% p.a. fixed rate RM IMTN		1,500,000	1,500,000	1,500,000	1,500,000
4.15% p.a. fixed rate RM IMTN		600,000	600,000	600,000	600,000
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	250,000	250,000
Euribor + 2.5% p.a. Senior Term Facility		2,229,780	2,298,315	-	-
		<b>5,579,780</b>	<b>5,898,315</b>	<b>3,350,000</b>	<b>3,600,000</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 32. Loans and borrowings (continued)

The remaining maturities of the loans and borrowings as at 31 December 2016 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
On demand or within one year	193,638	398,308	-	250,000
More than 1 year and less than 2 years	1,086,138	186,564	250,000	-
More than 2 years and less than 5 years	2,200,004	2,608,599	1,000,000	1,250,000
5 years or more	2,100,000	2,704,844	2,100,000	2,100,000
	<b>5,579,780</b>	5,898,315	<b>3,350,000</b>	3,600,000

- (a) On 23 June 2016, the Group had paid EUR 10,000,000, equivalent to RM44,800,000 of the Senior Term Facility which matured on 24 June 2016.
- (b) On 6 September 2016, the Company had repaid its three (3) years Senior Sukuk (Sukuk Musharakah) tranche amounting to RM250,000,000 which matured on 6 September 2016.
- (c) On 27 December 2016, the Group had paid EUR 10,000,000, equivalent to RM47,200,000 of the Senior Term Facility which matured on 28 December 2016.
- (d) ICP Programme and IMTN Programme (collectively referred to as the Sukuk Programmes)**

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 RM3,100,000,000 (with a sub-limit of RM1,000,000,000 in nominal value for the ICP Programme).

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 has been accorded a short-term rating of P1 and long-term rating of AAA/Stable respectively by RAM Rating Services Berhad (RAM). The Sukuk Programmes are issued under the Shariah Principle of Ijarah and Murabahah utilising Commodity (Commodity Murabahah).

On 30 August 2010, MACB completed the issuance of the first tranche comprising RM1,000,000,000 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 32. Loans and borrowings (continued)

##### (d) ICP Programme and IMTN Programme (collectively referred to as the Sukuk Programmes) (continued)

On 17 December 2010, MACB completed the issuance of the second tranche comprising RM1,500,000,000 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.

On 28 December 2012, MACB completed the issuance of the final tranche comprising RM600,000,000 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.

These notes with total face value of RM3,100,000,000 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

##### (e) Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme (collectively referred to as the Sukuk Musharakah Programmes)

The Company also undertook a Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme with a combined aggregate limit of up to RM2,500,000,000 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.

The Senior Sukuk Programme has been accorded long-term rating of AAA/Stable respectively by RAM while the Perpetual Subordinated Sukuk Programme have been accorded with long-term rating of AA2/Stable. Both the Senior Sukuk Programme and the Perpetual Subordinated Sukuk Programme are issued under the Shariah Principle of Musharakah.

On 6 September 2013, MAHB has completed the issuance of RM500,000,000 Senior Sukuk (Sukuk Musharakah) via a dual tranche offering pursuant to the Senior Sukuk Programme. The Senior Sukuk offering comprises a three (3) years, RM250,000,000 tranche and a five (5) years, RM250,000,000 tranche with a periodic distribution rate (per annum, payable semi-annually) of 3.85% and 4.15% respectively.

On 15 December 2014, the Company has completed the issuance of RM1,000,000,000 Perpetual Subordinated Sukuk pursuant to the Perpetual Subordinated Sukuk Programme. The Perpetual Subordinated Sukuk is structured as a Perpetual Sukuk and accounted as equity (as stated in Note 2.4(ac) and 33).

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 32. Loans and borrowings (continued)

##### (e) Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme (collectively referred to as the Sukuk Musharakah Programmes) (continued)

The outstanding Senior Sukuk with total face value of RM250,000,000 is unsecured. Details of the Senior Sukuk are as follows:

Coupon rate	Issue size (RM'000)	Issue date	Maturity date
4.15%	250,000	06.09.2013	06.09.2018

The terms of the Sukuk Programmes and the Sukuk Musharakah 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 the Senior Sukuk Programme; 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.

##### (f) Senior Term Facility

ISG has signed a facility agreement on 21 December 2014 with three financial institutions which provided a total credit line of EUR 500,000,000, equivalent to RM2,125,000,000 to refinance the Project Loan, Subordinated Loan, Trigen Loan, Term Loan and all subordinated shareholder loans and payables.

ISG has utilised EUR 500,000,000, equivalent to RM2,125,000,000 of the total facility on 24 December 2014 and employed the funds for the repayment of the loans described above with the balance used for the unwinding of the IRS swap of EUR 29,073,000, equivalent to RM123,560,000, payment of bank fees of EUR 10,000,000, equivalent to RM42,500,000, Debt Service Reserve Account (DSRA) funding for the new Senior Term Loan of EUR 1,272,000, equivalent to RM5,406,000 and injection of working capital in ISG of EUR 21,642,000, equivalent to RM91,979,000.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 32. Loans and borrowings (continued)

##### (f) Senior Term Facility (continued)

According to the facility agreement, the re-pricing dates for the Senior Term Loan are set semi-annually. However, the first re-pricing date has been agreed to be on a monthly basis until the Mandated Banks syndicate the Senior Project Loan in the first half of 2015.

The Senior Term Loan has been syndicated on 26 March 2015 and the margin on the loan has been reduced from 2.75% to 2.50%.

ISG is required to fund a minimum DSRA corresponding to the interest payable in the next interest period amounting to EUR 6,585,000, equivalent to RM31,081,000 (2015: EUR 6,585,000, equivalent to RM30,884,000).

The financial covenants of the current Senior Term Loan are as follows:

Historic debt service coverage ratio	Minimum of 1.10:1
Projected debt service coverage ratio	Minimum of 1.10:1
Loan life cover ratio	Minimum of 1.15:1

ISG has, as security for fulfilment of its obligations to the financial institutions, has assigned all of its present and future receivables, rights, incomes, claims, interests and benefits in, to and under its receivables, as well as any and all kinds of receivables arising out of or in connection with other agreements that ISG has entered into, as well as ISG's VAT refunds, to the security agent of the agreement.

These Senior Term Facility with total face value of EUR 500,000,000, equivalent to RM2,360,000,000 are secured. The remaining balances of the Senior Term Facility are as follows:

Coupon rate	EUR'000	RM'000	Issue date	Maturity amount (RM'000)	Maturity date
Euribor + 2.5% p.a.	472,411	*2,229,780	24.12.2014	97,699	26.06.2017
				95,939	27.12.2017
				160,926	26.06.2018
				157,210	27.12.2018
				262,321	26.06.2019
				255,681	27.12.2019
				291,200	26.06.2020
				283,571	29.12.2020
				296,295	28.06.2021
				328,938	24.12.2021
					2,229,780

\* The proceeds received is after netting off the transaction cost.

Other information on financial risks of borrowings are disclosed in Note 41.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 32. Loans and borrowings (continued)

##### (g) Subordinated Loan

ISG had drawdown Subordinated Loan of EUR40,000,000, equivalent to RM170,000,000 each in year 2010 and 2013 for working capital purposes. The loan was settled on 21 January 2015.

#### 33. Perpetual Sukuk

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Nominal value	997,842	997,842	997,842	997,842

On 15 December 2014, the Group has completed the issuance of RM1,000,000,000 Perpetual Subordinated Sukuk pursuant to the Perpetual Subordinated Sukuk Programme. The Perpetual Subordinated Sukuk is structured as a Perpetual Sukuk and accounted as equity.

The salient features of the Perpetual Sukuk are as follows:

- (a) The Perpetual Sukuk is issued under the Islamic Principle of Musharakah;
- (b) The Perpetual Sukuk is a perpetual non-call ten (10) - year with no fixed tenure and carries a fixed initial periodic distribution rate of 5.75% (per annum, payable semi-annually) up to the 10<sup>th</sup> year anniversary of the issue date, after which and for every 10 year onward the periodic distribution rate will be reset. The periodic distribution rate will be reset to the prevailing 10 – year MGS benchmark rate plus 1.867% (Initial Spread) plus 1.00% step up rate. As at 31 December 2016, a periodic distribution for Perpetual Sukuk payable was RM57,658,000 (2015: RM57,500,000);
- (c) Deferred periodic distribution, if any, will be cumulative and accrued at the prevailing periodic distribution rate;
- (d) The Perpetual Sukuk has no fixed redemption date;
- (e) MAHB has the option to redeem the Perpetual Sukuk in whole under the following circumstances:
  - (i) Option of issuer – at the option of MAHB on each Call Date;
  - (ii) Tax reasons – if MAHB is obliged to pay additional amount due to change in tax laws or regulations in Malaysia;
  - (iii) Rating Event – if there is change in equity credit criteria, guidelines or methodology of rating agency which results in lower equity credit of the Perpetual Sukuk;
  - (iv) Accounting reasons – if there is change in accounting standards which results in the Perpetual Sukuk no longer be classified as equity;
  - (v) Tax deductibility – if there is change in tax laws or regulations in Malaysia which results in the periodic distribution amount no longer eligible for full tax deductibility under corporate income tax;

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 33. Perpetual Sukuk (continued)

- (e) MAHB has the option to redeem the Perpetual Sukuk in whole under the following circumstances: (continued)
- (vi) Minimal outstanding amount – if the outstanding Perpetual Sukuk is less than 10% of the nominal value originally issued;
  - (vii) Change of control – if the GoM cease to hold the Special Share issued by MAHB; and
  - (viii) Revocation of license – if the licenses issued by Minister of Transport to MAHB Group is being revoked/terminated which results in the cessation of MAHB operations for a period more than 30 consecutive days.
- (f) Payment obligations on the Perpetual Sukuk will at all times, rank in priority to other share capital instruments for the time being outstanding, but junior to the claims of present and future creditors of MAHB (other than obligations ranking pari passu with the Perpetual Sukuk);
- (g) The Perpetual Sukuk is rated AA2 by RAM; and
- (h) The Perpetual Sukuk is unsecured.

#### 34. Derivative financial instruments

Two derivative contracts have been signed between two foreign banks and ISG with starting dates of 26 June 2015 and 29 December 2015 respectively.

ISG uses interest rate derivatives to manage its exposure to interest rate fluctuations in regards to funds utilised from the project finance facility. According to the swap transactions (pay fixed, receive float), the notional amounts differ at each period, as in the borrowing agreement of ISG, until 26 December 2021, details of which are provided below:

##### Due date of transaction

	IRS Swap Contract - I		IRS Swap Contract - II	
	Notional amounts (RM'000)	Fixed Euribor (%)	Notional amounts (RM'000)	Fixed Euribor (%)
26 June 2017	1,132,800	0.1500	1,132,800	0.1500
27 December 2017	1,097,400	0.3000	1,097,400	0.3000
26 June 2018	1,062,000	0.3000	1,062,000	0.3000
27 December 2018	991,200	0.3000	991,200	0.3000
26 June 2019	920,400	0.3000	920,400	0.3000
27 December 2019	790,600	1.3025	790,600	1.2950
26 June 2020	660,800	1.3025	660,800	1.2950
29 December 2020	507,400	1.3025	507,400	1.2950
28 June 2021	354,000	1.3025	354,000	1.2950
24 December 2021	188,800	1.3025	188,800	1.2950



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 34. Derivative financial instruments (continued)

As of 31 December 2016, fair value of the above mentioned contracts are EUR 9,911,000, equivalent to RM46,782,000 (2015: EUR 3,759,000, equivalent to RM17,628,000). Fair value of cash outflows with respect to the derivative that fall within one year from the financial position date, amounting to EUR 718,000, equivalent to RM3,389,000 (2015: EUR 662,000, equivalent to RM3,105,000) is classified under current liabilities whereas the remaining amount of EUR 9,193,000, equivalent to RM43,393,000 (2015: EUR 3,097,000, equivalent to RM14,523,000) is classified under non-current liabilities.

The unrealised loss on interest rate swaps transferred to the statement of profit or loss that is recognised in the consolidated statement of comprehensive income as at 31 December 2016 are as follows:

	Group	
	2016 RM'000	2015 RM'000
Recognised in other comprehensive income	23,926	13,491
Recognised in profit or loss	3,437	606
Foreign currency translation	113	6
	<b>27,476</b>	<b>14,103</b>

#### 35. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	330,672	341,131	-	-
Utilisation Fee Liability (Note 35(f))	451,119	464,514	-	-
	<b>781,791</b>	<b>805,645</b>	<b>-</b>	<b>-</b>
<b>Other payables</b>				
Amounts due to subsidiaries	-	-	75,573	99,533
Accruals (Note 35(d))	197,817	415,480	80,891	284,926
Provisions for liabilities	24,713	26,091	4,995	5,160
Sundry payables	283,795	301,804	45,891	47,983
Deferred income (Note 35(c))	111,129	114,677	-	-
Distribution to Perpetual Sukuk holder	2,572	2,572	2,572	2,572
Deposits	106,684	89,500	13,244	13,722
Concession liabilities (Note 35(e))	30,070	28,464	-	-
	<b>756,780</b>	<b>978,588</b>	<b>223,166</b>	<b>453,896</b>
	<b>1,538,571</b>	<b>1,784,233</b>	<b>223,166</b>	<b>453,896</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 35. Trade and other payables (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>				
<b>Trade payables</b>				
Third parties	44,876	45,282	-	-
Utilisation Fee Liability (Note 35(f))	3,917,230	3,916,919	-	-
	<b>3,962,106</b>	3,962,201	-	-
<b>Other payables</b>				
Sundry payables	1,817	4,304	-	-
Deferred income (Note 35(c))	56,574	63,649	-	-
Retirement benefit obligations	3,309	2,777	-	-
Concession liabilities (Note 35(e))	436,727	445,264	-	-
	<b>498,427</b>	515,994	-	-
	<b>4,460,533</b>	4,478,195	-	-
Total trade and other payables (current and non-current)	<b>5,999,104</b>	6,262,428	<b>223,166</b>	453,896
Add: Loans and borrowings (Note 32)	<b>5,579,780</b>	5,898,315	<b>3,350,000</b>	3,600,000
Less:				
- Provisions for liabilities	(24,713)	(26,091)	(4,995)	(5,160)
- Deferred income	(167,703)	(178,326)	-	-
Total financial liabilities carried at amortised cost	<b>11,386,468</b>	11,956,326	<b>3,568,171</b>	4,048,736

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 35. Trade and other payables (continued)

Movement of provisions for liabilities during the year is as follows:

	Short-term accumulating compensated absences RM'000	Assessment fees RM'000	Total RM'000
<b>Group</b>			
<b>At 31 December 2016</b>			
At 1 January 2016	23,094	2,997	26,091
Additional provision during the year	3,939	3,970	7,909
Writeback of provision during the year	(4,558)	(1,134)	(5,692)
Utilised during the year	(20)	(3,575)	(3,595)
At 31 December 2016	22,455	2,258	24,713
<b>At 31 December 2015</b>			
At 1 January 2015	20,316	3,338	23,654
Additional provision during the year	3,308	4,026	7,334
Writeback of provision during the year	(514)	-	(514)
Utilised during the year	(16)	(4,367)	(4,383)
At 31 December 2015	23,094	2,997	26,091
<b>Short-term accumulating compensated absences RM'000</b>			
<b>Company</b>			
<b>At 31 December 2016</b>			
At 1 January 2016			5,160
Writeback of provision during the year			(150)
Utilised during the year			(15)
At 31 December 2016			4,995
<b>At 31 December 2015</b>			
At 1 January 2015			4,607
Additional provision during the year			563
Utilised during the year			(10)
At 31 December 2015			5,160

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 35. Trade and other payables (continued)

Movement of retirement benefit obligations during the year is as follows:

	Retirement benefit obligations RM'000
<b>Group</b>	
<b>At 31 December 2016</b>	
At 1 January 2016	2,777
Recognised in the statement of profit or loss	879
Utilised during the year	(437)
Foreign currency translation	90
At 31 December 2016	3,309
<b>At 31 December 2015</b>	
At 1 January 2015	1,385
Recognised in the statement of profit or loss	1,144
Foreign currency translation	248
At 31 December 2015	2,777

The foreign subsidiary companies maintained separate unfunded retirement plans for its eligible employees in accordance with the respective countries Labour Law.

#### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2015: 30 to 90) days.

#### (b) Amounts due to subsidiaries

Amounts due to subsidiaries 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 35. Trade and other payables (continued)

##### (c) Deferred income

Deferred income is analysed as follows:

	Group	
	2016 RM'000	2015 RM'000
Analysed as:		
Current	111,129	114,677
Non-current:		
Later than 1 year but not later than 2 years	5,696	7,674
Later than 2 years but not later than 5 years	12,788	14,265
Later than 5 years	38,090	41,710
	<b>56,574</b>	63,649
	<b>167,703</b>	178,326

Deferred income is in respect of customer loyalty programme on airline incentives and deferred lease rental from commercial activities.

##### (d) Accruals

Included in accrual is RM47,995,000 (2015: RM241,562,000) amount accrued in relation to klia2 construction cost.

##### (e) Concession liabilities

Concession liabilities are in respect of the following:

- (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 (ab) where the arrangement with service providers in supplying chilled water utility contains a lease arrangement and the fulfilment of the arrangement is dependent on a specified asset pursuant to an Operating Agreement upon the adoption of IC 12.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 35. Trade and other payables (continued)

##### (e) Concession liabilities (continued)

Concession liabilities are analysed as follows:

	Group			
	Lease rental payable to GoM		Airport Facility Arrangements (AFA)	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Analysed as:				
Current	-	-	30,070	28,464
Non-current:				
Later than 1 year but not later than 2 years	277	2,581	31,766	30,070
Later than 2 years but not later than 5 years	936	8,469	48,162	62,986
Later than 5 years	89,970	58,599	265,616	282,559
	<b>91,183</b>	69,649	<b>345,544</b>	375,615
Total minimum lease payment	<b>91,183</b>	69,649	<b>375,614</b>	404,079

	Group	
	2016 RM'000	2015 RM'000
Current	30,070	28,464
Non-current	436,727	445,264
Total concession liabilities	<b>466,797</b>	473,728

The AFA obligation is arrived at after discounting the future estimated finance charge of RM175,862,000 (2015: RM197,375,000).

The lease rental payable to GoM for the extended period of Operating Agreements as disclosed in Note 1.2(f) has been accounted for in concession liabilities.

Other information on financial risks of other payables are disclosed in Note 41.

##### (f) Utilisation Fee Liability

The Utilisation Fee Liability represents the present value of amounts payable to the Administration in accordance with the Concession Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period. The Utilisation Fee Liability is discounted to present value, at a rate of 10.3%.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 35. Trade and other payables (continued)

##### (f) Utilisation Fee Liability (continued)

	Group	
	2016 RM'000	2015 RM'000
Analysed as:		
Current	451,119	464,514
Non-current:		
Later than 1 year but not later than 2 years	386,691	393,441
Later than 2 years but not later than 5 years	1,149,780	1,102,159
Later than 5 years	2,380,759	2,421,319
	<b>3,917,230</b>	3,916,919
	<b>4,368,349</b>	4,381,433

#### 36. 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 1 to 3 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Future minimum rental payments:				
Not later than 1 year	48,535	47,663	9,727	9,816
Later than 1 year but not later than 5 years	108,460	121,701	16,521	14,729
Later than 5 years	18,479	35,119	-	-
	<b>175,474</b>	204,483	<b>26,248</b>	24,545

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 37. Commitments

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
<b>Group</b>				
<b>31 December 2016</b>				
(i) Approved but not contracted for:				
Capital expenditure	660,262	-	-	660,262
(ii) Other investments:				
Investment in ISG <sup>(a)</sup>	-	247,942	-	247,942
Investment in MFMA <sup>(b)</sup>	-	58,729	-	58,729
	-	306,671	-	306,671
	660,262	306,671	-	966,933
<b>31 December 2015</b>				
(i) Approved and contracted for:				
Lease rental payable to GoM other than within the Operating Agreements <sup>(c)</sup>	-	-	66,063	66,063
(ii) Approved but not contracted for:				
Capital expenditure	568,632	-	-	568,632
(iii) Other investments:				
Investment in ISG <sup>(a)</sup>	-	246,366	-	246,366
Investment in MFMA <sup>(b)</sup>	-	56,113	-	56,113
	-	302,479	-	302,479
	568,632	302,479	66,063	937,174



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 37. Commitments (continued)

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
<b>Company</b>				
<b>31 December 2016</b>				
(i) Approved but not contracted for:				
Capital expenditure	35,133	-	-	35,133
(ii) Other investments:				
Investment in ISG <sup>(a)</sup>	-	49,588	-	49,588
	35,133	49,588	-	84,721
<b>31 December 2015</b>				
(i) Approved but not contracted for:				
Capital expenditure	30,664	-	-	30,664
(ii) Other investments:				
Investment in ISG <sup>(a)</sup>	-	49,273	-	49,273
	30,664	49,273	-	79,937
	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Analysed as:				
Not later than 1 year	660,262	568,632	35,133	30,664
Later than 1 year but not later than 5 years	306,671	302,479	49,588	49,273
Later than 5 years	-	66,063	-	-
	966,933	937,174	84,721	79,937

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 37. Commitments (continued)

- (a) Prior to the refinancing of ISG as stated in Note 32(f), a Shareholder Support Agreement dated 6 June 2008 and amended on 3 October 2011 (Agreement) was entered between the Company, together with GMR, Limak, and, amongst others, ISG to facilitate the loan financing arrangements by ISG to fund the development of ISGIA for amounts up to EUR 52,530,000, equivalent to RM247,942,000 (2015: EUR 52,530,000, equivalent to RM246,366,000). 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. ISG's obligation to provide further equity funding is expected to be based on its proportionate shareholding and is not obliged to cover any shortfall of any other Shareholder. Upon completion of the refinancing and acquisition of ISG, MAHB Group provides full financial support to meet ISG's obligations stipulated under the new loan agreements and/or Implementation Agreement, as and when necessary. As at 31 December 2016, other than those disclosed above, there are no further approved commitments relating to the equity funding for the additional investment in ISG.
- (b) MFMA had on 10 November 2014 entered into a loan facility agreement for amounts up to USD 60,000,000, equivalent to RM257,400,000 with Sumitomo Mitsui Banking Corporation Labuan Branch and Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad (collectively known as Lenders) to fund the development of Mitsui Outlet Park KLIA. The loan facility is structured into two facilities namely Facility A and Facility B as per MFMA shareholdings between Mitsui Fudosan Co. Ltd. (Mitsui) (70%) and MAHB (30%), with the loan amount of USD 42,000,000, equivalent to RM180,180,000 and USD 18,000,000, equivalent to RM77,220,000, respectively for each Facility A and Facility B.

In order to facilitate the loan financing arrangement, an Equity Contribution Agreement (ECA) dated 10 November 2014 was entered between MAHB, MA (Sepang), Mitsui, MFMA and the Lenders.

Under the ECA, Mitsui is to provide a corporate guarantee to the Lenders to repay all the outstanding aggregate principal amount of the loans under the Facility A in the event of default by MFMA. However for Facility B, MAHB and MA (Sepang) shall make to MFMA an additional capital injection or a shareholder loan (as the case may be) of an amount equal to the outstanding aggregate principal amount of the loans under the Facility B, upon Capital Acceleration Event.

On 17 November 2014, MFMA has drawdown USD 43,600,000, equivalent to RM145,428,000, out of total loan facility of USD 60,000,000, equivalent to RM257,400,000. The commitments by MAHB is in respect of the Facility B which amounted to USD 13,080,000, equivalent to RM58,729,000 (2015: USD 13,080,000, equivalent to RM56,113,000).

- (c) As the Operating Agreements have been extended to 2069 during the current financial year as disclosed in Note 1.2(f), the lease payable for the extended period has been accounted for in concession liabilities as disclosed in Note 35(e).

#### 38. Financial guarantees and contingencies

##### (a) Guarantees

- (i) As of 31 December 2016, ISG has given three letters of guarantee, one amounting to EUR 86,079,000, equivalent to RM406,293,000 (2015: EUR 91,818,000, equivalent to RM430,626,000), one amounting to EUR 13,009,000, equivalent to RM61,402,000 (2015: EUR 13,009,000, equivalent to RM61,012,000), and another amounting to EUR 1,629,000, equivalent to RM7,689,000 (2015: EUR 1,629,000, equivalent to RM7,640,000) are provided to the Administration (representing 6% of total amount payable to the Administration for the right to operate the Facility as set out in the Concession Agreement).

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 38. Financial guarantees and contingencies (continued)

##### (a) Guarantees (continued)

- (ii) As of 31 December 2016, LGM has given a letter of guarantee to Havaalani Isletme ve Havacilik Endustrileri A.S. (HEAS) amounting to EUR 474,000, equivalent to RM2,237,000 (2015: EUR 458,000, equivalent to RM2,148,000) for the rental of the hangar operations.
- (iii) MACS has provided the following guarantees for customers of MACS ME:
  - (a) Performance Bank Guarantee totalling to QAR 39,700,000, equivalent to RM50,022,000 (2015: QAR 36,900,000, equivalent to RM43,911,000)
  - (b) Advance Payment Guarantee totalling to QAR 22,000,000, equivalent to RM27,720,000 (2015: QAR 31,900,000, equivalent to RM37,961,000)
  - (c) Parent Company Guarantee (PCG) to guarantee the performance of obligations and liabilities of MACS ME under contract for Facility Management Services for Airport Operational Facilities and Ancillary Buildings.

The Group has assessed the guarantee contracts and concluded that the guarantees are more likely not to be called upon and accordingly not recognised as financial liability as at 31 December 2016.

##### (b) Contingent liabilities

- (i) ISG is involved in, and may from time to time be involved in a number of legal proceedings. There are 239 employee lawsuits filed against ISG either directly or indirectly via sub-contractors. The total amount of claims against ISG is EUR 1,104,000, equivalent to RM5,211,000 (2015: EUR 1,260,000, equivalent to RM5,909,000). ISG recognised a provision for these claims of EUR 1,041,000, equivalent to RM4,914,000 (2015: EUR 602,000, equivalent to RM2,823,000) in the consolidated financial statements considering that ISG cannot establish the rest of the claims and that a probable loss will occur.
- (ii) The tax authority had argued on the management fees invoices for 2010 that LGM received from the shareholders should be viewed as dividend distributions since there was inadequate proof that services were provided by the shareholders. As a result of this, LGM had in 2015 paid TL 1,252,000, equivalent to EUR 399,000 or RM1,871,000 to the tax authority.

No tax investigation has been commissioned for 2012-2014 by the government. Invoices received relating to management fees for 2012-2014 amount to TL 15,769,000, equivalent to EUR 4,258,000 or RM20,098,000.

The government of Turkey implemented a tax amnesty scheme in 2016 whereby making an additional declaration companies may remove the risk of being audited by the authorities. LGM has applied for the tax amnesty on VAT and corporate tax and paid additional taxes as follows:

- VAT amount of TL 648,000, equivalent to EUR 175,000 or RM826,000 for the years 2012, 2013 and 2014
- Corporate tax amount of TL 116,000, equivalent to EUR 31,000 or RM146,000 for the years 2012, 2013 and 2014

As a result of the tax amnesty, LGM is of the view that the management fees will not be investigated any further and no further tax liability will arise.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 38. Financial guarantees and contingencies (continued)

##### (b) Contingent liabilities (continued)

- (iii) On 20 August 2015, MAP received a Notice of Arbitration from KAF in respect of the alleged losses and damages in the sum of RM28,277,000 pertaining to among others, design changes under the Airport Facilities Agreement (AFA) dated 26 September 2007. Both parties have appointed an arbitrator. The Arbitrator has fixed the hearing of the matter on 11 to 29 September 2017.
- (iv) On 26 February 2016, MAP received a Notice of Arbitration from KAF in respect of the alleged losses and damages in the estimated claim amount of RM456,000,000 pertaining to inter alia, the changes of the Concession Period under the AFA dated 26 September 2007. MAHB has obtained a preliminary view from its solicitors who consider that MAP has a reasonably good prospect of defending the claims as MAP has complied with all the terms and conditions under the AFA. On 13 February 2017, MAP has informed KAF on the Operating Agreements extension as disclosed in Note 1.2(f) and requested KAF to withdraw the arbitration notice.
- (v) On 21 September 2016, MAHB and its wholly owned subsidiary MA (Sepang) have received a Notice from Express Rail Link Sdn. Bhd. (ERL) to, inter alia, wholly indemnify ERL against a claim by Segi Astana Sdn. Bhd. for the sum of RM5,400,000 and further and continuing damages from 9 September 2016 until the date of vacant possession of premises or until such date as deemed appropriate by Court for all losses and damages. The Court has fixed 30 May 2017 for hearing of the Third Party Notice Direction.
- (vi) On 23 December 2016, ISG received a notice of tax audit on VAT refund in respect of Jet Fuel for the years 2012 and 2013. This is in respect of a legal case which has been filed against the tax office. ISG has won the legal case and the tax office appealed to the Supreme Court. The case is still at the Supreme Court stage. ISG is of the view that the Supreme Court will uphold the decision of the lower courts in favour of ISG.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 39. 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	
	2016	2015
	RM'000	RM'000
<b>Related party balances:</b>		
Amounts owing by associated companies	1,577	1,862
Amounts owing to joint ventures	6,986	7,322
Amount owing to other related party	500	500
<b>Related party transactions:</b>		
<b>Revenue:</b>		
<u>Associates:</u>		
Lease rental		
- KL Aviation Fuelling System Sdn. Bhd.	6,036	5,954
- MFMA Development Sdn. Bhd.	3,044	1,802
Concession fee		
- MFMA Development Sdn. Bhd.	568	568
Recoupment of water, electricity & sewerage		
- MFMA Development Sdn. Bhd.	5,933	4,289
<u>Joint ventures:</u>		
Lease rental		
- Segi Astana Sdn. Bhd.	1,273	1,273
- Airport Cooling Energy Supply Sdn. Bhd.	888	888
<b>Expenses:</b>		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Utilities (fixed)	32,125	32,125
- Utilities (variable)	14,371	13,701
- Less: Rebate	(3,233)	(3,203)
- Interest on concession payable	21,362	21,362
Segi Astana Sdn. Bhd.		
- Rental of shops and warehouse	1,421	2,654
- Water and electricity	133	211
- Car park	35	42

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 39. Related party disclosures (continued)

	Group	
	2016 RM'000	2015 RM'000
<b>Related party transactions: (continued)</b>		
<b>Other transactions:</b>		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Payment on concession payable	10,699	10,699
<u>Other related party:</u>		
Korn Ferry International (M) Sdn. Bhd.		
- Professional fees	635	1,086
	Company	
	2016 RM'000	2015 RM'000
<b>Other transactions:</b>		
<u>Subsidiaries:</u>		
Utilities charges		
- Malaysia Airports (Sepang) Sdn. Bhd.	1,327	1,465
Landscape services		
- MAB Agriculture-Horticulture Sdn. Bhd.	386	379
Catering services		
- Malaysia Airports (Niaga) Sdn. Bhd.	581	518
Event management		
- K.L. Airport Hotel Sdn. Bhd.	939	1,116
Repair and maintenance of building		
- Urusan Teknologi Wawasan Sdn. Bhd.	793	773

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 39. Related party disclosures (continued)

##### Compensation of key management personnel

The remuneration of other members of key management during the year was as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	15,268	14,320	11,636	11,616
Post-employment benefit:				
Defined contribution plans	2,394	2,364	1,854	1,921
	<b>17,662</b>	<b>16,684</b>	<b>13,490</b>	<b>13,537</b>

Remuneration of directors is as disclosed in Note 8.

#### 40. Significant events

- (a) As disclosed in Note 1.2(f), MA (Sepang) and MASB (Malaysia Airports), via a letter from the Ministry of Transport, dated 28 December 2016, has been granted an extension of the Operating Agreements for a period of 35 years on top of the existing 25 years from 12 February 2009.
- (b) As disclosed in Note 18, the arbitration tribunal between the Maldivian Government, MACL and GMR Male had been settled.

#### 41. 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 interest rate risk, foreign currency risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management. 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 41. Financial instruments (continued)

##### (b) Interest rate risk (continued)

The Group has minimal exposure to interest rate risk at the reporting date. The following table sets out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>At 31 December 2016</b>							
<b>Group</b>							
Fixed rate term loan	32	3.72	193,638	1,086,138	2,200,004	2,100,000	5,579,780
Cash and cash equivalents	26	2.78	1,299,611	-	-	-	1,299,611
<b>Company</b>							
Fixed rate term loan	32	4.51	-	250,000	1,000,000	2,100,000	3,350,000
Cash and cash equivalents	26	3.93	211,236	-	-	-	211,236
<b>At 31 December 2015</b>							
<b>Group</b>							
Fixed rate term loan	32	3.76	398,308	186,564	2,608,599	2,704,844	5,898,315
Cash and cash equivalents	26	2.86	987,550	-	-	-	987,550
<b>Company</b>							
Fixed rate term loan	32	4.46	250,000	-	1,250,000	2,100,000	3,600,000
Cash and cash equivalents	26	4.50	155,062	-	-	-	155,062

The average maturity of financial instruments at the reporting date is 22 days (2015: 26 days). 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 41. Financial instruments (continued)

##### (c) Foreign currency risk

Other than the Group's investments in foreign associates and foreign subsidiaries, the Group is exposed to transactional currency risk, mainly arising from the United States Dollar, Great Britain Pound, Euro, Singapore Dollar, Switzerland Swiss Franc, China RMB, Hong Kong Dollar, Qatar Riyal and Australian Dollar. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to a manageable level and short-term imbalances are addressed by buying and selling foreign currencies at spot rate.

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:

	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	Switzerland Swiss Franc RM'000	China RMB RM'000	Hong Kong Dollar RM'000	Qatar Riyal RM'000	Australian Dollar RM'000	Total RM'000
<b>Group</b>										
<b>At 31 December 2016</b>										
Ringgit Malaysia	46,679	2	889	798	20	60	-	20,260	(2)	68,706
<b>At 31 December 2015</b>										
Ringgit Malaysia	71,808	(37)	1,100	5	(175)	65	(50)	19,501	(25)	92,192
<b>Company</b>										
<b>At 31 December 2016</b>										
Ringgit Malaysia	46,634	6,198	11,824	(4)	-	-	-	-	(2)	64,650
<b>At 31 December 2015</b>										
Ringgit Malaysia	44,915	6,994	12,240	398	-	-	(50)	-	(25)	64,472

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 41. Financial instruments (continued)

##### (c) Foreign currency risk (continued)

###### 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, RMB, CHF and QAR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group 2016 RM'000 Profit, net of tax	Company 2016 RM'000 Profit, net of tax
USD/RM	- strengthened 5%	2,334	2,332
	- weakened 5%	(2,334)	(2,332)
GBP/RM	- strengthened 5%	-	310
	- weakened 5%	-	(310)
EUR/RM	- strengthened 5%	44	591
	- weakened 5%	(44)	(591)
SGD/RM	- strengthened 5%	40	-
	- weakened 5%	(40)	-
RMB/RM	- strengthened 5%	3	-
	- weakened 5%	(3)	-
CHF/RM	- strengthened 5%	1	-
	- weakened 5%	(1)	-
QAR/RM	- strengthened 5%	1,013	-
	- weakened 5%	(1,013)	-

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 41. Financial instruments (continued)

##### (d) Liquidity risk (continued)

##### 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
<b>Group</b>				
<b>31 December 2016</b>				
<b>Financial liabilities:</b>				
Trade and other payables	1,422,956	3,468,937	4,935,706	9,827,599
Loans and borrowings	348,940	4,113,703	2,149,664	6,612,307
<b>Total undiscounted financial liabilities</b>	<b>1,771,896</b>	<b>7,582,640</b>	<b>7,085,370</b>	<b>16,439,906</b>
<b>31 December 2015</b>				
<b>Financial liabilities:</b>				
Trade and other payables	1,649,033	3,219,355	5,442,617	10,311,005
Loans and borrowings	560,207	3,637,740	2,959,339	7,157,286
<b>Total undiscounted financial liabilities</b>	<b>2,209,240</b>	<b>6,857,095</b>	<b>8,401,956</b>	<b>17,468,291</b>
<b>Company</b>				
<b>31 December 2016</b>				
<b>Financial liabilities:</b>				
Other payables	218,171	-	-	218,171
Loans and borrowings	150,975	1,850,928	2,149,664	4,151,567
<b>Total undiscounted financial liabilities</b>	<b>369,146</b>	<b>1,850,928</b>	<b>2,149,664</b>	<b>4,369,738</b>
<b>31 December 2015</b>				
<b>Financial liabilities:</b>				
Other payables	453,896	-	-	453,896
Loans and borrowings	407,567	1,909,648	2,242,332	4,559,547
<b>Total undiscounted financial liabilities</b>	<b>861,463</b>	<b>1,909,648</b>	<b>2,242,332</b>	<b>5,013,443</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 41. Financial instruments (continued)

#### (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, Air Asia Group and Malindo Airways, being the main customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. The Group obtains bank guarantee from its major customer other than airlines.

Investments are acquired after assessing the quality of the relevant investments. Cash and cash equivalents are placed with reliable financial institutions.

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 49% (2015: 51%) of the Group's trade receivables were due from five (2015: five) 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 minimises 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2016

### 41. Financial instruments (continued)

#### (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:

	<b>Note</b>
Trade and other receivables	22
Trade and other payables	35

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) Trade and other receivables (non-current), loans and borrowings and trade 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.

### 42. 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 2016 and 31 December 2015.

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 indebtedness 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 42. Capital management (continued)

	Note	Group	
		2016 RM'000	2015 RM'000
Loans and borrowings	32	5,579,780	5,898,315
Equity attributable to the owners of the parent		8,694,857	8,841,352
Total equity		8,694,857	8,841,352
Gearing ratio		64%	67%

#### 43. 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.

For management purposes, the Group is organised into business units and has the following reportable operating segments:

##### Malaysia operations:

- (i) Duty free and non-dutiable goods  
To operate duty free, non duty free outlets and provide management service in respect of food and beverage outlets at designated airports.
- (ii) Airport services  
To manage, operate and maintain designated airports in Malaysia and to provide airport related services.
- (iii) Agriculture and horticulture  
To cultivate and sell oil palm and other agricultural products and to carry out horticulture activities.
- (iv) Hotel  
To manage and operate a hotel, known as Sama-Sama Hotel and Sama-Sama Express K.L. International Airport.
- (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.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 43. Segment information (continued)

##### (a) Reporting format (continued)

###### Overseas operations:

- (i) Airport services  
To manage, operate and maintain the ISGIA in Turkey and to provide airport related services.
- (ii) Project and repair maintenance  
To provide facilities maintenance services at Hamad International Airport.

##### (b) 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.

Transactions between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 43. Segment information (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Continuing operations										Total operation RM'000
	Malaysia Operations					Overseas Operations					
	Airport operations		Non-airport operations		Airport Operations		Non-airport operations		Project and repair maintenance		Total RM'000
	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	Airport services RM'000	Non-airport operations RM'000	Consolidation adjustments RM'000	Discontinued operation RM'000	
<b>31 December 2016</b>											
<b>Revenue</b>											
External sales											
Airport operations:											
Aeronautical	-	1,563,879	-	-	-	-	498,706	-	-	-	2,062,585
Non-aeronautical:											
Retail	740,019	-	-	-	-	-	-	-	-	-	740,019
Others	917	659,161	-	-	-	-	450,142	-	-	-	1,110,220
Non-airport operations	-	-	34,341	82,884	18,098	-	9,955	114,666	-	-	259,944
Inter-segment sales	726	242,613	5,941	979	64,671	-	71,284	-	(386,214)	A	-
Inter-segment dividends	-	-	-	-	-	140,240	-	-	(140,240)	A	-
<b>Total revenue</b>	<b>741,662</b>	<b>2,465,653</b>	<b>40,282</b>	<b>83,863</b>	<b>82,769</b>	<b>140,240</b>	<b>1,030,087</b>	<b>114,666</b>	<b>(526,454)</b>		<b>4,172,768</b>
<b>Results</b>											
Segment results	36,635	909,536	9,918	17,450	38,502	365,812	710,939	(9,144)	(369,739)	B	1,709,909
Depreciation and amortisation	(11,104)	(288,196)	(4,086)	(15,975)	(385)	(15,882)	(308,576)	(4,551)	(203,775)	C	(852,540)
Finance costs	21	(256,998)	(6)	(82)	74	(157,891)	(459,110)	-	184,223	D	(689,769)
Share of results of associates	-	1,676	-	-	-	-	-	-	-	-	1,676
Share of results of joint ventures	-	-	-	-	-	14,055	-	-	-	-	14,055
Profit/(loss) before tax	25,552	366,018	5,826	1,393	38,191	206,084	(56,747)	(13,695)	(389,291)		183,331
Taxation and zakat	(6,687)	(78,273)	(327)	(811)	(4,471)	2,598	(66,257)	-	44,071	C	(110,157)
Profit/(loss) for the year	18,865	287,745	5,499	582	33,720	208,682	(123,004)	(13,695)	(345,220)		73,174



## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 43. Segment information (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (continued)

	Continuing operations											Total operation RM'000		
	Malaysia Operations					Overseas Operations					Total RM'000			
	←	←	←	←	←	←	←	←	←	←				
←	←	←	←	←	←	←	←	←	←	←	←	←		
	Airport operations RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Project and repair maintenance RM'000	Others RM'000	Airport services RM'000	Non-airport operations RM'000	Airport Operations RM'000	Non-airport operations RM'000	Project and repair maintenance RM'000	Consolidation adjustments RM'000	Notes	Discontinued operation RM'000	Total operation RM'000
<b>31 December 2016 (continued)</b>														
<b>Assets</b>														
Segment assets	240,573	84,234	142,667	102,940	11,981,849	6,507,923	83,733	E	20,926,308	151		151	20,926,459	
Additions to non-current assets	2,119	6,296	5,996	257	23,215	33,807	12,484		243,220	-		-	243,220	
Investments in associates	-	-	-	-	-	-	-		36,161	-		-	36,161	
Investments in joint ventures	-	-	-	-	82,720	-	-		82,720	-		-	82,720	
Total assets	242,692	90,530	148,663	103,197	12,087,784	6,541,730	96,217	(8,655,403)	21,288,409	151		151	21,288,560	
<b>Liabilities</b>														
Segment liabilities, representing total liabilities	204,624	6,561,118	19,287	63,476	5,785,809	7,704,801	72,480	(7,865,892)	F	12,591,653	19	19	12,591,672	

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 43. Segment information (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (continued)

	Continuing operations											Total operation RM'000	
	Malaysia Operations			Non-airport operations			Overseas 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	Airport services RM'000	Project and repair maintenance RM'000	Consolidation adjustments RM'000	Notes	Total RM'000		Discontinued operation RM'000
<b>31 December 2015</b>													
<b>Revenue</b>													
External sales													
Airport operations:													
Aeronautical	-	1,422,445	-	-	-	-	476,903	-	-	-	1,899,348	-	1,899,348
Non-aeronautical:													
Retail	672,520	-	-	-	-	-	-	-	-	-	672,520	-	672,520
Others	894	615,355	-	-	-	-	430,251	-	-	-	1,046,500	-	1,046,500
Non-airport operations	-	-	29,915	73,856	20,401	-	12,161	115,506	-	-	251,839	-	251,839
Inter-segment sales	737	247,814	5,629	1,267	58,802	-	66,479	-	(380,728)	A	-	-	-
Inter-segment dividends	-	-	-	-	-	151,667	-	-	(151,667)	A	-	-	-
<b>Total revenue</b>	<b>674,151</b>	<b>2,285,614</b>	<b>35,544</b>	<b>75,123</b>	<b>79,203</b>	<b>151,667</b>	<b>985,794</b>	<b>115,506</b>	<b>(532,395)</b>		<b>3,870,207</b>	<b>-</b>	<b>3,870,207</b>
<b>Results</b>													
Segment results	(58,546)	857,029	6,300	16,413	20,809	525,177	692,943	17,744	(398,769)	B	1,679,100	(9)	1,679,091
Depreciation and amortisation	(13,946)	(455,804)	(4,058)	(16,025)	(388)	(11,945)	(216,602)	(622)	(182,321)	C	(901,711)	-	(901,711)
Finance costs	-	(256,691)	12	6	(45)	(228,919)	(446,415)	-	190,201	D	(741,851)	-	(741,851)
Share of results of associates	-	(349)	-	-	-	-	-	-	-	-	(349)	-	(349)
Share of results of joint ventures	-	-	-	-	-	10,750	-	-	-	-	10,750	-	10,750
(Loss)/profit before tax	(72,492)	144,185	2,254	394	20,376	295,063	29,926	17,122	(390,889)		45,939	(9)	45,930
Taxation and zakat	13,993	(39,735)	(1,842)	268	(3,916)	16,919	(33,739)	(2,176)	44,410	C	(5,818)	-	(5,818)
(Loss)/profit for the year	(58,499)	104,450	412	662	16,460	311,982	(3,813)	14,946	(346,479)		40,121	(9)	40,112

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 43. Segment information (continued)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (continued)

	Continuing operations										Total operation RM'000			
	Malaysia Operations					Overseas Operations								
	←	←	←	←	←	←	←	←	←	←				
	Airport operations RM'000	Agriculture and horticulture RM'000	Hotel RM'000	Project and repair maintenance RM'000	Others RM'000	Airport services RM'000	Non-airport operations RM'000	Airport Operations RM'000	Non-airport operations RM'000	Project and repair maintenance RM'000	Consolidation adjustments RM'000	Notes	Total RM'000	Discontinued operation RM'000
<b>31 December 2015</b>														
<b>(continued)</b>														
<b>Assets</b>														
Segment assets	251,466	10,470,193	72,932	165,658	12,487,386	6,169,655	126,838	(8,341,394)	E	21,572,357	151	21,572,508		
Additions to non-current assets	7,725	213,458	13,024	3,160	44,475	30,138	744	-	-	313,669	-	313,669		
Investments in associates	-	34,485	-	-	-	-	-	-	-	34,485	-	34,485		
Investments in joint ventures	-	-	-	-	71,671	-	-	-	-	71,671	-	71,671		
<b>Total assets</b>	<b>259,191</b>	<b>10,718,136</b>	<b>85,956</b>	<b>168,818</b>	<b>12,603,532</b>	<b>6,199,793</b>	<b>127,582</b>	<b>(8,341,394)</b>		<b>21,992,182</b>	<b>151</b>	<b>21,992,333</b>		
<b>Liabilities</b>														
Segment liabilities, representing total liabilities	239,989	6,833,164	20,214	84,215	6,301,556	7,191,554	90,046	(7,715,023)	F	13,151,719	19	13,151,738		

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 43. Segment information (continued)

**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) Segment results from continuing operations is derived after deducting mainly inter-segment dividend and intercompanies finance charges.
- (C) Fair value adjustments in relation to the Purchase Price Allocation exercise on the acquisition of subsidiaries.
- (D) Inter-segment interest and fair value adjustments in relation to the Purchase Price Allocation exercise on the acquisition of subsidiaries.
- (E) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Investment in subsidiaries	(1,886,883)	(1,886,883)
Inter-segment assets	(6,768,520)	(6,454,511)
	<b>(8,655,403)</b>	<b>(8,341,394)</b>

- (F) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM'000	2015 RM'000
Inter-segment liabilities	7,865,892	7,715,023

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2016

#### 44. 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 2016 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	3,919,385	4,012,317	105,232	118,477
- Unrealised	78,402	95,902	28,308	29,558
	<b>3,997,787</b>	4,108,219	<b>133,540</b>	148,035
Total share of retained earnings/(accumulated losses) from associated companies:				
- Realised	58,247	69,632	-	-
- Unrealised	(4,204)	(3,836)	-	-
	<b>54,043</b>	65,796	-	-
Total share of retained earnings/(accumulated losses) from joint ventures:				
- Realised	17,952	14,318	-	-
- Unrealised	(10,441)	(5,622)	-	-
	<b>7,511</b>	8,696	-	-
Less: Consolidation adjustments	<b>(1,738,154)</b>	(1,733,220)	-	-
Total retained earnings as per financial statements	<b>2,321,187</b>	2,449,491	<b>133,540</b>	148,035

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.

## TOTAL MAHB GROUP TRAFFIC 2016

PASSENGER MOVEMENTS		2016	2015	+/-
MY passengers	[international]	43,292,838	40,044,823	8.1%
	[domestic]	45,684,093	43,784,946	4.3%
	<b>[Total]</b>	<b>88,976,931</b>	<b>83,829,769</b>	<b>6.1%</b>
ISG passengers	[international]	9,533,214	9,703,594	-1.8%
	[domestic]	20,118,329	18,581,984	8.3%
	<b>[Total]</b>	<b>29,651,543</b>	<b>28,285,578</b>	<b>4.8%</b>
<b>Total MAHB Group</b>		<b>118,628,474</b>	<b>112,115,347</b>	<b>5.8%</b>

AIRCRAFT MOVEMENTS		2016	2015	+/-
MY commercial aircraft	[international]	298,114	295,485	0.9%
	[domestic]	513,470	520,061	-1.3%
	<b>[Total]</b>	<b>811,584</b>	<b>815,546</b>	<b>-0.5%</b>
ISG commercial aircraft	[international]	79,982	76,548	4.5%
	[domestic]	140,308	129,632	8.2%
	<b>[Total]</b>	<b>220,290</b>	<b>206,180</b>	<b>6.8%</b>
<b>Total commercial aircraft</b>		<b>1,031,874</b>	<b>1,021,726</b>	<b>1.0%</b>
MY All other aircraft		122,164	123,373	-1.0%
ISG All other aircraft		10,196	12,446	-18.1%
<b>Total MAHB Group</b>		<b>1,164,234</b>	<b>1,157,545</b>	<b>0.6%</b>

CARGO MOVEMENTS [kg]		2016	2015	+/-
MY cargo movements	[international]	699,144,570	780,457,278	-10.4%
	[domestic]	186,527,699	193,872,919	-3.8%
	<b>[Total]</b>	<b>885,672,269</b>	<b>974,330,197</b>	<b>-9.1%</b>
ISG cargo movements	[international]	54,921,663	41,773,091	31.5%
	[domestic]	8,019,284	4,905,686	63.5%
	<b>[Total]</b>	<b>62,940,947</b>	<b>46,678,777</b>	<b>34.8%</b>
<b>Total MAHB Group</b>		<b>948,613,216</b>	<b>1,021,008,974</b>	<b>-7.1%</b>

Note : MY - MAHB Airports  
ISG - Istanbul Sabiha Gokcen International Airport, Turkey

## TRAFFIC 2016

### MALAYSIA OPERATIONS

PASSENGER MOVEMENTS		2016	2015	+/-
Terminal passengers	[international]	43,059,342	39,716,390	8.4%
Terminal passengers	[domestic]	45,569,118	43,649,823	4.4%
Transit passengers		348,471	463,556	-24.8%
<b>Total passenger movements</b>		<b>88,976,931</b>	<b>83,829,769</b>	<b>6.1%</b>

AIRCRAFT MOVEMENTS		2016	2015	+/-
Commercial aircraft	[international]	298,114	295,485	0.9%
Commercial aircraft	[domestic]	513,470	520,061	-1.3%
<b>Total commercial aircraft</b>		<b>811,584</b>	<b>815,546</b>	<b>-0.5%</b>
All other aircraft		122,164	123,373	-1.0%
<b>Total aircraft movements</b>		<b>933,748</b>	<b>938,919</b>	<b>-0.6%</b>

CARGO MOVEMENTS [kg]		2016	2015	+/-
Cargo movements	[international]	682,947,527	765,529,987	-10.8%
Cargo movements	[domestic]	184,241,955	188,240,065	-2.1%
Transit cargo		18,482,787	20,560,145	-10.1%
<b>Total cargo movements</b>		<b>885,672,269</b>	<b>974,330,197</b>	<b>-9.1%</b>

MAIL MOVEMENTS [kg]		2016	2015	+/-
Mail movements	[international]	28,558,958	33,407,606	-14.5%
Mail movements	[domestic]	6,766,139	8,826,055	-23.3%
Transit mail		399,746	25,038	1496.6%
<b>Total mail movements</b>		<b>35,724,843</b>	<b>42,258,699</b>	<b>-15.5%</b>

## PASSENGER MOVEMENTS 2016

### MALAYSIA OPERATIONS

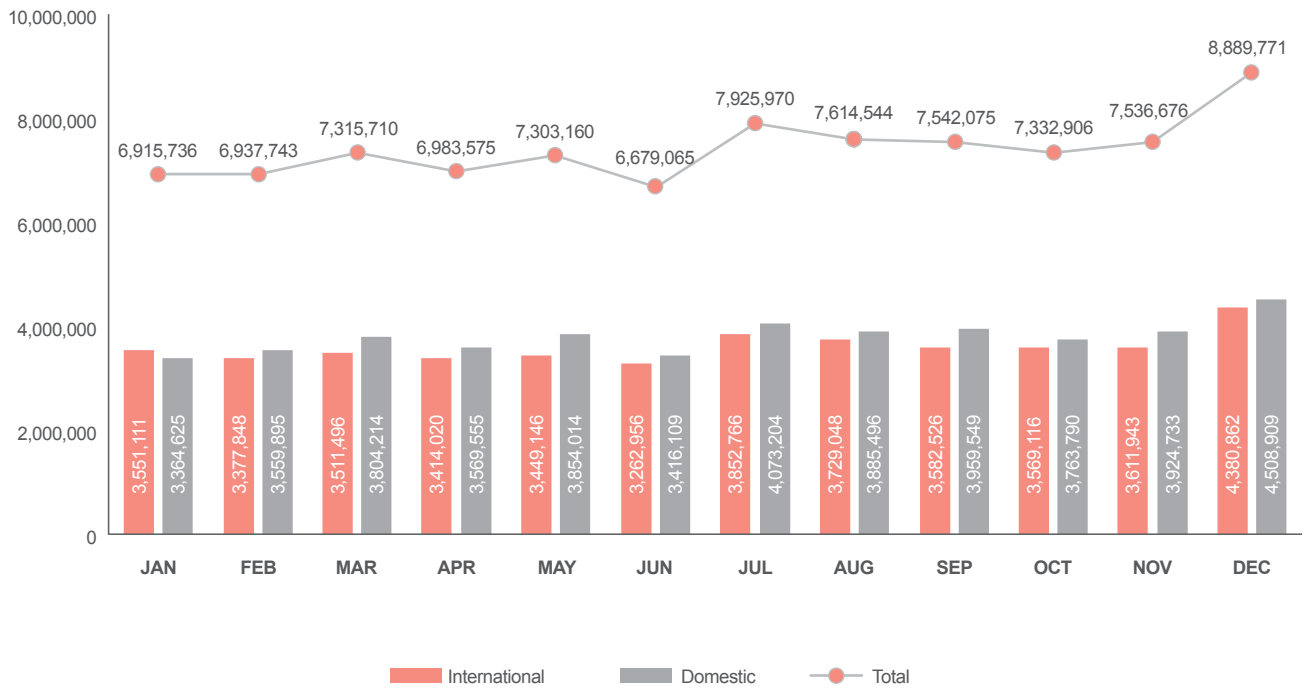
AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2016*	2015*	% +/-	Domestic	Int'l	Total
KLIA	7,792,858	7,668,564	15,461,422	18,216,964	18,745,858	36,962,822	52,643,511	48,938,424	7.6%	0	219,267	219,267
Penang	1,901,878	1,936,020	3,837,898	1,407,785	1,415,542	2,823,327	6,684,026	6,258,756	6.8%	12,835	9,966	22,801
Kota Kinabalu	2,574,463	2,582,746	5,157,209	1,048,658	1,057,357	2,106,015	7,263,339	6,573,461	10.5%	115	0	115
Kuching	2,303,081	2,308,040	4,611,121	143,960	156,250	300,210	4,919,677	4,772,453	3.1%	4,083	4,263	8,346
Langkawi	1,198,290	1,210,800	2,409,090	121,854	124,327	246,181	2,655,271	2,336,177	13.7%	0	0	0
Kota Bharu	1,022,993	1,039,255	2,062,248	0	0	0	2,062,248	2,063,747	-0.1%	0	0	0
Ipoh	26,557	25,986	52,543	107,821	109,332	217,153	269,696	222,606	21.2%	0	0	0
Kuala Terengganu	445,670	454,548	900,218	0	0	0	900,218	857,239	5.0%	0	0	0
Alor Setar	391,048	396,080	787,128	311	267	578	787,706	719,029	9.6%	0	0	0
Melaka	12,704	12,937	25,641	17,298	15,764	33,062	58,703	69,710	-15.8%	0	0	0
Subang	1,299,323	1,282,968	2,582,291	127,195	125,350	252,545	2,834,836	3,059,144	-7.3%	0	0	0
Kuantan	105,790	106,250	212,040	17,444	18,273	35,717	247,757	292,109	11.3%	0	0	0
Tioman	0	0	0	0	0	0	0	0	-	0	0	0
Pangkor	0	0	0	0	0	0	0	0	-	0	0	0
Redang	0	0	0	0	0	0	0	0	-	0	0	0
Labuan	288,593	282,346	570,939	4	5	9	595,290	684,108	-13.0%	24,342	0	24,342
Lahad Datu	68,921	71,156	140,077	0	0	0	140,077	143,654	-2.5%	0	0	0
Sandakan	427,877	435,742	863,619	37	45	82	882,811	853,411	3.4%	19,110	0	19,110
Tawau	626,165	631,936	1,258,101	5,856	7,958	13,814	1,271,915	1,203,792	5.7%	0	0	0
Bintulu	386,747	392,339	779,086	0	0	0	805,206	800,008	0.6%	26,120	0	26,120
Miri	1,058,858	1,068,460	2,127,318	32,425	35,402	67,827	2,200,546	2,249,206	-2.2%	5,401	0	5,401
Sibu	725,264	730,029	1,455,293	0	0	0	1,469,341	1,454,360	1.0%	14,048	0	14,048
Mulu	30,432	29,642	60,074	0	0	0	60,074	51,387	16.9%	0	0	0
Limbang	27,289	28,148	55,437	0	0	0	55,437	58,300	-4.9%	0	0	0
STOL Sabah	2,584	2,632	5,216	0	0	0	7,064	5,309	33.1%	1,848	0	1,848
STOL Sarawak	75,270	79,839	155,109	0	0	0	162,182	163,379	-0.7%	7,073	0	7,073
Peninsula Malaysia	14,197,111	14,133,408	28,330,519	20,016,672	20,554,713	40,571,385	69,143,972	64,816,941	6.7%	12,835	229,233	242,068
Sabah	3,988,603	4,006,558	7,995,161	1,054,555	1,065,365	2,119,920	10,160,496	9,463,735	7.4%	45,415	0	45,415
Sarawak	4,606,941	4,636,497	9,243,438	176,385	191,652	368,037	9,672,463	9,549,093	1.3%	56,725	4,263	60,988
<b>Total 2016</b>	<b>22,792,655</b>	<b>22,776,463</b>	<b>45,569,118</b>	<b>21,247,612</b>	<b>21,811,730</b>	<b>43,059,342</b>	<b>88,976,931</b>	<b>83,829,769</b>	<b>6.1%</b>	<b>114,975</b>	<b>233,496</b>	<b>348,471</b>
Total 2015	21,834,351	21,815,472	43,649,823	19,687,270	20,029,120	39,716,390	83,829,769			135,123	328,433	463,556
% change	4.4%	4.4%	4.4%	7.9%	8.9%	8.4%	6.1%			-14.9%	-28.9%	-24.8%

Note: \*Including transit passengers



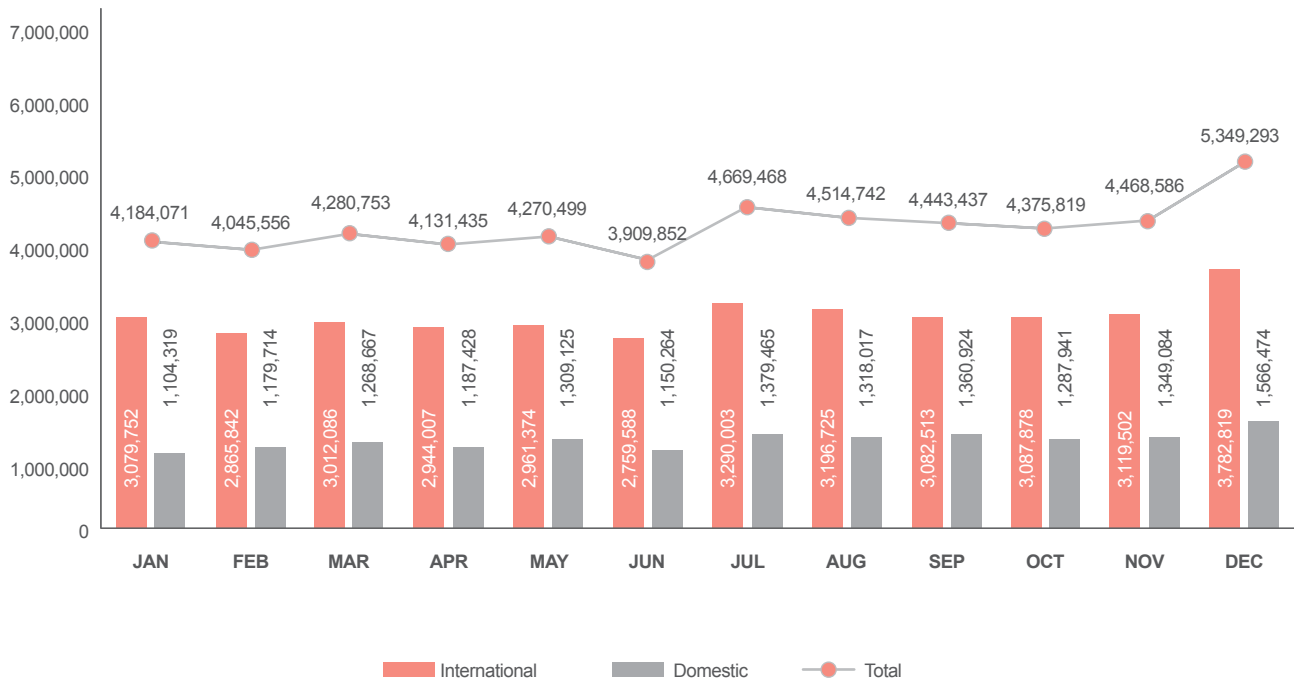
# PASSENGER MOVEMENTS 2016 MALAYSIA OPERATIONS

PASSENGER MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2016



## PASSENGER MOVEMENTS 2016 MALAYSIA OPERATIONS

### PASSENGER MOVEMENTS AT KL INTERNATIONAL AIRPORT 2016



## PASSENGER MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

AIRPORTS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% + / -
KLIA	26,453,379	27,529,355	29,682,093	34,087,636	37,704,510	39,887,866	47,498,157	48,930,409	48,938,424	<b>52,643,511</b>	7.6%
Penang	3,173,117	3,405,762	3,325,423	4,166,969	4,600,274	4,767,815	5,487,751	6,041,583	6,258,756	<b>6,684,026</b>	6.8%
Kota Kinabalu	4,399,939	4,689,164	4,868,526	5,223,454	5,808,639	5,848,135	6,935,797	6,792,968	6,573,461	<b>7,263,339</b>	10.5%
Kuching	3,236,468	3,238,614	3,574,632	3,684,517	4,286,722	4,186,523	4,871,036	4,852,822	4,772,453	<b>4,919,677</b>	3.1%
Langkawi	1,122,911	1,196,956	1,359,271	1,374,729	1,504,697	1,594,106	1,946,440	2,221,997	2,336,177	<b>2,655,271</b>	13.7%
Kota Bharu	759,316	836,060	1,003,162	1,047,755	1,132,345	1,259,205	1,585,238	1,800,836	2,063,747	<b>2,062,248</b>	-0.1%
Ipoh	814	5,376	21,937	48,508	71,169	73,354	74,320	98,768	222,606	<b>269,696</b>	21.2%
Kuala Terengganu	430,800	487,495	523,619	520,611	502,966	550,831	699,310	842,651	857,239	<b>900,218</b>	5.0%
Alor Setar	291,006	307,564	421,314	400,997	407,717	433,644	535,073	660,264	719,029	<b>787,706</b>	9.6%
Melaka	27,209	23,751	18,576	21,687	21,322	34,355	21,637	14,178	69,710	<b>58,703</b>	-15.8%
Subang	95,583	307,747	819,840	1,118,309	1,320,227	1,442,514	1,859,020	2,762,556	3,059,144	<b>2,834,836</b>	-7.3%
Kuantan	262,486	259,529	226,912	220,878	248,846	280,074	317,440	314,130	292,109	<b>247,757</b>	-15.2%
Tioman	46,260	48,767	49,057	54,056	62,010	60,141	56,054	9,217	0	<b>0</b>	-
Pangkor	8,906	8,132	7,617	2,588	547	4,068	5,791	205	0	<b>0</b>	-
Redang	33,738	34,957	28,246	48,610	46,159	35,960	35,982	11,087	0	<b>0</b>	-
Labuan	535,294	550,859	476,876	505,903	567,928	617,130	738,769	789,494	684,108	<b>595,290</b>	-13.0%
Lahad Datu	77,024	99,983	98,558	113,442	131,054	142,733	145,930	161,230	143,654	<b>140,077</b>	-2.5%
Sandakan	626,192	618,927	672,469	741,674	788,515	834,626	911,855	900,016	853,411	<b>882,811</b>	3.4%
Tawau	736,646	768,967	866,601	897,848	922,452	982,153	1,202,344	1,218,616	1,203,792	<b>1,271,915</b>	5.7%
Bintulu	381,158	417,918	487,060	557,459	590,253	661,553	779,774	832,440	800,008	<b>805,206</b>	0.6%
Miri	1,454,167	1,537,840	1,620,345	1,694,915	1,856,626	2,018,415	2,223,172	2,363,080	2,249,206	<b>2,200,546</b>	-2.2%
Sibu	809,955	831,772	939,732	1,009,002	1,133,093	1,204,267	1,383,887	1,440,935	1,454,360	<b>1,469,341</b>	1.0%
Mulu	37,463	43,652	49,255	66,575	67,041	49,670	49,432	60,761	51,387	<b>60,074</b>	16.9%
Limbang	50,107	49,181	45,512	50,044	56,211	57,852	61,074	63,870	58,300	<b>55,437</b>	-4.9%
STOL Sabah	1,942	3,741	0	793	5,046	5,970	5,174	4,590	5,309	<b>7,064</b>	33.1%
STOL Sarawak	134,079	145,807	148,674	170,506	173,289	162,760	156,627	159,300	163,379	<b>162,182</b>	-0.7%
Peninsula Malaysia	32,705,525	34,451,451	37,487,067	43,113,333	47,622,789	50,423,933	60,122,213	63,707,881	64,816,941	<b>69,143,972</b>	6.7%
Sabah	6,377,037	6,731,641	6,983,030	7,483,114	8,223,634	8,430,747	9,939,869	9,866,914	9,463,735	<b>10,160,496</b>	7.4%
Sarawak	6,103,397	6,264,784	6,865,210	7,233,018	8,163,235	8,341,040	9,525,002	9,773,208	9,549,093	<b>9,672,463</b>	1.3%
<b>Grand Total</b>	<b>45,185,959</b>	<b>47,447,876</b>	<b>51,335,307</b>	<b>57,829,465</b>	<b>64,009,658</b>	<b>67,195,720</b>	<b>79,587,084</b>	<b>83,348,003</b>	<b>83,829,769</b>	<b>88,976,931</b>	<b>6.1%</b>
% change	6.4%	5.0%	8.2%	12.7%	10.7%	5.0%	18.4%	4.7%	0.6%	<b>6.1%</b>	

## PASSENGER MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

PASSENGER MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2007 - 2016



## INTERNATIONAL PASSENGER MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>SOUTH EAST ASIA</b>							
Balikpapan	13,436	21,978	12,021	20,834	25,457	42,812	-40.5%
Banda Aceh	71,668	52,840	72,702	52,670	144,370	105,510	36.8%
Bandar Seri Begawan	176,642	175,427	181,831	177,547	358,473	352,974	1.6%
Bandung	166,429	176,560	163,531	175,902	329,960	352,462	-6.4%
Bangkok	460,642	435,978	464,217	425,795	924,859	861,773	7.3%
Batam	0	0	0	3	0	3	-100.0%
Cebu	23,456	20,414	23,550	19,837	47,006	40,251	16.8%
Chiang Mai	112,547	97,750	114,332	101,305	226,879	199,055	14.0%
Clark Field	5,128	25,208	4,290	24,441	9,418	49,649	-81.0%
Da Nang	31,538	27,400	32,771	27,473	64,309	54,873	17.2%
Denpasar Bali	545,388	501,558	553,277	498,632	1,098,665	1,000,190	9.8%
Don Mueang	651,372	600,231	688,320	638,318	1,339,692	1,238,549	8.2%
Hanoi	161,205	144,381	184,182	165,350	345,387	309,731	11.5%
Hatyai	56,812	58,497	60,623	62,966	117,435	121,463	-3.3%
Ho Chi Minh City	534,445	460,919	545,736	470,835	1,080,181	931,754	15.9%
Jakarta	1,069,641	978,679	1,066,716	1,010,194	2,136,357	1,988,873	7.4%
Kalibo	32,579	43,542	31,689	42,583	64,268	86,125	-25.4%
Koh Samui	36,194	38,714	29,194	35,806	65,388	74,520	-12.3%
Krabi	146,784	157,989	144,343	151,626	291,127	309,615	-6.0%
Kuala Namu	337,936	320,404	341,470	330,501	679,406	650,905	4.4%
Lombok	103,021	87,003	115,602	88,568	218,623	175,571	24.5%
Luang Prabang	2,208	0	2,227	0	4,435	0	-
Manila	315,948	352,819	318,521	331,038	634,469	683,857	-7.2%
Padang	101,388	91,472	102,498	93,186	203,886	184,658	10.4%
Palembang	51,662	45,820	46,879	41,411	98,541	87,231	13.0%
Pekanbaru	68,936	55,425	68,184	56,185	137,120	111,610	22.9%
Phnom Penh	176,209	172,183	173,499	175,799	349,708	347,982	0.5%
Phuket	343,501	345,180	346,390	346,557	689,891	691,737	-0.3%
Pontianak	30,171	17,755	28,097	15,591	58,268	33,346	74.7%
Semarang	30,416	27,008	31,594	28,866	62,010	55,874	11.0%
Siem Reap	107,091	103,484	108,292	104,119	215,383	207,603	3.7%
Singapore	1,905,245	1,778,154	1,935,123	1,773,576	3,840,368	3,551,730	8.1%
Solo City	11,382	19,228	11,703	18,741	23,085	37,969	-39.2%
Surabaya	296,013	272,089	324,486	293,556	620,499	565,645	9.7%
Surat Thani	31,993	40,433	30,410	38,044	62,403	78,477	-20.5%
Ujung Pandang	30,642	25,934	31,886	28,965	62,528	54,899	13.9%
Utapao	26,113	9,716	30,394	10,350	56,507	20,066	181.6%
Vientiane	21,892	21,558	21,903	21,117	43,795	42,675	2.6%
Yangon	164,356	177,621	171,786	181,426	336,142	359,047	-6.4%
Yogyakarta	107,351	87,055	116,880	99,697	224,231	186,752	20.1%
<b>TOTAL</b>	<b>8,559,380</b>	<b>8,068,406</b>	<b>8,731,149</b>	<b>8,179,410</b>	<b>17,290,529</b>	<b>16,247,816</b>	<b>6.4%</b>

## INTERNATIONAL PASSENGER MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>NORTH EAST ASIA</b>							
Beijing	257,519	185,996	252,694	181,607	510,213	367,603	38.8%
Busan	58,611	46,889	64,471	49,257	123,082	96,146	28.0%
Changsha	76,935	11,673	78,241	14,006	155,176	25,679	504.3%
Changsha Huanghua	140	948	0	0	140	948	-85.2%
Chengdu	101,802	91,468	107,316	96,071	209,118	187,539	11.5%
Chongqing	53,927	33,442	60,019	41,422	113,946	74,864	52.2%
Dalian	4,517	4,103	4,629	3,775	9,146	7,878	16.1%
Fuzhou	36,683	25,548	33,765	26,238	70,448	51,786	36.0%
Guangzhou	322,673	346,474	334,488	350,635	657,161	697,109	-5.7%
Guilin	28,955	27,346	30,321	28,277	59,276	55,623	6.6%
Guiyang	559	0	523	0	1,082	0	-
Haikou	4,683	0	2,851	0	7,534	0	-
Hangzhou	66,874	58,585	69,178	58,595	136,052	117,180	16.1%
Hong Kong	752,544	687,303	788,523	702,923	1,541,067	1,390,226	10.9%
Jinan	4,206	0	4,508	0	8,714	0	-
Kaohsiung	22,054	9,849	23,989	11,162	46,043	21,011	119.1%
Kunming	51,861	53,269	59,296	57,084	111,157	110,353	0.7%
Lanzhou	1,104	0	3,664	383	4,768	383	1144.9%
Macau	111,258	113,147	116,856	115,455	228,114	228,602	-0.2%
Nagoya	0	2,959	742	3,698	742	6,657	-88.9%
Nanning	49,487	45,191	52,196	46,810	101,683	92,001	10.5%
Osaka	184,632	152,733	198,029	162,183	382,661	314,916	21.5%
Qingdao	1,412	0	1,507	0	2,919	0	-
Sanya	3,753	81	4,997	191	8,750	272	3116.9%
Sapporo Chitose	62,988	14,062	65,517	16,549	128,505	30,611	319.8%
Seoul	389,168	326,706	392,259	328,920	781,427	655,626	19.2%
Shanghai Pu Dong	267,565	258,654	270,423	261,015	537,988	519,669	3.5%
Shantou	21,663	0	22,818	0	44,481	0	-
Shenzhen	141,293	96,857	144,238	98,548	285,531	195,405	46.1%
Taipei	460,901	414,619	455,774	411,981	916,675	826,600	10.9%
Tianjin	4,384	3,668	4,490	3,949	8,874	7,617	16.5%
Tokyo Haneda	124,993	104,911	117,798	96,999	242,791	201,910	20.2%
Tokyo Narita	256,855	230,171	263,234	242,096	520,089	472,267	10.1%
Ulaanbaatar	0	0	0	43	0	43	-100.0%
Urumqi	240	0	285	0	525	0	-
Wuhan	12,719	1,914	12,496	1,682	25,215	3,596	601.2%
Xi An Xianyang	59,284	49,748	65,659	57,276	124,943	107,024	16.7%
Xiamen	69,681	64,333	68,618	66,083	138,299	130,416	6.0%
Xining	1,326	0	1,529	0	2,855	0	-
Yinchuan	23	0	1,645	73	1,668	73	2184.9%
Zhengzhou	4,363	2,559	4,886	3,151	9,249	5,710	62.0%
<b>TOTAL</b>	<b>4,073,635</b>	<b>3,465,206</b>	<b>4,184,472</b>	<b>3,538,137</b>	<b>8,258,107</b>	<b>7,003,343</b>	<b>17.9%</b>

## INTERNATIONAL PASSENGER MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>SOUTH WEST PACIFIC</b>							
Adelaide	44,330	66,413	46,921	74,904	91,251	141,317	-35.4%
Auckland	113,554	87,036	123,237	90,206	236,791	177,242	33.6%
Brisbane	0	48,776	0	46,806	0	95,582	-100.0%
Christmas Island	0	81	0	250	0	331	-100.0%
Darwin	12,627	15,236	11,980	14,799	24,607	30,035	-18.1%
Gold Coast	91,448	78,378	102,383	85,305	193,831	163,683	18.4%
Melbourne	393,575	400,496	420,484	428,462	814,059	828,958	-1.8%
Perth	292,395	241,107	319,129	258,651	611,524	499,758	22.4%
Sydney	313,971	321,784	335,557	339,353	649,528	661,137	-1.8%
<b>TOTAL</b>	<b>1,261,900</b>	<b>1,259,307</b>	<b>1,359,691</b>	<b>1,338,736</b>	<b>2,621,591</b>	<b>2,598,043</b>	<b>0.9%</b>
<b>SOUTH ASIA</b>							
Amritsar	32,139	2,999	28,114	3,986	60,253	6,985	762.6%
Bangalore	108,833	102,977	112,360	106,588	221,193	209,565	5.5%
Begumpet	0	0	2	0	2	0	-
Chennai	230,305	220,838	224,715	207,011	455,020	427,849	6.4%
Chittagong	0	1,496	0	1,518	0	3,014	-100.0%
Colombo	264,095	222,791	270,443	230,682	534,538	453,473	17.9%
Delhi	221,368	181,691	212,433	181,292	433,801	362,983	19.5%
Dhaka	382,855	393,734	357,221	319,763	740,076	713,497	3.7%
Goa	9,529	5,409	8,900	6,765	18,429	12,174	51.4%
Hyderabad	93,430	89,695	92,905	87,852	186,335	177,547	4.9%
Islamabad	1,441	183	1,851	574	3,292	757	334.9%
Karachi	16,448	9,084	17,651	8,879	34,099	17,963	89.8%
Kathmandu	170,543	199,346	237,724	245,960	408,267	445,306	-8.3%
Kochi	142,462	145,033	145,609	143,867	288,071	288,900	-0.3%
Kolkata	49,739	49,425	53,042	54,481	102,781	103,906	-1.1%
Lahore	44,959	17,174	48,912	18,122	93,871	35,296	166.0%
Male	35,341	32,370	31,606	30,354	66,947	62,724	6.7%
Mumbai	142,088	143,869	145,909	144,813	287,997	288,682	-0.2%
Peshawar	15,979	17,434	18,693	19,053	34,672	36,487	-5.0%
Thiruvananthapuram	18,644	5,504	21,236	7,651	39,880	13,155	203.2%
Tiruchirapally	242,933	230,425	258,922	239,545	501,855	469,970	6.8%
Vishakhapatnam	21,875	24,809	23,005	30,814	44,880	55,623	-19.3%
<b>TOTAL</b>	<b>2,245,006</b>	<b>2,096,286</b>	<b>2,311,253</b>	<b>2,089,570</b>	<b>4,556,259</b>	<b>4,185,856</b>	<b>8.8%</b>
<b>CENTRAL ASIA</b>							
Almaty	17,318	16,757	18,028	17,742	35,346	34,499	2.5%
Ashgabat	0	630	0	593	0	1,223	-100.0%
Tashkent	14,893	13,828	16,476	14,909	31,369	28,737	9.2%
<b>TOTAL</b>	<b>32,211</b>	<b>31,215</b>	<b>34,504</b>	<b>33,244</b>	<b>66,715</b>	<b>64,459</b>	<b>3.5%</b>

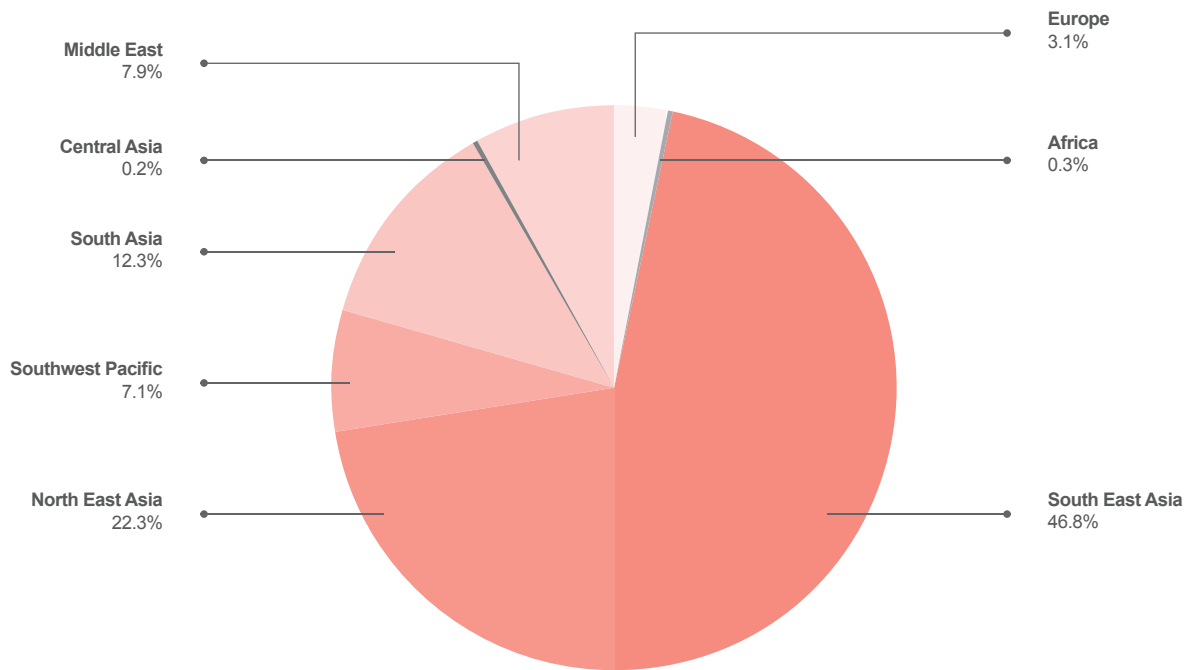
## INTERNATIONAL PASSENGER MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>MIDDLE EAST</b>							
Aden	0	0	0	407	0	407	-
Abu Dhabi	142,411	151,749	147,160	154,927	289,571	306,676	-5.6%
Amman	18,613	15,912	19,222	16,059	37,835	31,971	18.3%
Baghdad	7,717	8,874	8,564	9,111	16,281	17,985	-9.5%
Beirut	0	0	9	0	9	0	-
Doha	325,266	260,558	323,078	253,726	648,344	514,284	26.1%
Dubai Al-Maktoum	0	2	0	0	0	2	-
Dubai	403,578	386,913	404,077	393,767	807,655	780,680	3.5%
Jeddah	279,036	267,128	288,765	283,264	567,801	550,392	3.2%
Kuwait	2,838	10,118	4,698	13,698	7,536	23,816	-68.4%
Madinah	64,204	24,600	113,147	48,808	177,351	73,408	141.6%
Muscat	59,362	47,738	58,760	46,837	118,122	94,575	24.9%
Ras Al Khaimah	499	490	3	0	502	490	2.4%
Riyadh	54,452	57,063	31,818	33,966	86,270	91,029	-5.2%
Sanaa	0	1,913	0	1,598	0	3,511	-
Tehran	77,148	57,777	81,114	59,913	158,262	117,690	34.5%
<b>TOTAL</b>	<b>1,435,124</b>	<b>1,290,835</b>	<b>1,480,415</b>	<b>1,316,081</b>	<b>2,915,539</b>	<b>2,606,916</b>	<b>11.8%</b>
<b>EUROPE</b>							
Amsterdam	113,368	168,817	120,233	175,047	233,601	343,864	-32.1%
Frankfurt	5,313	66,419	6,025	75,752	11,338	142,171	-92.0%
Istanbul	129,312	111,455	132,343	113,430	261,655	224,885	16.4%
London	298,220	297,014	324,549	310,068	622,769	607,082	2.6%
Paris	5,411	142,625	4,450	149,128	9,861	291,753	-96.6%
<b>TOTAL</b>	<b>551,624</b>	<b>786,330</b>	<b>587,600</b>	<b>823,425</b>	<b>1,139,224</b>	<b>1,609,755</b>	<b>-29.2%</b>
<b>AFRICA</b>							
Addis Ababa	16,877	15,816	16,230	15,071	33,107	30,887	7.2%
Cairo	5,409	16,855	4,984	16,786	10,393	33,641	-69.1%
Mauritius	35,798	30,374	35,560	27,139	71,358	57,513	24.1%
<b>TOTAL</b>	<b>58,084</b>	<b>63,045</b>	<b>56,774</b>	<b>58,996</b>	<b>114,858</b>	<b>122,041</b>	<b>-5.9%</b>
<b>GRAND TOTAL</b>	<b>18,216,964</b>	<b>17,060,630</b>	<b>18,745,858</b>	<b>17,377,599</b>	<b>36,962,822</b>	<b>34,438,229</b>	<b>7.3%</b>



# INTERNATIONAL PASSENGER MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

TOTAL INTERNATIONAL MOVEMENTS: 36,962,822



## INTERNATIONAL PASSENGER MOVEMENTS 2016 BY AIRLINES AT KL INTERNATIONAL AIRPORT

### AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA Main Terminal/klia2

AIRLINES	PASSENGER MOVEMENTS 2016	MARKET SHARE
AirAsia	10,349,463	27.8%
Malaysia Airlines	8,072,534	21.7%
AirAsia X	4,515,815	12.1%
Malindo Air	2,446,648	6.6%
Emirates	947,086	2.5%
Indonesia AirAsia	910,455	2.4%
Cathay Pacific Airways	739,246	2.0%
Qatar Airways	648,607	1.7%
Indonesia AirAsia X	507,405	1.4%
KLM-Royal Dutch Airlines	456,135	1.2%

### 10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA Main Terminal/klia2

AIRLINES	PASSENGER MOVEMENTS 2016	% Y-O-Y
Air China	77,324	458.8%
Indonesia AirAsia X	507,405	307.7%
All Nippon Airways	170,369	258.0%
Mahan Air	91,452	107.0%
Shanghai Airlines	98,689	71.3%
Malindo Air	2,446,648	69.6%
British Airways	138,450	63.8%
Royal Jordanian	60,209	59.1%
China Southern Airlines	313,495	53.3%
Turkish Airlines	261,655	44.8%

### DOMESTIC TRAFFIC AT KLIA Main Terminal/klia2

AIRLINES	PASSENGER MOVEMENTS 2016	% Y-O-Y
Malaysia Airlines	5,405,720	7.3%
AirAsia	8,643,145	3.5%
Malindo Air	1,347,290	71.9%

## TRAFFIC 2016

### ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT

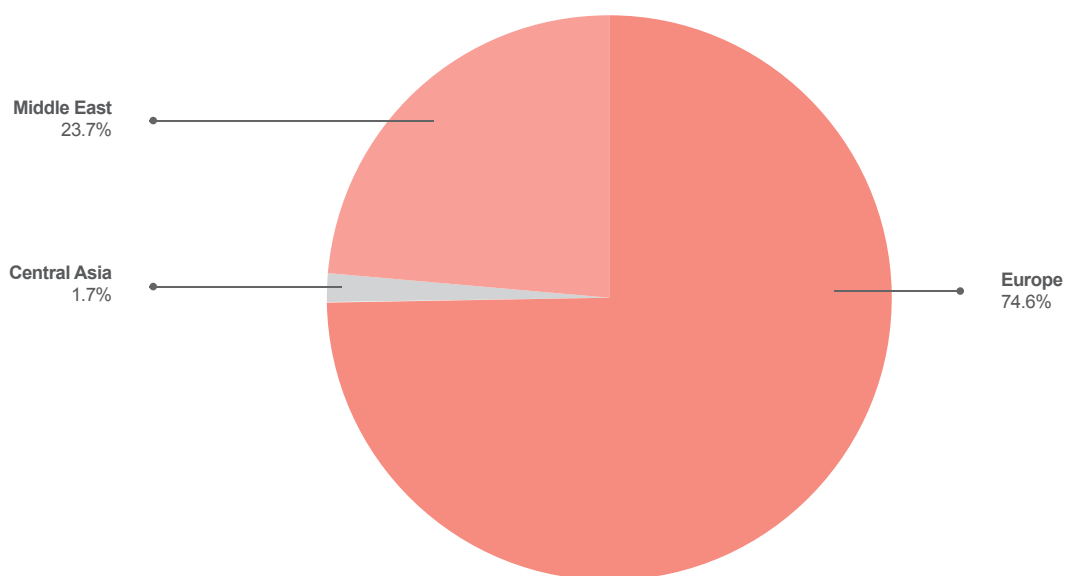
<b>PASSENGER MOVEMENTS</b>	<b>2016</b>	<b>2015</b>	<b>+/-</b>
International passengers	9,533,214	9,703,594	-1.8%
Domestic passengers	20,118,329	18,581,984	8.3%
<b>Total passenger movements</b>	<b>29,651,543</b>	<b>28,285,578</b>	<b>4.8%</b>

<b>AIRCRAFT MOVEMENTS</b>	<b>2016</b>	<b>2015</b>	<b>+/-</b>
International aircraft	79,982	76,548	4.5%
Domestic aircraft	140,308	129,632	8.2%
<b>Total commercial aircraft</b>	<b>220,290</b>	<b>206,180</b>	<b>6.8%</b>
All other aircraft	10,196	12,446	-18.1%
<b>Total aircraft movements</b>	<b>230,486</b>	<b>218,626</b>	<b>5.4%</b>

<b>CARGO MOVEMENTS [tonne]</b>	<b>2016</b>	<b>2015</b>	<b>+/-</b>
International Cargo	54,922	41,773	31.5%
Domestic Cargo	8,019	4,906	63.5%
<b>Total cargo movements</b>	<b>62,941</b>	<b>46,679</b>	<b>34.8%</b>

## INTERNATIONAL PASSENGER MOVEMENTS 2016 BY SECTORS AT ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT

TOTAL INTERNATIONAL MOVEMENTS: 9,533,214



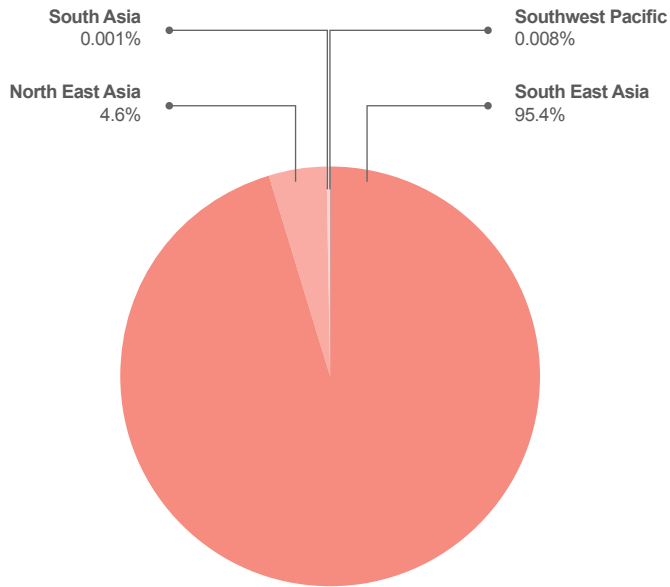
REGION	TOTAL INTERNATIONAL PASSENGER 2016	MARKET SHARE
Central Asia	160,441	1.7%
Europe	7,115,783	74.6%
Middle East	2,256,990	23.7%
<b>Total</b>	<b>9,533,214</b>	<b>100.0%</b>

**TOP 5 AIRLINES 2016**  
**BY INTERNATIONAL PASSENGERS**  
**AT ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT**

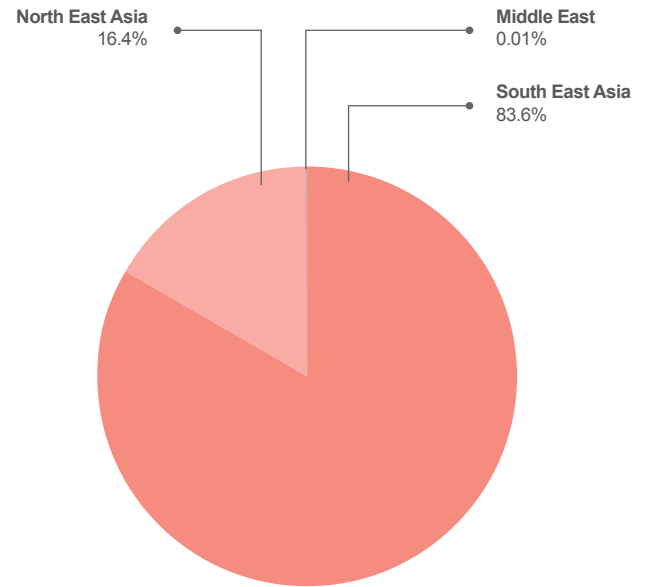
<b>AIRLINES</b>	<b>TOTAL INTERNATIONAL PASSENGER MOVEMENTS</b>
Pegasus Airlines	6,408,999
Turkish Airlines	2,043,676
Qatar Airways	168,610
Air Arabia	122,360
Flynas	111,081

## INTERNATIONAL PASSENGER MOVEMENTS 2016 BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA

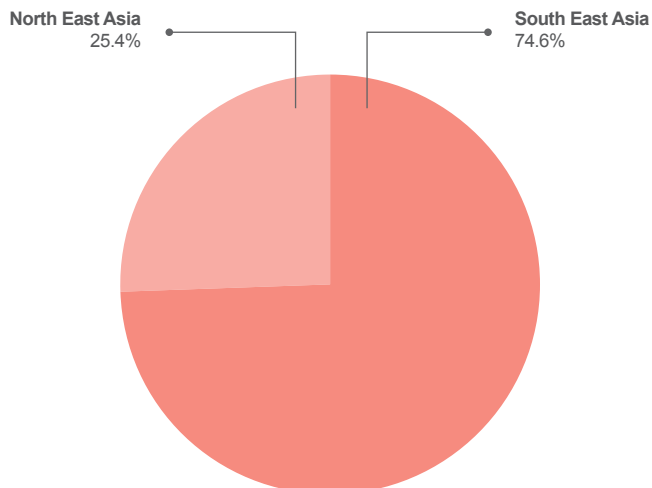
**KUCHING INTERNATIONAL AIRPORT**  
TOTAL INTERNATIONAL MOVEMENTS: 304,473



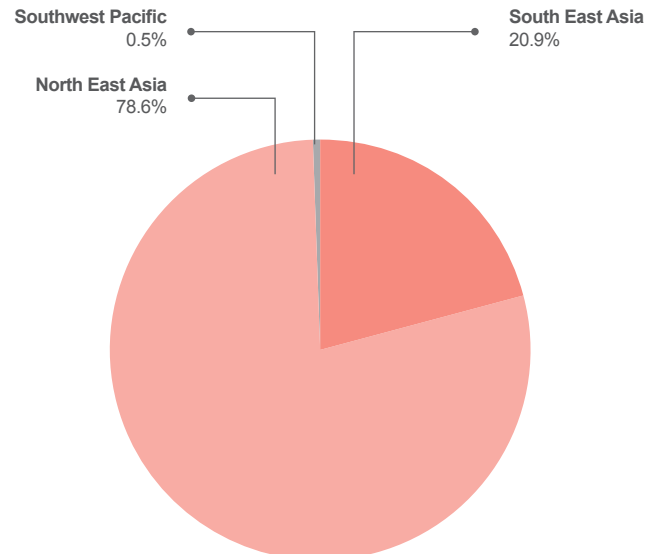
**PENANG INTERNATIONAL AIRPORT**  
TOTAL INTERNATIONAL MOVEMENTS: 2,833,293



**LANGKAWI INTERNATIONAL AIRPORT**  
TOTAL INTERNATIONAL MOVEMENTS: 246,181



**KOTA KINABALU INTERNATIONAL AIRPORT**  
TOTAL INTERNATIONAL MOVEMENTS: 2,106,015



## COMMERCIAL AIRCRAFT MOVEMENTS 2016

### MALAYSIA OPERATIONS

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2016	2015	% + / -
KLIA	115,854	462	116,316	238,049	1,154	239,203	<b>355,519</b>	353,270	0.6%
Penang	39,577	0	39,577	24,851	0	24,851	<b>64,428</b>	64,527	-0.2%
Kota Kinabalu	48,694	4,849	53,543	15,749	0	15,749	<b>69,292</b>	66,945	3.5%
Kuching	41,869	3,728	45,597	2,774	191	2,965	<b>48,562</b>	50,738	-4.3%
Langkawi	21,903	0	21,903	1,894	0	1,894	<b>23,797</b>	22,232	7.0%
Kota Bharu	23,929	2,737	26,666	0	0	0	<b>26,666</b>	28,228	-5.5%
Ipoh	1,093	0	1,093	2,539	0	2,539	<b>3,632</b>	3,684	-1.4%
Kuala Terengganu	11,049	0	11,049	0	0	0	<b>11,049</b>	10,625	4.0%
Alor Setar	10,250	0	10,250	6	4	10	<b>10,260</b>	9,472	8.3%
Melaka	569	0	569	725	0	725	<b>1,294</b>	1,536	-15.8%
Subang	53,798	0	53,798	7,652	0	7,652	<b>61,450</b>	62,911	-2.3%
Kuantan	2,410	0	2,410	776	0	776	<b>3,186</b>	3,906	-18.4%
Tioman	0	0	0	0	0	0	<b>0</b>	0	-
Pangkor	0	0	0	0	0	0	<b>0</b>	0	-
Redang	0	0	0	0	0	0	<b>0</b>	0	-
Labuan	9,428	1,254	10,682	235	7	242	<b>10,924</b>	13,168	-17.0%
Lahad Datu	3,427	28	3,455	0	0	0	<b>3,455</b>	3,646	-5.2%
Sandakan	9,996	811	10,807	0	13	13	<b>10,820</b>	11,267	-4.0%
Tawau	11,103	261	11,364	313	10	323	<b>11,687</b>	12,401	-5.8%
Bintulu	10,569	1,229	11,798	0	9	9	<b>11,807</b>	12,197	-3.2%
Miri	33,595	7,876	41,471	1,150	12	1,162	<b>42,633</b>	45,039	-5.3%
Sibu	17,155	0	17,155	1	0	1	<b>17,156</b>	18,252	-6.0%
Mulu	2,375	0	2,375	0	0	0	<b>2,375</b>	2,381	-0.3%
Limbang	2,647	0	2,647	0	0	0	<b>2,647</b>	2,226	18.9%
STOL Sabah	608	0	608	0	0	0	<b>608</b>	440	38.2%
STOL Sarawak	18,337	0	18,337	0	0	0	<b>18,337</b>	16,455	11.4%
Peninsula Malaysia	280,432	3,199	283,631	276,492	1,158	277,650	<b>561,281</b>	560,391	0.2%
Sabah	83,256	7,203	90,459	16,297	30	16,327	<b>106,786</b>	107,867	-1.0%
Sarawak	126,547	12,833	139,380	3,925	212	4,137	<b>143,517</b>	147,288	-2.6%
<b>Total 2016</b>	<b>490,235</b>	<b>23,235</b>	<b>513,470</b>	<b>296,714</b>	<b>1,400</b>	<b>298,114</b>	<b>811,584</b>	<b>815,546</b>	<b>-0.5%</b>
Total 2015	495,220	24,841	520,061	293,684	1,801	295,485	<b>815,546</b>		
% change	-1.0%	-6.5%	-1.3%	1.0%	-22.3%	0.9%	<b>-0.5%</b>		

## COMMERCIAL AIRCRAFT MOVEMENTS 2016 MALAYSIA OPERATIONS

COMMERCIAL AIRCRAFT MOVEMENTS AT ALL MAHB AIRPORT IN MALAYSIA 2016

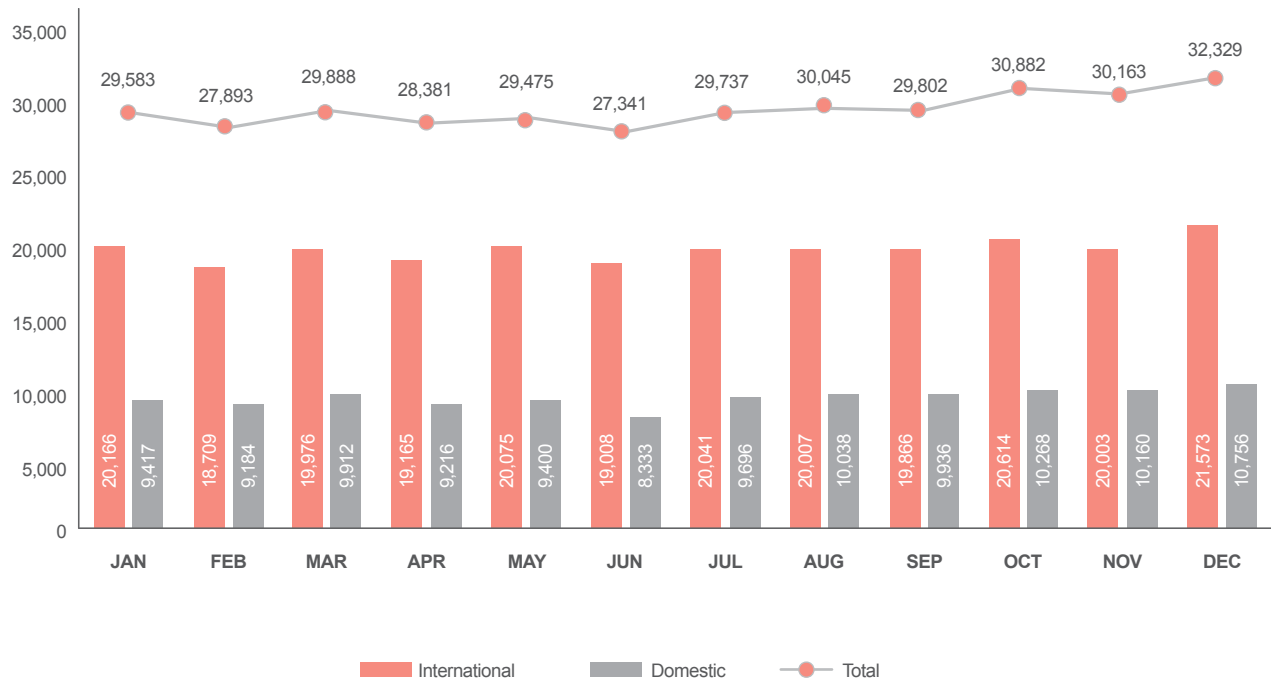




# COMMERCIAL AIRCRAFT MOVEMENTS 2016

## MALAYSIA OPERATIONS

COMMERCIAL AIRCRAFT MOVEMENTS AT KL INTERNATIONAL AIRPORT 2016



## COMMERCIAL AIRCRAFT MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

AIRPORTS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% +/-
KLIA	192,304	209,681	225,251	244,179	268,265	282,290	325,537	339,650	353,270	<b>355,519</b>	0.6%
Penang	34,508	38,335	38,343	44,753	50,610	49,966	56,760	63,396	64,527	<b>64,428</b>	-0.2%
Kota Kinabalu	49,881	52,463	52,677	55,089	59,638	58,366	67,601	68,776	66,945	<b>69,292</b>	3.5%
Kuching	34,192	36,087	41,437	42,940	49,613	43,981	53,095	50,917	50,738	<b>48,562</b>	-4.3%
Langkawi	10,828	12,242	12,638	13,274	14,510	15,162	17,675	21,722	22,232	<b>23,797</b>	7.0%
Kota Bharu	13,074	14,083	13,709	13,180	15,304	17,112	20,527	25,028	28,228	<b>26,666</b>	-5.5%
Ipoh	12	183	384	844	1,536	1,515	1,464	1,960	3,684	<b>3,632</b>	-1.4%
Kuala Terengganu	4,533	6,038	6,006	5,959	6,006	6,506	7,365	9,659	10,625	<b>11,049</b>	4.0%
Alor Setar	2,668	2,934	4,578	4,513	4,841	5,274	5,795	8,421	9,472	<b>10,260</b>	8.3%
Melaka	714	700	616	584	466	1,053	580	320	1,536	<b>1,294</b>	-15.8%
Subang	7,234	11,448	19,897	24,509	30,779	33,224	41,707	56,629	62,911	<b>61,450</b>	-2.3%
Kuantan	3,253	3,334	2,947	2,628	3,178	3,395	3,289	3,572	3,906	<b>3,186</b>	-18.4%
Tioman	1,597	1,603	1,591	1,662	1,766	1,682	1,538	272	0	<b>0</b>	-
Pangkor	517	503	502	174	32	324	258	8	0	<b>0</b>	-
Redang	1,053	1,083	862	1,356	1,319	877	955	430	0	<b>0</b>	-
Labuan	10,127	11,212	10,868	11,988	12,645	13,448	15,072	15,533	13,168	<b>10,924</b>	-17.0%
Lahad Datu	2,195	2,922	2,922	2,860	2,941	3,058	3,321	3,689	3,646	<b>3,455</b>	-5.2%
Sandakan	7,719	8,991	10,214	12,095	10,757	12,177	11,536	11,715	11,267	<b>10,820</b>	-4.0%
Tawau	6,863	7,334	8,885	9,723	9,328	9,689	11,784	12,832	12,401	<b>11,687</b>	-5.8%
Bintulu	6,542	8,933	10,948	10,994	11,270	11,444	12,428	12,246	12,197	<b>11,807</b>	-3.2%
Miri	33,022	35,178	38,836	39,509	40,931	42,351	44,875	46,504	45,039	<b>42,633</b>	-5.3%
Sibu	11,765	14,307	16,275	17,899	18,211	15,923	17,196	17,878	18,252	<b>17,156</b>	-6.0%
Mulu	1,638	1,642	1,570	1,726	1,912	1,760	2,306	2,701	2,381	<b>2,375</b>	-0.3%
Limbang	2,300	1,860	1,697	1,947	1,896	1,880	2,075	2,154	2,226	<b>2,647</b>	18.9%
STOL Sabah	338	459	0	167	264	192	231	226	440	<b>608</b>	38.2%
STOL Sarawak	12,457	12,716	12,140	13,538	14,118	13,534	12,886	15,324	16,455	<b>18,337</b>	11.4%
Peninsula Malaysia	272,295	302,167	327,324	357,615	398,612	418,380	483,450	531,067	560,391	<b>561,281</b>	0.2%
Sabah	77,123	83,381	85,566	91,922	95,573	96,930	109,545	112,771	107,867	<b>106,786</b>	-1.0%
Sarawak	101,916	110,723	122,903	128,553	137,951	130,873	144,861	147,724	147,288	<b>143,517</b>	-2.6%
<b>Total</b>	<b>451,334</b>	<b>496,271</b>	<b>535,793</b>	<b>578,090</b>	<b>632,136</b>	<b>646,183</b>	<b>737,856</b>	<b>791,562</b>	<b>815,546</b>	<b>811,584</b>	<b>-0.5%</b>
% change	-2.4%	10.0%	8.0%	7.9%	9.3%	2.2%	14.2%	7.3%	3.0%	<b>-0.5%</b>	

## COMMERCIAL AIRCRAFT MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

COMMERCIAL AIRCRAFT MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2007 - 2016



## ALL AIRCRAFT MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

AIRPORTS	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% +/-
KLIA	193,710	211,228	226,751	245,650	269,509	283,352	326,678	340,821	354,519	<b>356,614</b>	0.6%
Penang	39,265	43,796	43,621	50,205	54,713	53,766	60,020	65,734	66,670	<b>66,247</b>	-0.6%
Kota Kinabalu	52,047	54,317	53,554	55,241	59,638	58,366	67,601	73,074	71,209	<b>70,138</b>	-1.5%
Kuching	37,348	39,188	44,761	46,382	53,154	46,727	56,085	53,490	53,303	<b>51,885</b>	-2.7%
Langkawi	43,234	41,837	39,815	33,064	31,482	33,056	29,309	28,694	30,853	<b>31,035</b>	0.6%
Kota Bharu	58,996	57,102	74,863	75,906	64,114	50,991	50,406	44,628	42,810	<b>31,956</b>	-25.4%
Ipoh	32,462	2,183	40,883	41,069	29,074	23,999	1,464	17,682	19,956	<b>14,137</b>	-29.2%
Kuala Terengganu	8,781	10,045	9,875	10,959	14,296	12,809	11,402	14,057	12,587	<b>12,066</b>	-4.1%
Alor Setar	20,277	17,705	24,031	22,187	19,621	18,006	15,752	17,365	18,368	<b>18,190</b>	-1.0%
Melaka	64,936	60,512	54,160	60,811	53,702	48,881	36,978	23,747	19,800	<b>35,252</b>	78.0%
Subang	44,302	46,989	55,148	63,616	68,135	74,008	80,047	91,529	95,845	<b>94,544</b>	-1.4%
Kuantan	3,487	3,551	3,110	2,802	3,452	3,613	3,663	3,911	4,174	<b>3,493</b>	-16.3%
Tioman	1,989	2,141	2,180	2,167	2,222	2,205	2,089	1,019	993	<b>733</b>	-26.2%
Pangkor	589	545	502	174	32	324	258	8	72	<b>1</b>	-98.6%
Redang	1,053	1,083	862	1,356	1,319	877	955	430	0	<b>0</b>	-
Labuan	10,349	11,328	11,045	12,093	12,762	13,589	15,139	15,596	13,249	<b>10,959</b>	-17.3%
Lahad Datu	2,336	3,012	3,077	2,960	3,024	3,147	4,215	4,055	3,929	<b>3,713</b>	-5.5%
Sandakan	8,410	9,622	12,915	13,517	11,715	13,153	12,856	12,696	12,705	<b>12,240</b>	-3.7%
Tawau	7,992	8,546	9,876	10,845	10,186	10,983	13,896	14,396	14,007	<b>13,280</b>	-5.2%
Bintulu	7,093	16,787	51,009	24,246	17,122	12,294	13,661	12,968	12,638	<b>12,130</b>	-4.0%
Miri	35,502	38,172	41,996	41,682	43,707	45,127	47,585	49,204	47,733	<b>45,554</b>	-4.6%
Sibu	12,536	14,672	17,449	18,985	19,169	15,923	17,196	22,508	21,172	<b>24,806</b>	17.2%
Mulu	1,660	1,664	1,592	1,444	1,920	1,780	2,306	2,739	2,385	<b>2,389</b>	0.2%
Limbang	2,552	2,112	1,949	2,171	1,968	1,880	2,075	2,660	2,849	<b>3,221</b>	13.1%
STOL Sabah	338	459	0	559	278	212	305	298	524	<b>692</b>	32.1%
STOL Sarawak	12,719	12,978	12,140	13,538	14,262	14,027	12,936	15,424	16,569	<b>18,473</b>	11.5%
Peninsula Malaysia	513,081	498,717	575,801	609,966	611,671	605,887	619,021	649,625	666,647	<b>664,268</b>	-0.4%
Sabah	81,472	87,284	90,467	95,215	97,603	99,450	114,012	120,115	115,623	<b>111,022</b>	-4.0%
Sarawak	109,410	125,573	170,896	148,448	151,302	137,758	151,844	158,993	156,649	<b>158,458</b>	1.2%
<b>Total</b>	<b>703,963</b>	<b>711,574</b>	<b>837,164</b>	<b>853,629</b>	<b>860,576</b>	<b>843,095</b>	<b>884,877</b>	<b>928,733</b>	<b>938,919</b>	<b>933,748</b>	<b>-0.6%</b>
% change	4.3%	1.1%	17.6%	2.0%	0.8%	-2.0%	5.0%	5.0%	1.1%	<b>-0.6%</b>	

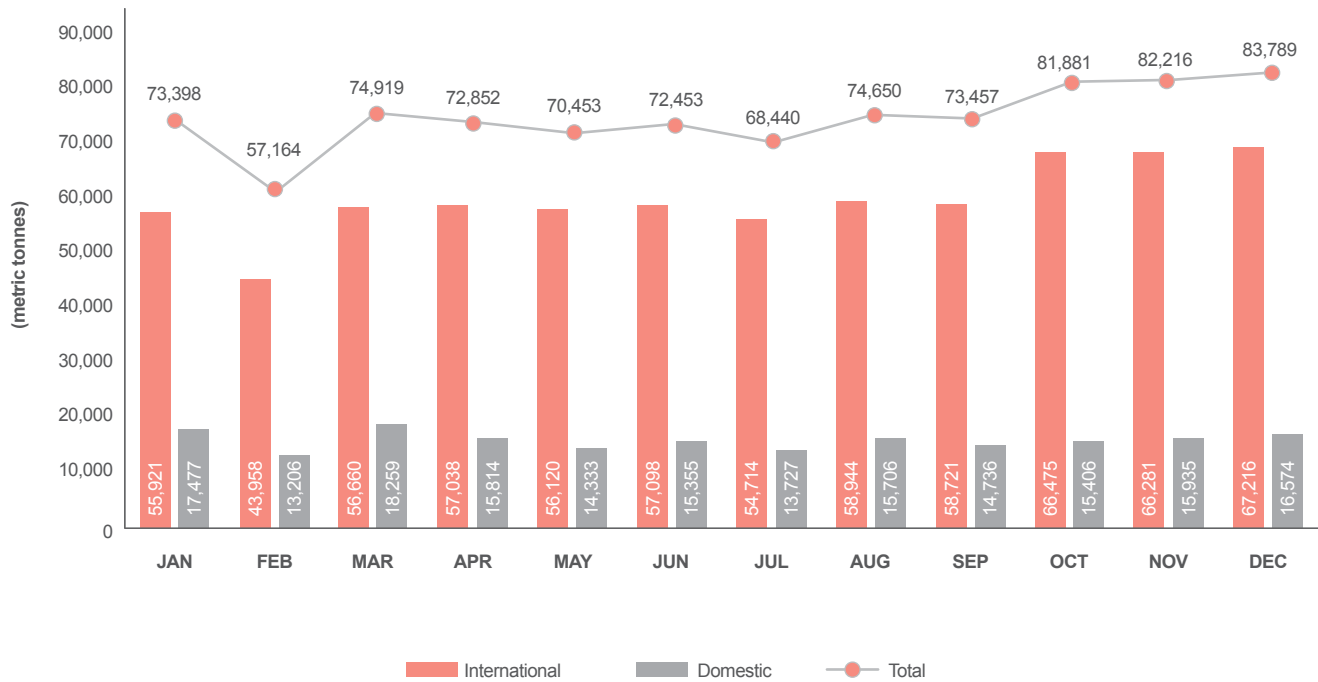
## CARGO MOVEMENTS 2016 MALAYSIA OPERATIONS

AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2016*	2015*	% + / -	Domestic	Int'l	Total
KLIA	32,473,518	57,080,653	89,554,171	288,686,216	264,317,776	553,003,992	642,558,163	726,230,070	-11.5%	0	0	0
Penang	9,474,894	3,570,558	13,045,452	48,598,373	51,535,786	100,134,159	130,490,705	130,392,357	0.1%	1,559,114	15,751,980	17,311,094
Kota Kinabalu	15,836,131	11,415,329	27,251,460	563,553	947,010	1,510,563	28,763,868	24,768,044	16.1%	1,845	0	1,845
Kuching	14,770,025	6,001,194	20,771,219	389,316	877,530	1,266,846	22,499,593	29,361,845	-23.4%	255,716	205,812	461,528
Langkawi	437,731	105,963	543,694	43,013	1,709	44,722	588,416	646,726	-9.0%	0	0	0
Kota Bharu	423,463	356,733	780,196	0	0	0	780,196	1,002,862	-22.2%	0	0	0
Kuala Terengganu	154,451	98,217	252,668	0	0	0	252,668	328,684	-23.1%	0	0	0
Alor Setar	215,362	174,885	390,247	0	0	0	390,247	388,894	0.3%	0	0	0
Melaka	44	0	44	0	0	0	44	0	-	0	0	0
Subang	3,770,734	6,781,413	10,552,147	13,245,629	12,349,208	25,594,837	36,146,984	31,357,280	15.3%	0	0	0
Kuantan	10,733	480	11,213	1,950	1,940	3,890	15,103	20,770	-27.3%	0	0	0
Ipoh	17,780	16,760	34,540	76,173	66,808	142,981	177,521	317,628	-44.1%	0	0	0
Tioman	0	0	0	0	0	0	0	0	-	0	0	0
Pangkor	0	0	0	0	0	0	0	0	-	0	0	0
Redang	0	0	0	0	0	0	0	0	-	0	0	0
Labuan	1,945,050	888,068	2,833,118	725,391	443,837	1,169,228	4,619,787	9,833,846	-53.0%	378,190	239,251	617,441
Lahad Datu	94,927	33,949	128,876	0	0	0	128,876	157,911	-18.4%	0	0	0
Sandakan	541,765	1,842,184	2,383,949	0	0	0	2,388,960	3,146,908	-24.1%	5,011	0	5,011
Tawau	842,047	2,728,304	3,570,351	0	0	0	3,570,351	3,910,079	-8.7%	0	0	0
Bintulu	1,722,030	923,984	2,646,014	0	0	0	2,646,855	2,382,939	11.1%	841	0	841
Miri	5,387,846	1,806,103	7,193,949	71,273	5,036	76,309	7,270,258	7,292,403	-0.3%	0	0	0
Sibu	807,106	237,247	1,044,353	0	0	0	1,048,002	1,303,501	-19.6%	3,649	0	3,649
Mulu	387,965	2,710	390,675	0	0	0	390,675	231,608	68.7%	0	0	0
Limbang	213,983	252,253	466,236	0	0	0	466,236	565,279	-17.5%	0	0	0
STOL Sabah	0	0	0	0	0	0	0	0	-	0	0	0
STOL Sarawak	215,972	181,411	397,383	0	0	0	478,761	690,563	-30.7%	81,378	0	81,378
Peninsula Malaysia	46,978,710	68,185,662	115,164,372	350,651,354	328,273,227	678,924,581	811,400,047	890,685,271	-8.9%	1,559,114	15,751,980	17,311,094
Sabah	19,259,920	16,907,834	36,167,754	1,288,944	1,390,847	2,679,791	39,471,842	41,816,788	-5.6%	385,046	239,251	624,297
Sarawak	23,504,927	9,404,902	32,909,829	460,589	882,566	1,343,155	34,800,380	41,828,138	-16.8%	341,584	205,812	547,396
<b>Total 2016</b>	<b>89,743,557</b>	<b>94,498,398</b>	<b>184,241,955</b>	<b>352,400,887</b>	<b>330,546,640</b>	<b>682,947,527</b>	<b>885,672,269</b>	<b>974,330,197</b>	<b>-9.1%</b>	<b>2,285,744</b>	<b>16,197,043</b>	<b>18,482,787</b>
Total 2015	90,017,021	98,223,044	188,240,065	392,269,429	373,260,558	765,529,987	974,330,197			5,632,854	14,927,291	20,560,145
% change	-0.3%	-3.8%	-2.1%	-10.2%	-11.4%	-10.8%	-9.1%			-59.4%	8.5%	-10.1%

\* Including transit cargo

## CARGO MOVEMENTS 2016 MALAYSIA OPERATIONS

CARGO MOVEMENTS AT ALL MAHB AIRPORT IN MALAYSIA 2016



# CARGO MOVEMENTS 2016 MALAYSIA OPERATIONS

CARGO MOVEMENTS AT KL INTERNATIONAL AIRPORT 2016



## CARGO MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

AIRPORTS (Metric tonnes)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% +/-
KLIA	644,100	649,077	584,559	674,902	669,849	673,107	680,983	753,899	726,230	<b>642,558</b>	-11.5%
Penang	208,582	192,936	137,775	147,057	131,846	123,246	153,703	141,213	130,392	<b>130,491</b>	0.1%
Kota Kinabalu	35,638	34,532	25,079	26,733	28,534	23,563	21,922	23,769	24,768	<b>28,764</b>	16.1%
Kuching	23,818	19,166	20,830	26,977	24,787	15,811	21,993	28,040	29,362	<b>22,500</b>	-23.4%
Langkawi	524	589	572	434	646	754	630	567	647	<b>588</b>	-9.0%
Kota Bharu	163	181	185	177	164	147	179	397	1,003	<b>780</b>	-22.2%
Kuala Terengganu	47	24	24	50	103	147	103	148	329	<b>253</b>	-23.1%
Alor Setar	55	41	34	34	46	123	126	230	389	<b>390</b>	0.3%
Melaka	219	179	127	144	139	195	0	0	0	<b>0</b>	-
Subang	63,382	18,473	18,536	19,988	19,928	22,680	26,443	28,128	31,357	<b>36,147</b>	15.3%
Kuantan	103	70	70	49	38	57	86	46	21	<b>15</b>	-27.3%
Ipoh	10	0	0	0	0	34	403	296	318	<b>178</b>	-44.1%
Tioman	0	0	0	0	0	73	30	15	0	<b>0</b>	-
Pangkor	0	0	0	0	0	5	21	0	0	<b>0</b>	-
Redang	0	0	0	0	0	27	27	17	0	<b>0</b>	-
Labuan	3,985	4,566	4,165	4,592	5,294	6,072	9,329	11,591	9,834	<b>4,620</b>	-53.0%
Lahad Datu	0	0	0	0	42	185	200	179	158	<b>129</b>	-18.4%
Sandakan	6,224	3,055	2,099	2,806	2,300	2,479	2,894	2,497	3,147	<b>2,389</b>	-24.1%
Tawau	2,134	1,262	1,951	3,045	3,198	2,489	2,844	3,265	3,910	<b>3,570</b>	-8.7%
Bintulu	2,252	1,978	1,903	1,703	2,071	2,574	2,553	2,318	2,383	<b>2,647</b>	11.1%
Miri	3,564	4,146	3,921	6,770	8,198	9,879	9,800	8,029	7,292	<b>7,270</b>	-0.3%
Sibu	892	735	856	1,133	1,153	1,612	1,413	1,460	1,304	<b>1,048</b>	-19.6%
Mulu	191	262	346	396	370	322	354	319	232	<b>391</b>	68.7%
Limbang	440	475	530	560	498	744	742	596	565	<b>466</b>	-17.5%
STOL Sabah	0	0	0	0	0	0	0	0	0	<b>0</b>	-
STOL Sarawak	845	692	402	543	622	630	552	444	691	<b>479</b>	-30.7%
Peninsula Malaysia	917,186	861,570	741,881	842,836	822,759	820,596	862,734	924,957	890,685	<b>811,400</b>	-8.9%
Sabah	47,982	43,415	33,294	37,175	39,369	34,787	37,190	41,300	41,817	<b>39,472</b>	-5.6%
Sarawak	32,001	27,454	28,789	38,081	37,699	31,572	37,407	41,206	41,828	<b>34,800</b>	-16.8%
<b>Grand Total</b>	<b>997,168</b>	<b>932,440</b>	<b>803,964</b>	<b>918,092</b>	<b>899,827</b>	<b>886,955</b>	<b>937,331</b>	<b>1,007,463</b>	<b>974,330</b>	<b>885,672</b>	<b>-9.1%</b>
% change	-5.1%	-6.5%	-13.8%	14.2%	-2.0%	-1.4%	5.7%	7.5%	-3.3%	<b>-9.1%</b>	



## CARGO MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

CARGO MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2007 - 2016



## INTERNATIONAL CARGO MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

Sector (kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>SOUTH EAST ASIA</b>							
Balikpapan	191,332	517,668	2,193	4,387	193,525	522,055	-62.9%
Banda Aceh	35,847	7,740	490	53	36,337	7,793	366.3%
Bandar Seri Begawan	77,196	116,790	1,311,702	1,376,885	1,388,898	1,493,675	-7.0%
Bandung	122,325	84,938	323,242	114,461	445,567	199,399	123.5%
Bangkok	8,168,618	9,512,048	7,527,117	8,275,791	15,695,735	17,787,839	-11.8%
Batam	0	0	31,029	63,005	31,029	63,005	-50.8%
Cebu	0	0	682	234	682	234	191.5%
Chiang Mai	0	0	15,691	22,439	15,691	22,439	-30.1%
Da Nang	6,050	6,489	96,832	188,971	102,882	195,460	-47.4%
Denpasar Bali	1,119,115	1,513,379	65,400	455,912	1,184,515	1,969,291	-39.9%
Don Mueang	1,206,205	1,073,445	240,066	260,727	1,446,271	1,334,172	8.4%
General Santos	0	0	0	50,985	0	50,985	-100.0%
Hanoi	3,655,142	8,597,870	2,727,908	3,688,680	6,383,050	12,286,550	-48.0%
Ho Chi Minh City	4,590,196	5,324,131	3,308,445	3,756,747	7,898,641	9,080,878	-13.0%
Jakarta	9,204,084	11,172,974	4,948,962	7,507,087	14,153,046	18,680,061	-24.2%
Krabi	0	296	0	262,305	0	262,601	-100.0%
Kuala Namu	1,107,424	1,190,798	581,376	950,805	1,688,800	2,141,603	-21.1%
Lombok	1,115	442	0	21,766	1,115	22,208	-95.0%
Clark Field	0	0	13,528	86,283	13,528	86,283	-84.3%
Manila	908,540	1,571,220	2,624,424	3,642,806	3,532,964	5,214,026	-32.2%
Padang	254,786	418,880	132,589	26,130	387,375	445,010	-13.0%
Palembang	11,986	17,349	218,959	260,478	230,945	277,827	-16.9%
PekanBaru	17,558	1,511	849	1,658	18,407	3,169	480.8%
Phnom Penh	1,340,385	1,710,597	2,547,267	2,634,837	3,887,652	4,345,434	-10.5%
Phuket	6,051	15,083	108,101	52,396	114,152	67,479	69.2%
Semarang	213,521	388,555	321,609	224,593	535,130	613,148	-12.7%
Siem Reap	40,846	20,213	13,055	60,697	53,901	80,910	-33.4%
Singapore	14,941,108	11,996,955	13,612,625	12,750,520	28,553,733	24,747,475	15.4%
Solo City	54,056	164,285	3,401	22,496	57,457	186,781	-69.2%
Surabaya	123,846	714,178	481,177	418,110	605,023	1,132,288	-46.6%
Ujung Pandang	627,147	700,047	2,799	26,015	629,946	726,062	-13.2%
Vientiane	27,959	9,389	205,363	142,903	233,322	152,292	53.2%
Yangon	761,850	537,755	1,278,298	1,306,301	2,040,148	1,844,056	10.6%
Yogyakarta	649,448	706,515	28,439	22,148	677,887	728,663	-7.0%
<b>TOTAL</b>	<b>49,463,736</b>	<b>58,091,540</b>	<b>42,773,618</b>	<b>48,679,611</b>	<b>92,237,354</b>	<b>106,771,151</b>	<b>-13.6%</b>

## INTERNATIONAL CARGO MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

Sector (kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>NORTH EAST ASIA</b>							
Anshang	0	0	8,336	0	8,336	0	-
Beijing	10,291,393	7,293,714	3,859,816	2,300,896	14,151,209	9,594,610	47.5%
Busan	100,244	94,911	82,748	42,597	182,992	137,508	33.1%
Changsa	13,594	1,268	8,123	300	21,717	1,568	1285.0%
Changsa Huanghua	0	207	0	0	0	207	-
Chengdu	390,479	489,571	1,417,264	1,134,191	1,807,743	1,623,762	11.3%
Chongqing	5,217	17,571	7,690	443	12,907	18,014	-28.4%
Dalian	8,886	1,702	886	662	9,772	2,364	313.4%
Fuzhou	15,814	72,881	16,210	13,371	32,024	86,252	-62.9%
Guangzhou	10,731,151	17,361,919	3,451,533	6,881,191	14,182,684	24,243,110	-41.5%
Guilin	0	435	0	46,872	0	47,307	-100.0%
Hangzhou	1,343,815	1,220,407	14,812	26,116	1,358,627	1,246,523	9.0%
Hong Kong	33,616,035	37,629,649	25,728,070	25,020,031	59,344,105	62,649,680	-5.3%
Kunming	355,097	436,823	14,462	34,791	369,559	471,614	-21.6%
Lanzhou	2	0	0	0	2	0	-
Macau	1,201,171	964,262	139,448	225,176	1,340,619	1,189,438	12.7%
Nagoya	0	985,006	435,623	1,297,962	435,623	2,282,968	-80.9%
Nanning	2,010	0	0	0	2,010	0	-
Osaka	2,869,363	3,458,392	5,803,692	6,043,325	8,673,055	9,501,717	-8.7%
Sanya	1,224	0	411	0	1,635	0	-
Sapporo Chitose	0	0	3,301	3,158	3,301	3,158	4.5%
Seoul	17,635,154	16,924,079	9,718,152	13,884,868	27,353,306	30,808,947	-11.2%
Shanghai Pu Dong	15,418,364	17,483,212	12,052,976	15,693,324	27,471,340	33,176,536	-17.2%
Shenzhen	13,388,821	7,301,174	1,426,098	1,384,524	14,814,919	8,685,698	70.6%
Taipei	11,361,799	11,221,570	10,095,476	10,135,421	21,457,275	21,356,991	0.5%
Tianjin	11,265	27,853	57,969	106,748	69,234	134,601	-48.6%
Tokyo Haneda	516,281	243,704	1,389,466	994,859	1,905,747	1,238,563	53.9%
Tokyo Narita	10,859,633	8,492,455	13,700,469	10,427,247	24,560,102	18,919,702	29.8%
Wuhan	1,761	0	924	0	2,685	0	-
Xi An Xianyang	274,923	86,275	92,724	9,204	367,647	95,479	285.1%
Xiamen	652,798	827,626	293,774	546,501	946,572	1,374,127	-31.1%
Zhengzhou	659,086	262,393	89,997	65,889	749,083	328,282	128.2%
<b>TOTAL</b>	<b>131,725,380</b>	<b>132,899,059</b>	<b>89,910,450</b>	<b>96,319,667</b>	<b>221,635,830</b>	<b>229,218,726</b>	<b>-3.3%</b>

## INTERNATIONAL CARGO MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

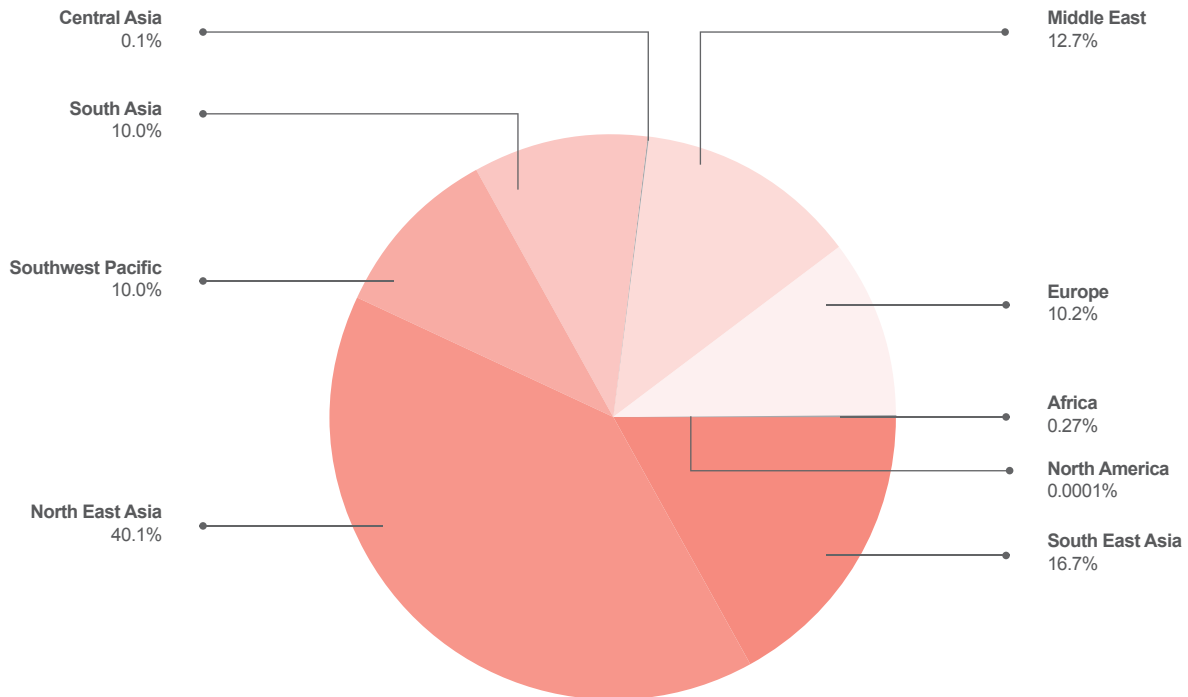
Sector (kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>SOUTH WEST PACIFIC</b>							
Adelaide	2,939,203	3,558,663	1,090,441	1,898,255	4,029,644	5,456,918	-26.2%
Auckland	1,481,058	2,636,108	2,199,659	2,471,129	3,680,717	5,107,237	-27.9%
Avalon	355,975	523,656	0	46,944	355,975	570,600	-37.6%
Brisbane	0	2,274,592	0	2,067,272	0	4,341,864	-100.0%
Christmas Island	0	300	0	2,352	0	2,652	-100.0%
Darwin	757	628	22,384	35,478	23,141	36,106	-35.9%
Gold Coast	762,181	449,989	806,017	432,070	1,568,198	882,059	77.8%
Melbourne	9,305,728	13,335,748	9,842,504	11,712,920	19,148,232	25,048,668	-23.6%
Perth	3,504,587	4,051,155	3,854,915	5,335,460	7,359,502	9,386,615	-21.6%
Sydney	4,837,105	7,261,822	14,415,279	20,755,062	19,252,384	28,016,884	-31.3%
<b>TOTAL</b>	<b>23,186,594</b>	<b>34,092,661</b>	<b>32,231,199</b>	<b>44,756,942</b>	<b>55,417,793</b>	<b>78,849,603</b>	<b>-29.7%</b>
<b>SOUTH ASIA</b>							
Amritsar	0	1,204	0	0	0	1,204	-100.0%
Bangalore	2,478,883	2,177,283	2,240,277	1,719,891	4,719,160	3,897,174	21.1%
Chennai	5,283,313	5,664,989	4,903,621	4,545,020	10,186,934	10,210,009	-0.2%
Chittagong	0	1,366	0	38,114	0	39,480	-100.0%
Colombo	2,096,940	2,333,200	2,552,952	2,194,198	4,649,892	4,527,398	2.7%
Delhi	7,137,782	5,424,317	5,930,900	4,963,670	13,068,682	10,387,987	25.8%
Dhaka	6,086,147	10,437,247	3,532,227	4,870,780	9,618,374	15,308,027	-37.2%
Hyderabad	412,188	564,543	494,332	556,965	906,520	1,121,508	-19.2%
Islamabad	3,460	0	1,982	5,626	5,442	5,626	-3.3%
Karachi	273,318	156,799	232,759	133,052	506,077	289,851	74.6%
Kathmandu	658,422	1,447,125	2,018,010	2,047,780	2,676,432	3,494,905	-23.4%
Kochi	346,119	644,545	126,565	117,622	472,684	762,167	-38.0%
Kolkata	728,781	618,435	262,011	416,451	990,792	1,034,886	-4.3%
Lahore	267,319	387,811	318,155	246,327	585,474	634,138	-7.7%
Male	117	23,519	20,166	360,961	20,283	384,480	-94.7%
Mumbai	1,916,653	3,728,901	1,571,700	3,344,780	3,488,353	7,073,681	-50.7%
Peshawar	73,501	123,704	15,027	28,852	88,528	152,556	-42.0%
Thiruvananthapuram	199,833	2,248	0	0	199,833	2,248	8789.4%
Tiruchirapally	2,973,304	2,897,308	373	72,887	2,973,677	2,970,195	0.1%
Vishakhapatnam	1,341	2,706	0	0	1,341	2,706	-50.4%
<b>TOTAL</b>	<b>30,937,421</b>	<b>36,637,250</b>	<b>24,221,057</b>	<b>25,662,976</b>	<b>55,158,478</b>	<b>62,300,226</b>	<b>-11.5%</b>
<b>CENTRAL ASIA</b>							
Almaty	5,163	7,223	121,324	172,757	126,487	179,980	-29.7%
Ashgabat	0	0	0	2,759	0	2,759	-100.0%
Tashkent	104,794	125,576	182,715	245,031	287,509	370,607	-22.4%
<b>TOTAL</b>	<b>109,957</b>	<b>132,799</b>	<b>304,039</b>	<b>420,547</b>	<b>413,996</b>	<b>553,346</b>	<b>-25.2%</b>

## INTERNATIONAL CARGO MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

Sector (kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>MIDDLE EAST</b>							
Abu Dhabi	5,663,542	5,096,061	7,067,690	7,082,712	12,731,232	12,178,773	4.5%
Amman	130,481	67,042	345,236	261,347	475,717	328,389	44.9%
Baghdad	0	0	21,468	47,929	21,468	47,929	-55.2%
Dammam	0	0	0	206,003	0	206,003	-100.0%
Doha	11,718,826	8,206,887	12,676,475	11,340,221	24,395,301	19,547,108	24.8%
Dubai	8,007,477	7,180,539	11,080,925	16,053,675	19,088,402	23,234,214	-17.8%
Jeddah	344,031	528,733	6,114,857	5,088,693	6,458,888	5,617,426	15.0%
Kuwait	24,821	17,123	91,606	448,996	116,427	466,119	-75.0%
Muscat	1,286,143	1,819,349	2,037,099	1,914,451	3,323,242	3,733,800	-11.0%
Ras Al Khaimah	0	0	2,600	650	2,600	650	300.0%
Riyadh	428,434	254,634	1,723,568	1,181,232	2,152,002	1,435,866	49.9%
Sanaa	0	22,468	0	16,019	0	38,487	-100.0%
Tehran	176,550	270,319	933,489	628,784	1,110,039	899,103	23.5%
Madinah	12,247	204	236,878	78,205	249,125	78,409	217.7%
Dubai Al-Maktoum	103,157	338,456	97,220	287,555	200,377	626,011	-68.0%
<b>TOTAL</b>	<b>27,895,709</b>	<b>23,801,815</b>	<b>42,429,111</b>	<b>44,636,472</b>	<b>70,324,820</b>	<b>68,438,287</b>	<b>2.8%</b>
<b>EUROPE</b>							
Amsterdam	5,222,857	18,435,045	8,159,658	19,302,368	13,382,515	37,737,413	-64.5%
Baku	4,493,899	0	2,124,468	1,862	6,618,367	1,862	355344.0%
Frankfurt	292,103	6,367,787	222,093	6,675,343	514,196	13,043,130	-96.1%
Istanbul	3,204,930	2,681,106	3,432,831	3,066,132	6,637,761	5,747,238	15.5%
London	6,740,063	6,652,036	10,254,018	9,803,966	16,994,081	16,456,002	3.3%
Luxembourg	4,957,434	3,323,488	6,999,987	5,795,816	11,957,421	9,119,304	31.1%
Madrid	0	0	0	1,022	0	1,022	-100.0%
Paris	154,359	4,738,401	48,110	4,593,203	202,469	9,331,604	-97.8%
Valencia	0	0	0	70,905	0	70,905	-100.0%
<b>TOTAL</b>	<b>25,065,645</b>	<b>42,197,863</b>	<b>31,241,165</b>	<b>49,310,617</b>	<b>56,306,810</b>	<b>91,508,480</b>	<b>-38.5%</b>
<b>NORTH AMERICA</b>							
Anchorage	0	0	790	0	790	0	-
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>790</b>	<b>0</b>	<b>790</b>	<b>0</b>	<b>-</b>
<b>AFRICA</b>							
Addis Ababa	106,645	4,055	303,964	230,086	410,609	234,141	75.4%
Cairo	180,872	581,938	54,275	265,605	235,147	847,543	-72.3%
Lilongwe	0	0	110,925	0	110,925	0	-
Mauritius	14,257	62,382	680,253	1,124,565	694,510	1,186,947	-41.5%
Khartoum	0	0	56,930	0	56,930	0	-
<b>TOTAL</b>	<b>301,774</b>	<b>648,375</b>	<b>1,206,347</b>	<b>1,620,256</b>	<b>1,508,121</b>	<b>2,268,631</b>	<b>-33.5%</b>
<b>GRAND TOTAL</b>	<b>288,686,216</b>	<b>328,501,362</b>	<b>264,317,776</b>	<b>311,407,088</b>	<b>553,003,992</b>	<b>639,908,450</b>	<b>-13.6%</b>

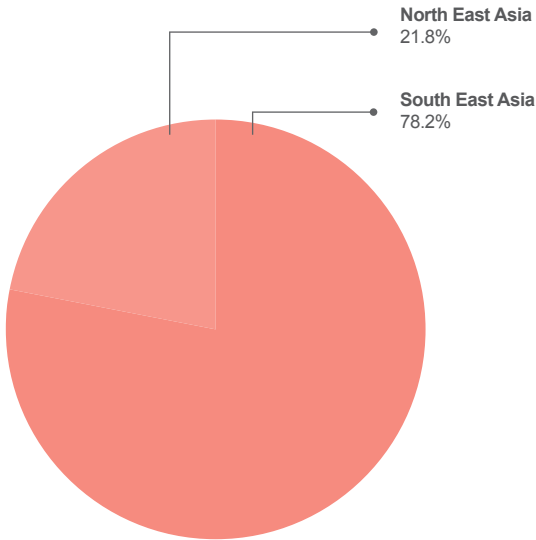
## INTERNATIONAL CARGO MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

TOTAL INTERNATIONAL MOVEMENTS: 553,004 METRIC TONNES

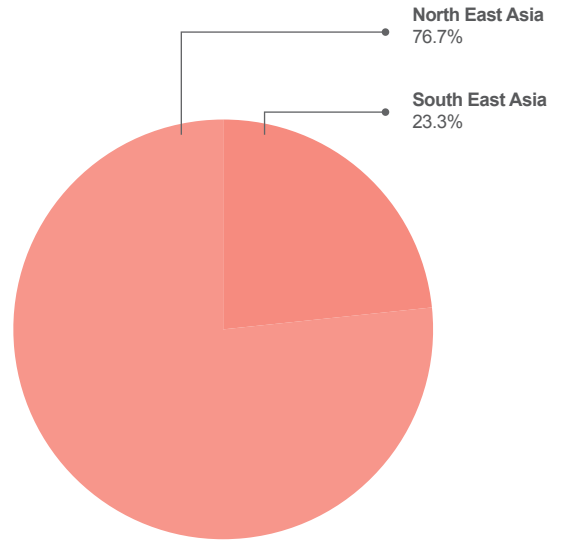


# INTERNATIONAL CARGO MOVEMENTS 2016 BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA

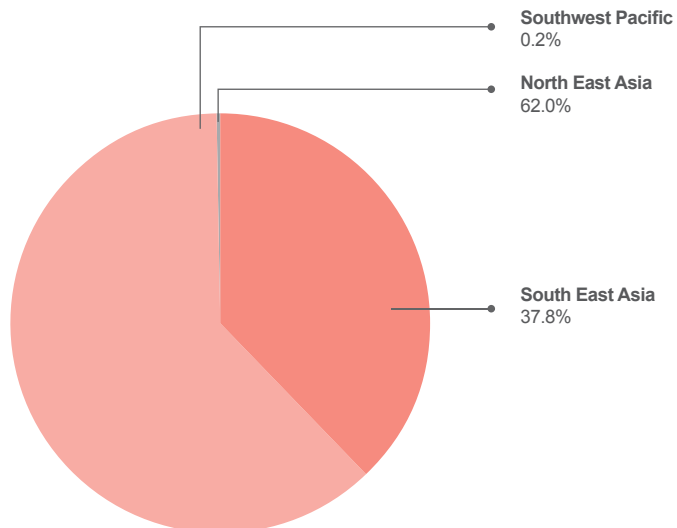
**KUCHING INTERNATIONAL AIRPORT**  
TOTAL INTERNATIONAL CARGO MOVEMENTS:  
1,473 METRIC TONNES



**PENANG INTERNATIONAL AIRPORT**  
TOTAL INTERNATIONAL CARGO MOVEMENTS:  
115,886 METRIC TONNES



**KOTA KINABALU INTERNATIONAL AIRPORT**  
TOTAL INTERNATIONAL CARGO MOVEMENTS:  
1,511 METRIC TONNES



## INTERNATIONAL CARGO MOVEMENTS 2016 BY AIRLINES AT KLIA INTERNATIONAL AIRPORT

### AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA Main Terminal/klia2

AIRLINES	CARGO MOVEMENTS 2016 (kg)	MARKET SHARE
Malaysia Airlines	184,102,939	33.3%
AirAsia X	53,812,959	9.7%
AirAsia	37,920,764	6.9%
Cathay Pacific Airways	37,486,710	6.8%
Qatar Airways	24,497,476	4.4%
Singapore Airlines	20,211,166	3.7%
Emirates	18,920,663	3.4%
Korean Air	13,728,958	2.5%
Thai Airways International	13,157,871	2.4%
Etihad Airways	12,731,232	2.3%

### 10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA Main Terminal/klia2

AIRLINES	*CARGO MOVEMENTS 2016 (kg)	MARKET SHARE
All Nippon Airways	9,758,244	390.9%
Malindo Air	4,315,175	170.6%
Turkish Airlines	6,637,761	69.7%
British Airways	5,764,809	58.1%
AirAsia X	53,812,959	43.9%
Saudi Arabian Airlines	6,425,614	36.2%
KLM-Royal Dutch Airlines	10,608,730	32.4%
Cargolux Airlines International	11,957,421	31.1%
Japan Airlines International	6,377,067	31.1%
Qatar Airways	24,497,476	25.9%

Note : \* 1,000,000 kg and above



## MAIL MOVEMENTS 2016 MALAYSIA OPERATIONS

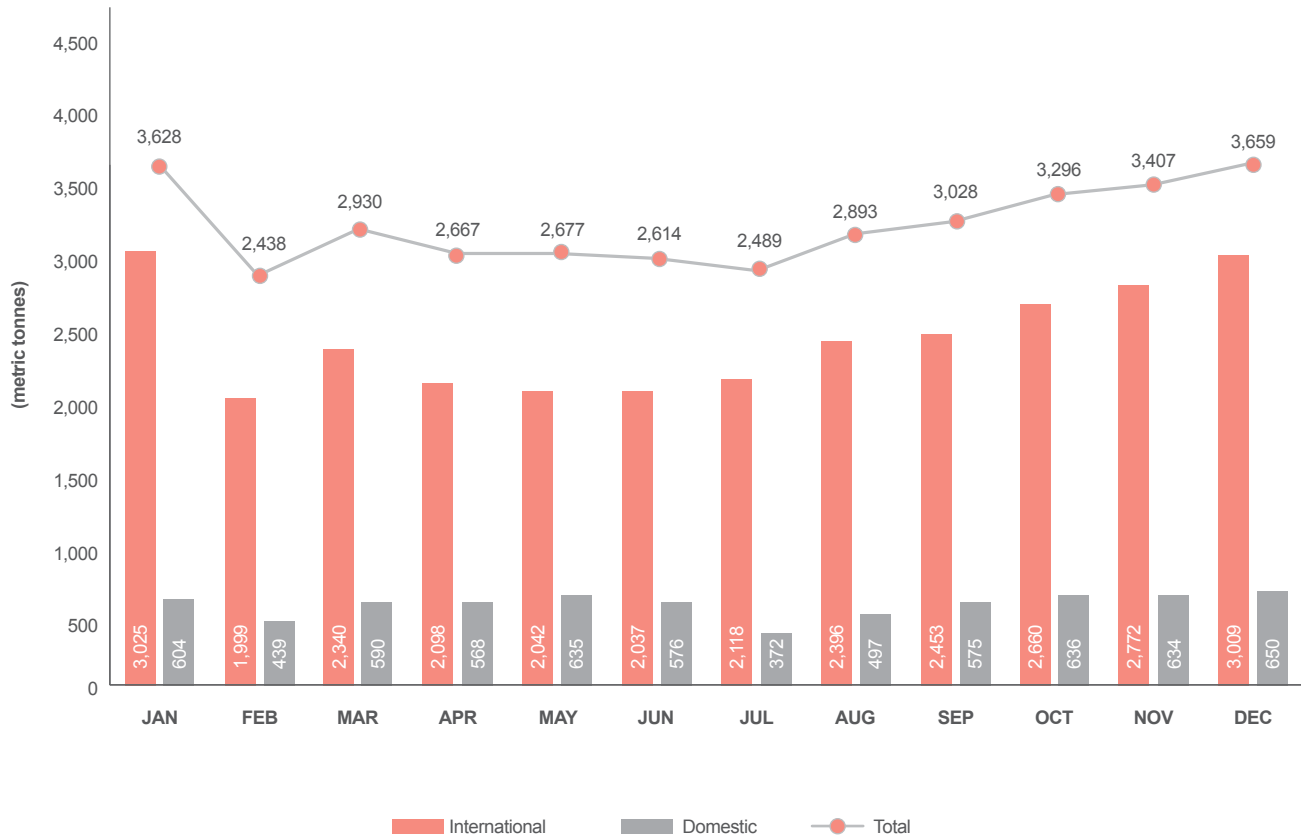
AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2016*	2015*	% +/-	Domestic	Int'l	Total
KLIA	940,750	2,188,897	3,129,647	12,925,854	15,035,571	27,961,425	31,480,221	35,268,115	-10.7%	0	389,149	389,149
Penang	31,381	300	31,681	56	130	186	39,289	26,673	47.3%	7,422	0	7,422
Kota Kinabalu	565,526	478,725	1,044,251	412,716	68,033	480,749	1,526,996	1,455,149	4.9%	1,996	0	1,996
Kuching	225,649	96,693	322,342	3	0	3	322,345	542,863	-40.6%	0	0	0
Langkawi	134,159	39,529	173,688	3	0	3	173,691	285,566	-39.2%	0	0	0
Kota Bharu	147	440	587	0	0	0	587	179,469	-99.7%	0	0	0
Ipoh	0	37,958	37,958	0	116,592	116,592	154,550	665	23140.6%	0	0	0
Kuala Terengganu	0	10	10	0	0	0	10	38,690	-100.0%	0	0	0
Alor Setar	16	412,348	412,364	0	0	0	412,364	429,665	-4.0%	0	0	0
Melaka	0	0	0	0	0	0	0	0	-	0	0	0
Subang	0	0	0	0	0	0	0	5,365	-100.0%	0	0	0
Kuantan	0	0	0	0	0	0	0	0	-	0	0	0
Tioman	0	0	0	0	0	0	0	0	-	0	0	0
Pangkor	0	0	0	0	0	0	0	0	-	0	0	0
Labuan	357,563	68,162	425,725	0	0	0	426,457	426,721	-0.1%	106	626	732
Lahad Datu	0	0	0	0	0	0	0	151	-100.0%	0	0	0
Sandakan	46,564	5,511	52,075	0	0	0	52,075	70,623	-26.3%	0	0	0
Tawau	257,575	6,357	263,932	0	0	0	263,932	267,343	-1.3%	0	0	0
Bintulu	16,164	36	16,200	0	0	0	16,330	54,403	-70.0%	130	0	130
Miri	94,044	1,005	95,049	0	0	0	95,049	2,656,818	-96.4%	0	0	0
Sibu	704,147	8,493	712,640	0	0	0	712,957	472,573	50.9%	317	0	317
Mulu	0	0	0	0	0	0	0	0	-	0	0	0
Limbang	1,944	44,295	46,239	0	0	0	46,239	44,495	3.9%	0	0	0
STOL Sabah	0	0	0	0	0	0	0	0	-	0	0	0
STOL Sarawak	2	1,749	1,751	0	0	0	1,751	33,352	-94.7%	0	0	0
Peninsula Malaysia	1,106,453	2,679,482	3,785,935	12,925,913	15,152,293	28,078,206	32,260,712	36,234,208	-11.0%	7,422	389,149	396,571
Sabah	1,227,228	558,755	1,785,983	412,716	68,033	480,749	2,269,460	2,219,987	2.2%	2,102	626	2,728
Sarawak	1,041,950	152,271	1,194,221	3	0	3	1,194,671	3,804,504	-68.6%	447	0	447
<b>Total 2016</b>	<b>3,375,631</b>	<b>3,390,508</b>	<b>6,766,139</b>	<b>13,338,632</b>	<b>15,220,326</b>	<b>28,558,958</b>	<b>35,724,843</b>	<b>42,258,699</b>	<b>-15.5%</b>	<b>9,971</b>	<b>389,775</b>	<b>399,746</b>
Total 2015	5,011,056	3,814,999	8,826,055	15,115,766	18,291,840	33,407,606	42,258,699			9,787	15,251	25,038
% change	-32.6%	-11.1%	-23.3%	-11.8%	-16.8%	-14.5%	-15.5%			1.9%	2455.7%	1496.6%

\* Including transit mail

# MAIL MOVEMENTS 2016

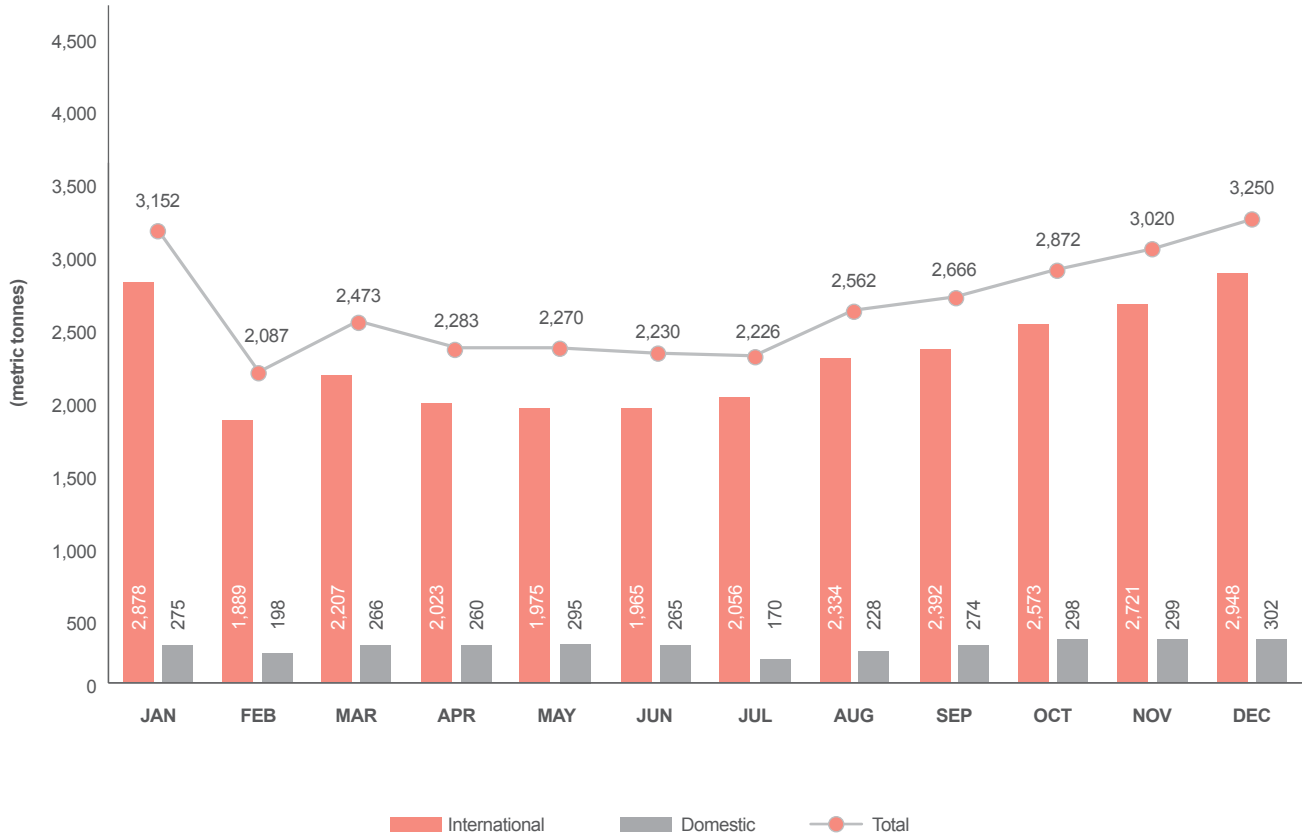
## MALAYSIA OPERATIONS

MAIL MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2016



# MAIL MOVEMENTS 2016 MALAYSIA OPERATIONS

MAIL MOVEMENTS AT KL INTERNATIONAL AIRPORT 2016



## MAIL MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

AIRPORTS (Metric tonnes)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% +/-
KLIA	8,794	18,418	17,061	19,394	25,463	29,119	32,271	33,942	35,268	31,480	-10.7%
Penang	1.4	0.4	7	4	12	2	3	53	27	39	47.3%
Kota Kinabalu	4,044	3,149	1,744	2,158	1,810	2,246	1,751	1,389	1,455	1,527	4.9%
Kuching	3,137	999	821	642	479	497	727	715	543	322	-40.6%
Langkawi	58	83	73	90	131	227	263	279	286	174	-39.2%
Kota Bharu	175	236	322	322	330	214	244	281	179	1	-99.7%
Ipoh	0	0	0	0	0	0	0	0	1	155	23140.6%
Kuala Terengganu	4	8	5	12	16	48	38	36	39	0	-100.0%
Alor Setar	0	2	55	47	58	185	224	344	430	412	-4.0%
Melaka	0	0	0	0	0	0	0	0	0	0	-
Subang	0	0	0	0	0	0	7	0.04	5	0	-100.0%
Kuantan	0	0	0	2	0	0	0	0	0	0	-
Tioman	0	0	0	0	0	1	0	0	0	0	-
Pangkor	0	0	0	0	0	0	0	0	0	0	-
Labuan	334	399	360	378	414	496	511	523	427	426	-0.1%
Lahad Datu	157	193	212	207	213	275	165	3	0.2	0	-100.0%
Sandakan	9	233	254	476	465	440	301	36	71	52	-26.3%
Tawau	27	281	242	439	457	497	471	197	267	264	-1.3%
Bintulu	83	339	382	264	218	41	53	57	54	16	-70.0%
Miri	1,806	1,665	2,171	1,564	1,608	1,903	2,124	2,824	2,657	95	-96.4%
Sibu	59	0	849	287	371	237	611	604	473	713	50.9%
Mulu	0	0	0	0	0	0	0	0	0	0	-
Limbang	0	0	0	28	25	38	37	42	44	46	3.9%
STOL Sabah	0	0	0	0	0	0	0	0	0	0	-
STOL Sarawak	6	94	53	13	15	7	13	37	33	2	-94.7%
Peninsula Malaysia	9,033	18,747	17,523	19,870	26,010	29,795	33,049	34,936	36,234	32,261	-11.0%
Sabah	4,572	4,254	2,812	3,659	3,360	3,954	3,199	2,148	2,220	2,269	2.2%
Sarawak	5,090	3,097	4,276	2,798	2,716	2,722	3,565	4,279	3,805	1,195	-68.6%
<b>Grand Total</b>	<b>18,695</b>	<b>26,098</b>	<b>24,611</b>	<b>26,328</b>	<b>32,086</b>	<b>36,472</b>	<b>39,814</b>	<b>41,363</b>	<b>42,259</b>	<b>35,725</b>	<b>-15.5%</b>
% change	10.7%	39.6%	-5.7%	7.0%	21.9%	13.7%	9.2%	3.9%	2.2%	-15.5%	

## MAIL MOVEMENTS 2007 - 2016

### MALAYSIA OPERATIONS

#### MAIL MOVEMENTS AT ALL MAHB AIRPORTS 2007 - 2016



## INTERNATIONAL MAIL MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

Sector (kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>SOUTH EAST ASIA</b>							
Bandar Seri Begawan	8,929	7,936	209,607	370,060	218,536	377,996	-42.2%
Bangkok	290,801	379,303	177,817	219,550	468,618	598,853	-21.7%
Denpasar Bali	6	20	131	1,007	137	1,027	-86.7%
Don Mueang	385	2,770	643	43	1,028	2,813	-63.5%
Hanoi	26,533	43,589	45,931	52,872	72,464	96,461	-24.9%
Ho Chi Minh City	55,926	4,450	57,795	79,953	113,721	84,403	34.7%
Jakarta	199,468	294,241	393,545	383,925	593,013	678,166	-12.6%
Koh Samui	0	3	0	0	0	3	-100.0%
Krabi	0	119	0	0	0	119	-100.0%
Kuala Namu	26	1,255	17,050	16,637	17,076	17,892	-4.6%
Manila	38,572	43,020	190,452	237,134	229,024	280,154	-18.3%
Phnom Penh	16,207	21,203	239,080	284,213	255,287	305,416	-16.4%
Phuket	15,184	338	365,784	72,878	380,968	73,216	420.3%
Siem Reap	0	80	0	0	0	80	-100.0%
Singapore	584,892	639,714	869,576	687,956	1,454,468	1,327,670	9.6%
Yangon	0	107	73,541	117,130	73,541	117,237	-37.3%
<b>TOTAL</b>	<b>1,236,929</b>	<b>1,438,148</b>	<b>2,640,952</b>	<b>2,523,358</b>	<b>3,877,881</b>	<b>3,961,506</b>	<b>-2.1%</b>
<b>NORTH EAST ASIA</b>							
Beijing	200,053	72,068	917,588	951,556	1,117,641	1,023,624	9.2%
Fuzhou	2,679	2,450	0	0	2,679	2,450	9.3%
Guangzhou	524,593	969,374	218,305	275,062	742,898	1,244,436	-40.3%
Hangzhou	2	0	0	0	2	0	-
Hong Kong	586,511	792,997	490,773	552,207	1,077,284	1,345,204	-19.9%
Lanzhou	2	0	0	0	2	0	-
Osaka	140,556	170,171	5,237	4,356	145,793	174,527	-16.5%
Seoul	978,496	1,103,408	225,652	403,755	1,204,148	1,507,163	-20.1%
Shanghai Pu Dong	216,155	359,302	383,334	541,441	599,489	900,743	-33.4%
Shenzhen	2,824,223	2,806,189	1,085,891	1,268,511	3,910,114	4,074,700	-4.0%
Taipei	218,087	191,769	927,084	844,481	1,145,171	1,036,250	10.5%
Tokyo Haneda	0	0	1	0	1	0	-
Tokyo Narita	447,675	482,535	468,719	584,528	916,394	1,067,063	-14.1%
Xiamen	89,786	131,125	0	0	89,786	131,125	-31.5%
<b>TOTAL</b>	<b>6,228,818</b>	<b>7,081,388</b>	<b>4,722,584</b>	<b>5,425,897</b>	<b>10,951,402</b>	<b>12,507,285</b>	<b>-12.4%</b>

## INTERNATIONAL MAIL MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

Sector (kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>SOUTH WEST PACIFIC</b>							
Adelaide	0	0	1,850	8,506	1,850	8,506	-78.3%
Auckland	1,229	3,643	574,295	761,337	575,524	764,980	-24.8%
Brisbane	0	177	0	105,799	0	105,976	-100.0%
Darwin	0	1	0	0	0	1	-100.0%
Melbourne	68	217	802,750	865,825	802,818	866,042	-7.3%
Perth	35	67	351,030	424,444	351,065	424,511	-17.3%
Sydney	35,394	55,052	1,481,618	1,776,517	1,517,012	1,831,569	-17.2%
Tullamarine	37	0	0	0	37	0	-
<b>TOTAL</b>	<b>36,726</b>	<b>59,157</b>	<b>3,211,543</b>	<b>3,942,428</b>	<b>3,248,269</b>	<b>4,001,585</b>	<b>-18.8%</b>
<b>SOUTH ASIA</b>							
Bangalore	0	5	0	100	0	105	-100.0%
Chennai	595	1,783	11,010	37,977	11,605	39,760	-70.8%
Colombo	47,997	44,643	165,252	275,579	213,249	320,222	-33.4%
Delhi	112	31	64,252	80,930	64,364	80,961	-20.5%
Dhaka	63,064	146,551	94,013	106,241	157,077	252,792	-37.9%
Hyderabad	7	0	0	0	7	0	-
Karachi	724	1,394	3	0	727	1,394	-47.8%
Kathmandu	21	37	16,091	52,293	16,112	52,330	-69.2%
Lahore	0	0	0	8	0	8	-100.0%
Male	0	263	0	29,454	0	29,717	-100.0%
Mumbai	300	92	109,539	132,470	109,839	132,562	-17.1%
Peshawar	0	0	0	130	0	130	-100.0%
<b>TOTAL</b>	<b>112,820</b>	<b>194,799</b>	<b>460,160</b>	<b>715,182</b>	<b>572,980</b>	<b>909,981</b>	<b>-37.0%</b>
<b>MIDDLE EAST</b>							
Abu Dhabi	18,318	22,318	245,054	180,309	263,372	202,627	30.0%
Amman	24,736	24,397	175	109	24,911	24,506	1.7%
Doha	10,974	18,963	152,606	224,777	163,580	243,740	-32.9%
Dubai	15,985	10,947	1,357,733	1,583,725	1,373,718	1,594,672	-13.9%
Jeddah	8,113	8,770	127,788	75,080	135,901	83,850	62.1%
Kuwait	298	32,297	14	237	312	32,534	-99.0%
Madinah	0	198	0	0	0	198	-100.0%
Muscat	2,023	600	27,558	5,605	29,581	6,205	376.7%
Riyadh	3,944	10,738	272	454	4,216	11,192	-62.3%
Sanaa	0	365	0	5	0	370	-100.0%
Tehran	2,411	2,004	7,831	362	10,242	2,366	332.9%
<b>TOTAL</b>	<b>86,802</b>	<b>131,597</b>	<b>1,919,031</b>	<b>2,070,663</b>	<b>2,005,833</b>	<b>2,202,260</b>	<b>-8.9%</b>

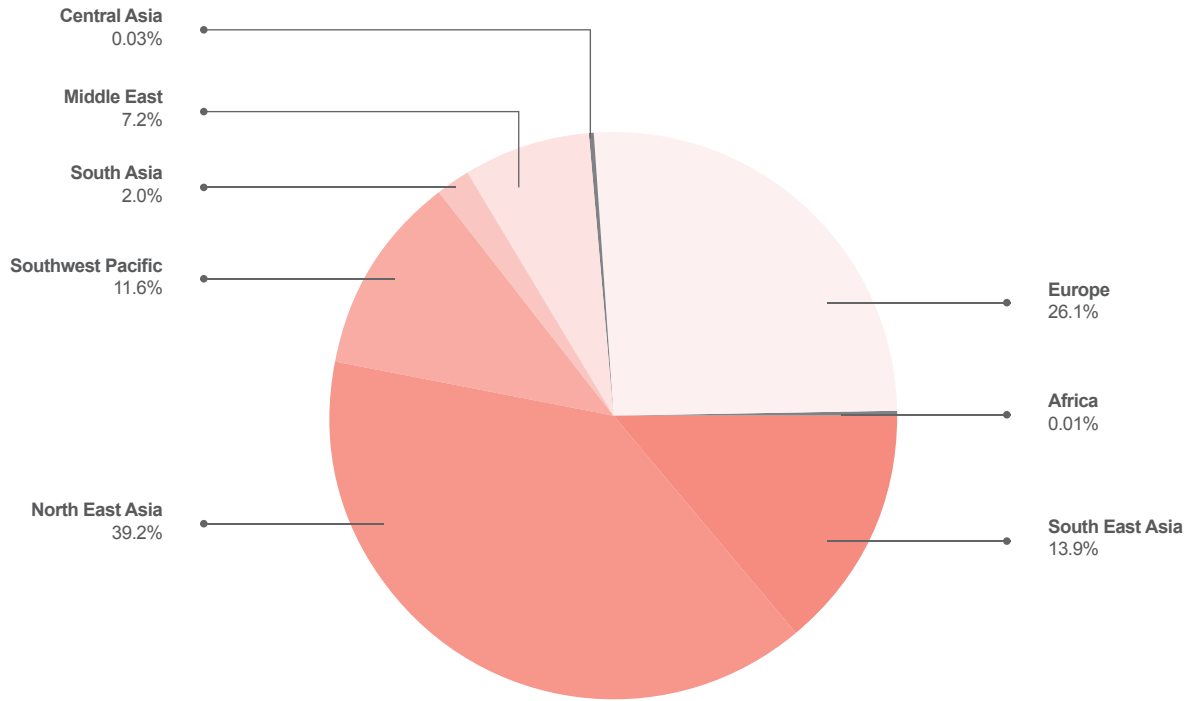
## INTERNATIONAL MAIL MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

Sector (kg)	ARRIVAL		DEPARTURE		TOTAL		% + / -
	2016	2015	2016	2015	2016	2015	
<b>CENTRAL ASIA</b>							
Almaty	23	0	0	0	23	0	-
Tashkent	3,521	3,807	5,457	1,258	8,978	5,065	77.3%
<b>TOTAL</b>	<b>3,544</b>	<b>3,807</b>	<b>5,457</b>	<b>1,258</b>	<b>9,001</b>	<b>5,065</b>	<b>77.7%</b>
<b>EUROPE</b>							
Amsterdam	204,701	537,934	361,965	309,669	566,666	847,603	-33.1%
Baku	16,840	0	82,473	0	99,313	0	-
Frankfurt	4,314	152,908	134	75,367	4,448	228,275	-98.1%
Istanbul	71,295	26,702	0	16,092	71,295	42,794	66.6%
London	4,921,616	5,039,851	1,512,998	1,880,432	6,434,614	6,920,283	-7.0%
Paris	0	23,775	118,220	1,253,730	118,220	1,277,505	-90.7%
<b>TOTAL</b>	<b>5,218,766</b>	<b>5,781,170</b>	<b>2,075,790</b>	<b>3,535,290</b>	<b>7,294,556</b>	<b>9,316,460</b>	<b>-21.7%</b>
<b>AFRICA</b>							
Addis Ababa	508	6	51	370	559	376	48.7%
Cairo	873	539	3	18	876	557	57.3%
Mauritius	68	556	0	1,415	68	1,971	-96.5%
<b>TOTAL</b>	<b>1,449</b>	<b>1,101</b>	<b>54</b>	<b>1,803</b>	<b>1,503</b>	<b>2,904</b>	<b>-48.2%</b>
<b>GRAND TOTAL</b>	<b>12,925,854</b>	<b>14,691,167</b>	<b>15,035,571</b>	<b>18,215,879</b>	<b>27,961,425</b>	<b>32,907,046</b>	<b>-15.0%</b>



# INTERNATIONAL MAIL MOVEMENTS 2016 BY SECTORS AT KL INTERNATIONAL AIRPORT

TOTAL INTERNATIONAL MOVEMENTS: 27,961 METRIC TONNES



## MOVEMENTS AT MAHB STOLPORTS 2015/2016 IN SABAH AND SARAWAK

STOLports	Aircraft Movements	% Chg	Passengers	% Chg	Cargo & Mail (kg)	% Chg
<b>SARAWAK REGION</b>						
Ba'kelalan	476	45.1%	4,318	25.7%	0	-
Bario	2,411	8.2%	24,086	9.1%	49,038	-38.3%
Lawas	4,874	16.3%	49,486	-1.4%	83,954	-66.7%
Long Akah	432	44.5%	1,479	21.7%	0	-
Long Banga	226	0.0%	2,474	-3.8%	0	-
Long Lellang	370	15.6%	2,688	4.8%	0	-
Long Seridan	308	35.1%	2,002	18.1%	4,312	48.0%
Marudi	4,758	-11.5%	39,443	-9.7%	343,208	-11.8%
Mukah	4,482	37.6%	36,206	0.8%	0	-
Belaga	-	-	-	-	-	-
Long Semado	-	-	-	-	-	-
Kapit	-	-	-	-	-	-
<b>TOTAL</b>	<b>18,337</b>	<b>11.4%</b>	<b>162,182</b>	<b>-0.7%</b>	<b>480,512</b>	<b>-33.6%</b>
<b>SABAH REGION</b>						
Kudat	608	38.2%	7,064	33.1%	0	-
Long Pasia	-	-	-	-	-	-
Semporna	-	-	-	-	-	-
<b>TOTAL</b>	<b>608</b>	<b>38.2%</b>	<b>7,064</b>	<b>33.1%</b>	<b>0</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>18,945</b>	<b>12.1%</b>	<b>169,246</b>	<b>0.3%</b>	<b>480,512</b>	<b>-33.6%</b>

## AIRLINES OPERATING AT 2016 KL INTERNATIONAL AIRPORT

		WEEKLY FLIGHT FREQUENCY			WEEKLY FLIGHT FREQUENCY
1	Air Astana	3	38	Mahan Air	4
2	Air China	4	39	Malaysia Airlines	524+20 (C) int/ 475+1 (C) dom
3	Air India Express	4	40	Malindo Air	260 int/147 dom
4	Air Mauritius	4	41	Mega Maldives Air	3
5	AirAsia	672 int/569 dom	42	Myanmar Airways International	2
6	AirAsia X	184	43	National Air Services	11
7	AirAsia Zest	18	44	Nepal Airlines	3
8	All Nippon Airways	14	45	Oman Air	7
9	Bangkok Airways	7	46	Pakistan International Airlines	7
10	Biman Bangladesh Airlines	11	47	Qatar Airways	21
11	British Airways	7	48	Rayani Air	26
12	Cargolux Airlines International (cargo)	4	49	Regent Airways	7
13	Cathay Pacific Airways	28	50	Royal Brunei Airlines	14
14	Cebu Pacific Air	13	51	Royal Jordanian	5
15	China Airlines	12 (3 C)	52	Saudi Arabian Airlines	17
16	China Southern Airlines	14	53	Shaheen Air International	6
17	Eaglexpress Air (cargo)	1	54	Shanghai Airlines	7
18	Egyptair	3	55	Shenzhen Airlines	7
19	Emirates	21	56	Silk Way West Airlines (cargo)	2
20	Ethiopian Airlines	3	57	Silk Air	50
21	Etihad Airways	12	58	Singapore Airlines	17
22	Eva Airways	11	59	SriLankan Airlines	14
23	Federal Express Corp (cargo)	6	60	Suasa Air (dom)	1
24	Gading Sari (cargo)	2 int/15 dom	61	Thai AirAsia	35
25	Garuda Indonesia	21	62	Thai AirAsia X	1
26	Hong Kong Airlines (cargo)	2	63	Thai Airways International	14
27	Indonesia AirAsia	62	64	Tiger Airways	23
28	Indonesia AirAsia X	32	65	Turkish Airlines	10
29	Iran Air	2	66	Uni-top Airlines (cargo)	7
30	Iraqi Airways	1	67	United Airways Bangladesh	1
31	Japan Airlines International	7	68	United Parcel Services (cargo)	9
32	Jetstar Asia	28	69	Uzbekistan Airways	2
33	KLM-Royal Dutch Airlines	11	70	VietJet Air	7
34	Korean Air	7(2 C)	71	Vietnam Airlines	18
35	Kuwait Airways	6	72	Xiamen Airlines	17
36	Lion Air	21			
37	Lufthansa German Airlines	3			

## DEFINITIONS

### 1. FLIGHT, INTERNATIONAL

A flight operated with one or both terminals in the territory of a State, other than the State in which the airline is registered. The term State includes all territories subject to the sovereignty, protection or mandate of such State.

### 2. FLIGHT, DOMESTIC

A flight operated between points within the domestic boundaries of a State by an airline registered in that State. A flight between a State and territories belonging to it, as well as a flight between two such territories, should be classified as domestic. This applies even though the flight may cross international waters or over the territory subject to the sovereignty, suzerainty, protection or mandate of such State.

### 3. COMMERCIAL AIR TRANSPORT OPERATION

An aircraft operation involving the transport of passengers, baggage, cargo or mail for remuneration or hire.

### 4. AIR SERVICES, SCHEDULED

Air services provided by flights scheduled and performed for remuneration according to a published timetable, or so regular or frequent as to constitute a recognisably systematic series which are open for use by public including empty flights related thereto and preliminary revenue flights on planned new air services.

### 5. NON-SCHEDULED FLIGHT

Commercial flights not listed in the time table of an airline including General Aviation aircraft carrying passenger or cargo for remuneration or hire.

### 6. PASSENGER

Any person, except members of the crew, carried or to be carried in an aircraft with the consent of the carrier.

### 7. TRANSFER PASSENGER (CARGO, MAIL)

A passenger making a direct connection between two flights. i.e using different aircraft and flight numbers, operated by the same or another airline. Synonymous with connecting passenger.

### 8. TRANSIT PASSENGER (CARGO, MAIL)

A passenger arriving and departing on one and the same aircraft.

### 9. CARGO

Anything carried or to be carried in an aircraft, except mail, or baggage carried under a passenger ticket and baggage check, but includes baggage moving under an airway bill or shipment record.

### 10. MAIL, SERVICE

- Dispatches of correspondence and other objects tendered by and intended for delivery to postal administration.
- Goods carried under the terms of an international Postal Convention.

### 11. DEPARTURE

The boarding of an aircraft for the purpose of commencing a flight, except by such crew or passengers as have embarked on a previous stage of the same through-flight.

### 12. ARRIVAL

The leaving of an aircraft after a landing except by crew or passenger continuing to the next stage of the same through-flight.

### 13. STOLPORT

An airport designed to serve short take-off and landing (STOL) aircraft.

## STATEMENT OF SHAREHOLDINGS

as at 31 March 2017

### Share Capital

Authorised Share Capital	: RM2,000,000,001.00
Issued and Fully Paid-Up Capital	: RM1,659,191,829.00
Class of Equity Securities	: 1,659,191,828 Ordinary Shares of RM1.00 each and One Special Rights Redeemable Preference Share of RM1.00
Voting Rights	: One vote per ordinary share The Special Share has no voting right other than that referred to in Note 27 of the Audited Financial Statements.

### ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2017

#### A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

Size of Holding	No. of Holders		No. of Holdings		Percentage	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 – 99	446	8	6,455	252	0.00	0.00
100 – 1,000	3,249	30	2,806,229	17,081	0.17	0.00
1,001 – 10,000	4,892	91	13,148,568	395,127	0.79	0.02
10,001 – 100,000	435	211	12,061,946	9,627,519	0.73	0.58
100,001 – 82,959,590 (*)	168	263	367,587,649	355,972,335	22.15	21.45
82,959,591 and above (**)	3	0	897,568,667	0	54.10	0.00
<b>Total</b>	<b>9,193</b>	<b>603</b>	<b>1,293,179,514</b>	<b>366,012,314</b>	<b>77.94</b>	<b>22.06</b>
<b>Grand Total</b>	<b>9,796</b>		<b>1,659,191,828</b>		<b>100.00</b>	

REMARKS: \* 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.

# STATEMENT OF SHAREHOLDINGS

as at 31 March 2017

## B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2017

(without aggregating securities from different securities accounts belonging to the same person)

	Name of Shareholders	No. of Holdings	Percentage
1.	KHAZANAH NASIONAL BERHAD	609,105,141	36.71
2.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>EMPLOYEES PROVIDENT FUND BOARD</i>	160,092,726	9.65
3.	AMANAHRAYA TRUSTEES BERHAD <i>AMANA SAHAM BUMIPUTERA</i>	128,370,800	7.74
4.	AMANAHRAYA TRUSTEES BERHAD <i>AS 1MALAYSIA</i>	33,364,300	2.01
5.	PERMODALAN NASIONAL BERHAD	32,846,300	1.98
6.	AMANAHRAYA TRUSTEES BERHAD <i>AMANA SAHAM MALAYSIA</i>	24,331,811	1.47
7.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	23,990,100	1.45
8.	AMANAHRAYA TRUSTEES BERHAD <i>AMANA SAHAM WAWASAN 2020</i>	22,853,459	1.38
9.	CARTABAN NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR STATE STREET BANK &amp; TRUST COMPANY (WEST CLT OD67)</i>	21,237,100	1.28
10.	HSBC NOMINEES (ASING) SDN. BHD. <i>BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND</i>	15,410,000	0.93
11.	HSBC NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (JPMCBJERCA)</i>	13,954,851	0.84
12.	CARTABAN NOMINEES (ASING) SDN. BHD. <i>GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)</i>	13,471,669	0.81
13.	HSBC NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR BNP PARIBAS SECURITIES SERVICES (CLIENT ASSET S)</i>	13,192,412	0.80
14.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	12,776,766	0.77
15.	HSBC NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (U.S.A.)</i>	12,725,512	0.77

# STATEMENT OF SHAREHOLDINGS

as at 31 March 2017

Name of Shareholders	No. of Holdings	Percentage
16. LEMBAGA TABUNG ANGKATAN TENTERA	12,119,560	0.73
17. CITIGROUP NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 12)</i>	11,826,184	0.71
18. DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. <i>STATE STREET AUSTRALIA FUND REMI FOR RETAIL EMPLOYEES SUPERANNUATION TRUST</i>	11,476,920	0.69
19. HSBC NOMINEES (ASING) SDN. BHD. <i>TNTC FOR NEW ZEALAND SUPERANNUATION FUND</i>	10,623,391	0.64
20. HSBC NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (RESIDENT USA-2)</i>	10,356,000	0.62
21. CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>EXEMPT AN FOR AIA BHD</i>	10,291,583	0.62
22. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)</i>	9,498,573	0.57
23. CITIGROUP NOMINEES (ASING) SDN. BHD. <i>CBHK FOR HOSTPLUS POOLED SUPERANNUATION TRUST (NORTHCAPE CAP)</i>	9,459,371	0.57
24. HSBC NOMINEES (ASING) SDN. BHD. <i>TNTC FOR COMMONWEALTH SUPERANNUATION CORPORATION</i>	8,073,028	0.49
25. AMANAHRAYA TRUSTEES BERHAD <i>PB GROWTH FUND</i>	7,532,476	0.45
26. AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA 2</i>	7,526,100	0.45
27. CITIGROUP NOMINEES (ASING) SDN. BHD. <i>UBS AG</i>	7,434,401	0.45
28. CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>EMPLOYEES PROVIDENT FUND BOARD (AFFIN-HWG)</i>	6,638,414	0.40
29. CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. <i>EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)</i>	6,000,000	0.36
30. MAYBANK NOMINEES (TEMPATAN) SDN. BHD. <i>SETIAUSAHA KERAJAAN PULAU PINANG</i>	5,940,000	0.36

# STATEMENT OF SHAREHOLDINGS

as at 31 March 2017

## C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 31 MARCH 2017

1. The Minister of Finance (Incorporated)

## D. SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017

(as shown in the register of substantial shareholders)

Name of Substantial Shareholders	No. of Shares held		Percentage
	Direct	Indirect	
Khazanah Nasional Berhad	609,105,141	-	36.71
Employees Provident Fund Board	187,686,106	-	11.31
AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	128,370,800	-	7.74

## E. DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2017

(as shown in the register of directors' shareholdings)

Name of Directors	No. of Shares held		Percentage
	Direct	Indirect	
1. Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah	-	-	-
2. Datuk Mohd Badlisham bin Ghazali	-	-	-
3. Dato' Sri Dr. Mohmad Isa bin Hussain	-	-	-
4. Datuk Ruhaizah binti Mohamed Rashid	-	-	-
5. Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	-	-	-
6. Dato' Mohd Izani bin Ghani	-	-	-
7. Datuk Seri Yam Kong Choy	-	-	-
8. Datuk Zalekha binti Hassan	-	-	-
9. Rosli bin Abdullah	-	-	-
10. Dato' Ir. Mohamad bin Husin	-	-	-
11. Datuk Azailiza binti Mohd Ahad	-	-	-
12. Mohd Shihabuddin bin Mukhtar (Alternate Director to Dato' Sri Dr. Mohmad Isa bin Hussain)	-	-	-
13. Dato' Chua Kok Ching (Alternate Director to Datuk Ruhaizah binti Mohamed Rashid)	-	-	-



## INFORMATION FOR **SHAREHOLDERS** **AND INVESTORS**

### **SHARE REGISTRAR**

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

### **LISTING**

The Company's shares are listed on the Main Market of Bursa Malaysia Securities Berhad in Malaysia.

### **MALAYSIAN TAXES ON DIVIDEND**

Single tier dividend received by shareholders will be exempted from tax in Malaysia.

### **ANNUAL REPORT**

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

The Company Secretary  
Malaysia Airports Holdings Berhad  
Malaysia Airports Corporate Office  
Persiaran Korporat KLIA  
64000 KLIA, Sepang  
Selangor Darul Ehsan  
Tel: +603-8777 7011  
Fax: +603-8777 7512

## LIST OF PROPERTIES

Registered Owner and Location	Description and Existing Use	Tenure	Land Area	Built-up Area (sqm)	Net Book Value as at 31 Dec 2016 (RM'000)
<b>LEASED PROPERTIES</b>					
<b>MALAYSIA AIRPORTS (SEPANG) SDN. BHD. FEDERAL LAND COMMISSIONER*</b>	KLIA	A total right of occupation of 25 years (Expiry date – 11 February 2034)	22,165 acres	-	-
Location: District of Sepang, Selangor Malaysia					
<b>MALAYSIA AIRPORTS HOLDINGS BHD. FEDERAL LAND COMMISSIONER**</b>	Sultan Abdul Aziz Shah Airport	A total right of occupation of 60 years (Expiry date – 31 December 2066)	1,122 acres	-	-
Location: District of Petaling, Selangor Malaysia					
<b>LANDED PROPERTIES OWNED BY THE GROUP</b>					
<b>MALAYSIA AIRPORTS (NIAGA) SDN. BHD.</b>	48 units of apartments	Freehold	-	3,791	2,065
Location: Desa Cempaka, Bandar Baru Nilai Mukim Nilai, District of Seremban Negeri Sembilan, Malaysia					
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>	4 units of apartments	Freehold	-	342	675
Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia					
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>	10 units of apartments	Freehold	-	744	787
Location: Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia					
<b>MALAYSIA AIRPORTS SDN. BHD.</b>	32 units of apartments	Leasehold of 99 years (Expiry date – 31 December 2089)	-	3,175	-
Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan Malaysia					
<b>MALAYSIA AIRPORTS SDN. BHD.</b>	Land (Residential)	Leasehold of 99 years (Expiry date – 31 December 2090)	1.10 acres	-	253
Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia					

## 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 2016 (RM'000)
<b>LANDED PROPERTIES OWNED BY THE GROUP (CONTINUED)</b>					
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>					
Location: CL 205317951 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Agriculture)	Leasehold of 99 years (Expiry date – 31 December 2077)	1.22 acres	-	207
<b>MALAYSIA AIRPORTS SDN. BHD.</b>					
Location: District of Subang, Selangor Malaysia	Cargo Complex	A total right of occupation of 60 years (Expiry date – 31 December 2066)	6.5 acres	35,072	7,834
<b>MALAYSIA AIRPORTS SDN. BHD.</b>					
Location: District of Subang, Selangor Malaysia	6 units of single storey houses (Masjid Quarters)	A total right of occupation of 60 years (Expiry date – 31 December 2066)	3.58 acres	1,376	515
<b>MALAYSIA AIRPORTS SDN. BHD.</b>					
Location: District of Subang, Selangor Malaysia	Helicopter Centre (Airbus (M) Facility)	A total right of occupation of 60 years (Expiry date of 31 December 2066)	21 acres	10,000	30,672
<b>MALAYSIA AIRPORTS HOLDINGS BHD.</b>					
Location: District of Sepang, Selangor Malaysia	Malaysia Airports Corporate office KLIA	A total right of occupation of 25 years (Expiry date – 11 February 2034)	3 acres	9,997	15,585
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>					
Location: District of Sepang, Selangor Malaysia	MAHB Child Care Centre	A total right of occupation of 25 years (Expiry date – 11 February 2034)	1.94 acres	1,963	2,430

**Note:**

\* Pursuant to the KLIA Land Lease Agreement dated 18 October 1999 entered into between Malaysia Airports (Sepang) Sdn. Bhd. (MA (Sepang)) and the Federal Land Commissioner (FLC). MA (Sepang) 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. MA (Sepang) 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 (MAHB) and the FLC, MAHB 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 7778/7512

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

### MALAYSIA AIRPORTS SDN. BHD. (230646-U)

### MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN. BHD. (375245-X)

### MALAYSIA AIRPORTS CITIES SDN. BHD. (1114062-X)

### KLIA AEROPOLIS SDN. BHD. (1212392-H)

### MALAYSIA AIRPORTS INTERNATIONAL SDN. BHD. (1220825-V)

Business Address:  
Malaysia Airports Corporate Office  
Persiaran Korporat KLIA  
64000 KLIA, Sepang  
Selangor Darul Ehsan  
Tel: +603-8777 7000  
Fax: +603-8777 7778/7512

### 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  
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: +6019-2824 362  
Fax: +6019-2163 025

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

Business Address:  
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

### İSTANBUL SABİHA GÖKÇEN ULUSLARARASI HAVALİMANI YATIRIM YAPIM VE İŞLETME ANONİM ŞİRKETİ

Business Address:  
İstanbul Sabiha Gökçen Uluslararası Havalimanı  
Terminal Binası Yönetim Katı  
Pendik 34912 İstanbul  
Tel: +90 216 588 80 00  
Fax: +90 216 588 80 10

### LGM HAVALİMANI İŞLETMELERİ TİCARET VE TURİZM A.Ş.

Business Address:  
İstanbul Sabiha Gökçen Uluslararası Havalimanı  
Terminal Binası Yönetim Katı  
Pendik 34912 İstanbul  
Tel: +90 216 588 80 00  
Fax: +90 216 588 80 10

## AIRPORT DIRECTORY

### INTERNATIONAL AIRPORTS

#### 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  
(Under the supervision of Kota Kinabalu International Airport: STOLport Kudat & Long Pasia)

#### KUCHING INTERNATIONAL AIRPORT

Peti Surat 1070  
93722 Kuching, Sarawak, Malaysia  
T : 6082-454 242  
F : 6082-458 587

### DOMESTIC AIRPORTS

#### SKYPARK TERMINAL

#### SULTAN ABDUL AZIZ SHAH AIRPORT

47200 Subang  
Selangor Darul Ehsan, Malaysia  
T : 603-7845 3245  
F : 603-7846 3679

#### SULTAN AHMAD SHAH AIRPORT

26070 Kuantan  
Pahang Darul Makmur, Malaysia  
T : 609-531 2123/2100  
F : 609-538 4017  
(Under the supervision of Sultan Ahmad Shah Airport: STOLport Tioman)

#### LABUAN AIRPORT

Jalan Tun Mustafa  
Peti Surat 80569  
87015 W.P. Labuan  
Sabah, Malaysia  
T : 6087-416 007/415 015  
F : 6087-410 129

#### SULTAN AZLAN SHAH AIRPORT

31350 Ipoh  
Perak Darul Ridzuan, Malaysia  
T : 605-318 8202  
F : 605-312 2295  
(Under the supervision of Sultan Azlan Shah Airport: STOLport Pangkor)

#### SULTAN ABDUL HALIM AIRPORT

06200 Alor Setar  
Kedah Darul Aman, Malaysia  
T : 604-714 6876  
F : 604-714 5345

#### SIBU AIRPORT

Peti Surat 645  
96000 Sibul, Sarawak, Malaysia  
T : 6084-307 770  
F : 6084-307 709  
(Under the supervision of Sibul Airport: STOLport Mukah & Kapit)

#### 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

#### BINTULU AIRPORT

97000 Bintulu, Sarawak, Malaysia  
T : 6086-339 163  
F : 6086-337 011  
(Under the supervision of Bintulu Airport: STOLport Belaga)

#### MELAKA AIRPORT

75350 Melaka, Malaysia  
T : 606-317 5860  
F : 606-317 5214

#### SANDAKAN AIRPORT

P.O. Box 1719  
90719 Sandakan, Sabah, Malaysia  
T : 6089-667 782/786  
F : 6089-667 778

#### LIMBANG AIRPORT

98700 Limbang  
Sarawak, Malaysia  
T : 6085-212 090  
F : 6085-214 979

#### MULU AIRPORT

Peti Surat 851  
98008 Miri, Sarawak, Malaysia  
T : 6085-615 204/205  
F : 6085-614 537

#### LAHAD DATU AIRPORT

P.O. Box 213  
91108 Lahad Datu, Sabah, Malaysia  
T : 6089-881 033  
F : 6089-881 618

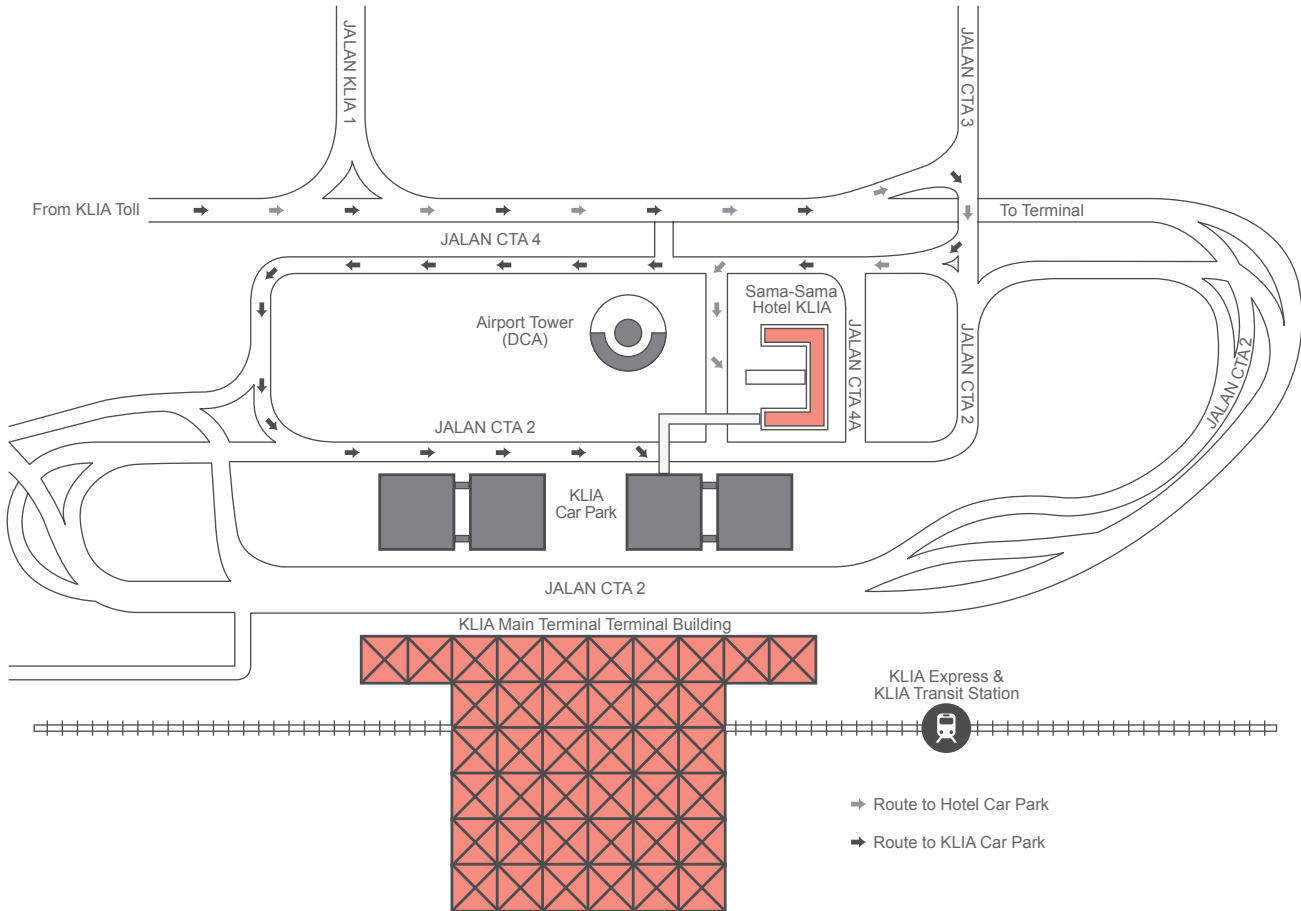
#### TAWAU AIRPORT

P.O. Box 60132  
91011 Tawau, Sabah, Malaysia  
T : 6089-950 777  
F : 6089-950 781  
(Under the supervision of Tawau Airport: STOLport Semporna)

#### MIRI AIRPORT

P.O. Box 851  
98008 Miri, Sarawak, Malaysia  
T : 6085-615 271  
F : 6085-615 208  
(Under the supervision of Miri Airport: STOLport Mulu, Long Seridan, Long Banga, Long Lellang, Long Akah, Marudi, Bakelalan, Long Semado, Lawas and Bario)

# 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 18<sup>th</sup> Annual General Meeting of the Company to be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, KL International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 25 May 2017 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.

NO.	RESOLUTIONS	FOR	AGAINST
1.	<b>ORDINARY RESOLUTION 1</b> To declare and approve the payment of a final single-tier dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2016 as recommended by the Directors.		
2.	<b>ORDINARY RESOLUTION 2</b> To approve the payment of Directors' fees totalling RM1,037,835.48 to the Non-Executive Directors of MAHB for the financial year ended 31 December 2016.		
3.	<b>ORDINARY RESOLUTION 3</b> To approve the payment of Directors' fees up to an amount of RM2,400,000.00 to the Non-Executive Directors of MAHB, as follows: (i) MAHB amounting to RM1,740,000.00 with effect from 1 January 2017 until the next AGM of the Company; and (ii) MAHB Subsidiaries amounting to RM660,000.00 with effect from 1 June 2017 until the next AGM of the Company.		
4.	<b>ORDINARY RESOLUTION 4</b> To approve the payment of Directors' benefits payable up to an amount of RM2,169,020.00 to the Non-Executive Directors of MAHB with effect from 1 January 2017 until the next AGM of the Company, as follows: (i) MAHB amounting to RM1,697,210.00; and (ii) MAHB Subsidiaries amounting to RM471,810.00.		
5.	<b>ORDINARY RESOLUTION 5</b> To re-elect Datuk Ruhaizah binti Mohamed Rashid who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.		
6.	<b>ORDINARY RESOLUTION 6</b> To re-elect Dato' Ir. Mohamad bin Husin who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers himself for re-election.		
7.	<b>ORDINARY RESOLUTION 7</b> To re-elect Datuk Azailiza binti Mohd Ahad who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.		
8.	<b>ORDINARY RESOLUTION 8</b> To re-elect Datuk Mohd Badlisham bin Ghazali who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election.		
9.	<b>ORDINARY RESOLUTION 9</b> To re-elect Dato' Mohd Izani bin Ghani who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election.		
10.	<b>ORDINARY RESOLUTION 10</b> To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		

As witness my/our hands this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

Signature of Member/Common Seal

Notes:

1. Section 334 of the Companies Act, 2016 (CA 2016) provides that a member of a company shall be entitled to appoint another person or persons as his/her proxy or proxies to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company. A proxy may but need not be a member of the Company and a member may appoint any person to be his/her proxy without limitation. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
2. A corporation which is a Member, may by resolution of its Directors or other governing body authorises such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 104 of the Company's Constitution.
3. The instrument appointing a proxy/representative shall be in print or writing under the hand of the appointer or his/her duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
4. The instrument appointing a proxy/representative 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 24 hours before the time appointed for the taking of the poll, in accordance with Section 334 (3) of the CA 2016.
5. 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**







[www.malaysiaairports.com.my](http://www.malaysiaairports.com.my)



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**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