



# 25 YEARS

SERVING THE NATION

ANNUAL REPORT 2017





◀ COVER RATIONALE ▶

Malaysia Airports is proud to have served hundreds of millions of people who pass through our airports. As the custodian of major gateways into the country for the last two and a half decades, we are delighted to be the face of joyful Malaysia to all our visitors. We are also proud to continue flying the Malaysian flag high through our presence overseas.

Our success to date is owing to the worthy efforts of our loyal employees, many of whom work quietly and tirelessly in the background. This year's annual report is dedicated to the unsung heroes who have accorded us their unstinting service.



# MALAYSIA AIRPORTS TODAY



**ONE OF THE WORLD'S LARGEST AIRPORT OPERATOR GROUP**  
128.0 MILLION PASSENGERS  
1.0 MILLION TONNE OF CARGO  
> 120 CARRIERS



**MALAYSIA OPERATIONS**  
96.6 MILLION PASSENGERS

**5 INTERNATIONAL AIRPORTS**

**16 DOMESTIC AIRPORTS**

**18 STOLPORTS IN MALAYSIA**



**OVERSEAS OPERATIONS**  
31.3 MILLION PASSENGERS

**ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT**  
100%-OWNED



**1<sup>ST</sup> AIRPORT OPERATOR GROUP IN ASIA LISTED ON THE STOCK EXCHANGE**  
**RM14.8 BILLION**  
MARKET CAPITALISATION  
AS AT 22 MARCH 2018



**DIVERSE AND HIGHLY SKILLED EMPLOYEES**  
- 11,000 EMPLOYEES WORLDWIDE

## KL INTERNATIONAL AIRPORT - MALAYSIA'S MAIN GATEWAY



**WORLD'S 12<sup>TH</sup>\* BUSIEST FOR INTERNATIONAL PASSENGERS**

*\*Based on 2017 preliminary results*



**TOP 12 AIRPORT SERVICE QUALITY 2017 IN THE WORLD (> 40 MPPA CATEGORY)**



Scan this QR code to view the 2017 Annual Report Microsite.

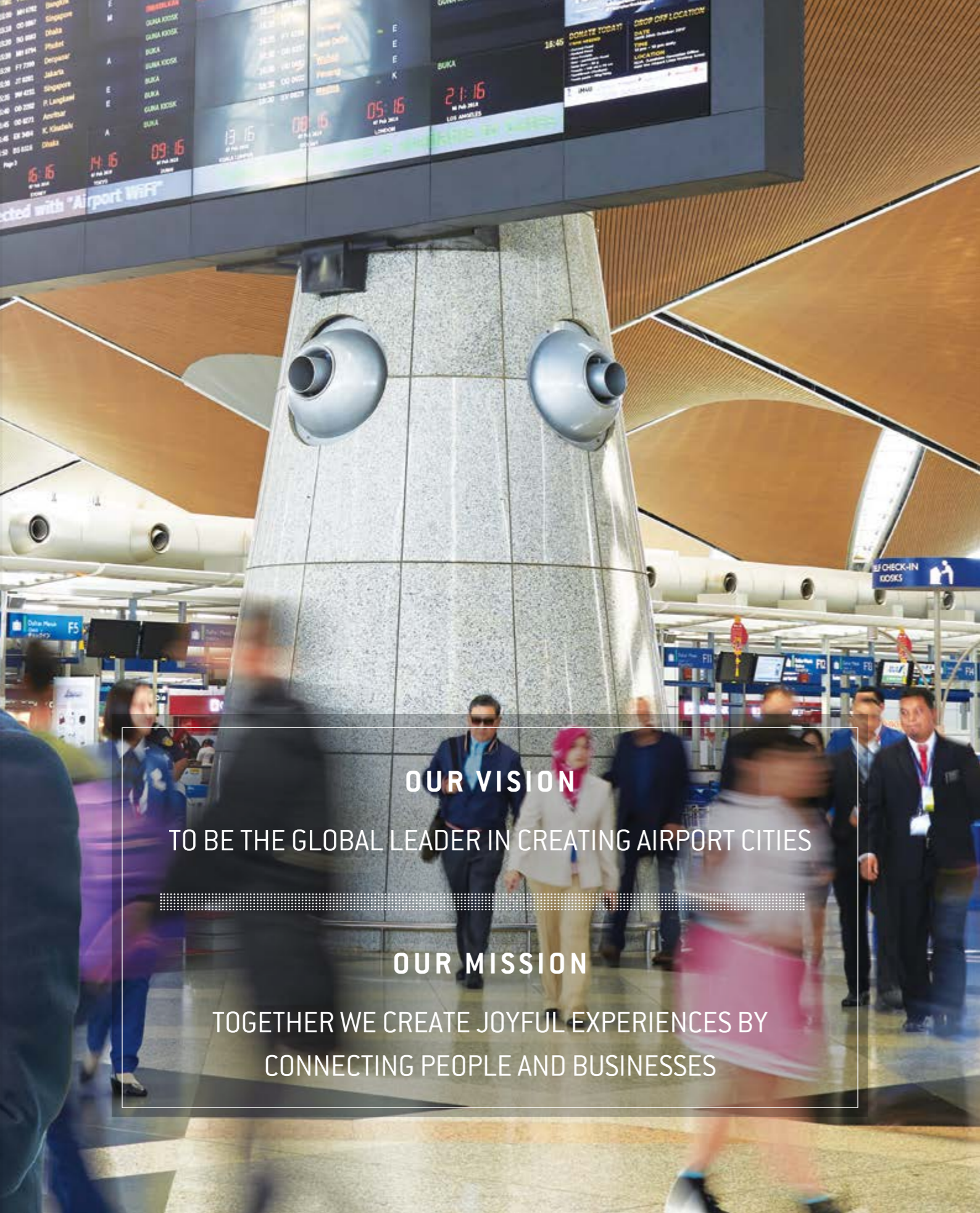


# 25 YEARS

SERVING THE NATION

ANNUAL REPORT 2017





## OUR VISION

TO BE THE GLOBAL LEADER IN CREATING AIRPORT CITIES

## OUR MISSION

TOGETHER WE CREATE JOYFUL EXPERIENCES BY  
CONNECTING PEOPLE AND BUSINESSES

# TABLE OF CONTENTS

p. < 4 - 29 >

## CHAPTER 1

### WHO WE ARE

- 4 Corporate Profile
- 7 Corporate Information
- 8 Group Corporate Structure
- 12 Group Organisational Structure
- 14 Key Milestones
- 15 2017 Awards
- 16 Past Awards & Accolades
- 18 Letter from Chairman
- 20 2017 Media Highlights
- 22 2017 Event Highlights

p. < 30 - 53 >

## CHAPTER 2

### PERFORMANCE REVIEW

- 30 Five-Year Financial Highlights
- 31 Group Five-Year Summary
- 33 Group Quarterly Performance
- 34 Key Financial Highlights
- 36 Group Segmental Analysis
- 38 Statement of Distribution
- 39 Statement of Financial Position
- 40 Share Price, Volume Traded & Market Capitalisation
- 41 Statement of Workforce
- 42 Group Financial Performance
- 46 Airport Performance Benchmark
- 49 Dividend Policy
- 51 Financial Calendar
- 52 Investor Relations

p. < 54 - 91 >

## CHAPTER 3

### STRATEGIC REVIEW

- 54 Chairman's Statement
- 60 Management Discussion and Analysis
- 88 Embedding Sustainability Into Our Strategy

p. < 92 - 161 >

## CHAPTER 4

### STRENGTH OF GOVERNANCE

- 92 Board of Directors' Profile
- 105 Key Senior Management
- 106 Group Senior Management Profile
- 120 Corporate Governance Overview Statement
- 147 Additional Compliance Information
- 148 Statement on Risk Management and Internal Control
- 156 Board Audit Committee Report

p. < 162 - 309 >

## CHAPTER 5

### FINANCIAL STATEMENTS

- 162 Financial Statements

p. < 310 - 361 >

## CHAPTER 6

### AIRPORTS STATISTICS

- 310 Airports Statistics

p. < 362 - 382 >

## CHAPTER 7

### ADDITIONAL INFORMATION

- 362 Definitions
- 363 Statement of Shareholdings
- 367 Information for Shareholders and Investors
- 368 List of Properties
- 373 Group Corporate Directory
- 374 Airport Directory
- 375 Notice of the 19<sup>th</sup> Annual General Meeting (AGM)
- 380 Statement Accompanying Notice of the 19<sup>th</sup> Annual General Meeting
- 381 AGM Administrative Details
- 382 Map to the AGM Venue
  - Proxy Form

From left to right

## SHAHARIDAH SHEIKH OSMAN

MANAGER, FINANCE

“I would like to thank Malaysia Airports for 25 wonderful years. I have been blessed to have had great career opportunities which had led to my personal growth. Through working for the company, I have also had the chance to meet many people from different cultures and background. Having had the honour to represent Malaysia Airports overseas was also an experience that I will cherish forever”.



## NORZALIZA SAID

MANAGER, CORPORATE  
COMMUNICATIONS

“I joined the Malaysia Airports family on the same date as its establishment and since then it has been a fantastic roller coaster ride. When I think about how I was here from Day One to witness how we have evolved from just an airport operator to a diversified airport operator group with international presence, I feel immensely proud”.



# *Working as a team, we are ensuring all-around operational excellence*

Right across Malaysia Airports, our diverse functional teams are pooling together their wealth of experience and expertise to ensure we meet our business objectives in a focused, cohesive and effective manner.



# CORPORATE PROFILE



**MALAYSIA AIRPORTS TURNED 25 IN NOVEMBER 2017. IT HAS COME A LONG WAY SINCE ITS INCORPORATION IN 1992 AND IS NOW ONE OF THE LARGEST AIRPORT OPERATOR GROUPS IN THE WORLD IN TERMS OF NUMBER OF PASSENGERS HANDLED. TODAY, IT MANAGES 39 AIRPORTS ACROSS MALAYSIA WITH FIVE INTERNATIONAL AIRPORTS IN MALAYSIA AND ONE IN TURKEY, 16 DOMESTIC AIRPORTS AND 18 SHORT TAKE-OFF AND LANDING (STOLPORTS).**

Once a state-run airport operator, Malaysia Airports was corporatised as Malaysia Airports Berhad 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 nearly 11,000 people in Malaysia and around the world.

Our core business is the management, operation, maintenance and development of airports. Malaysia Airports 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, we have developed a business model that focuses not only on the airport 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 the global leader in creating airport cities – ensuring sustainable growth by capitalising on the development opportunities presented through the availability of the vast land bank surrounding KL International Airport (KLIA).

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 our shareholders. Moreover, the model has allowed us to cross-subsidise the vital, but less lucrative operations of our smaller landing strips and airports where rural communities depend on air transport to connect with the closest townships or cities, especially in Sabah and Sarawak. 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 our flagship airport KLIA, won numerous awards, Malaysia Airports as a whole, has also received recognition and accolades in the areas of financial performance, governance, quality assurance, service excellence and stakeholder engagement, to name a few.

In strategising for the future, Malaysia Airports' 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, development of Aeropolis and strategic investments overseas.

## RUNWAY TO SUCCESS 2020

Malaysia Airports 5-year business plan comprising 4 strategic pillars



1

### KUL HUB

Establishing KLIA as a preferred ASEAN Hub with increased connectivity and seamless transfers



2

### TOTAL AIRPORT EXPERIENCE

Creating an innovative airport experience and embedding a customer-centric culture



3

### AEROPOLIS

Stimulating economic activities through logistics, aerospace and leisure segments through the airport city development



4

### INTERNATIONAL EXPANSION

Increasing international footprint and exporting core airport capabilities

## CORPORATE PROFILE

### KL INTERNATIONAL AIRPORT

KL International Airport, the premier gateway to Malaysia, opened in June 1998 with one terminal and the design capacity to handle 25 million passengers per annum (mppa). Its capacity has been enhanced further through minor reconfiguration including 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 a 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 three independent runways. Moving forward, KLIA Main Terminal will also be undergoing further expansion to allow it to handle between 15 to 20 million more passengers.

Total passenger traffic movements at KLIA was 58.6 million passengers in FY2017. KLIA is located in Sepang, in the western state of Selangor about 50 kilometres 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 priorities to establish KLIA as the preferred ASEAN hub offering passengers increased connectivity and seamless transfer experience.

### 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 capabilities 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 commence operations at klia2 in 2014, the world's largest terminal serving low cost carriers. The 257,000 square metre building with aerobridges and support facilities was built to replace the Low-Cost Carrier Terminal (LCCT), and redefined the budget traveller experience with world-class services and connectivity. Situated just two kilometres 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' vision 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 metres of space is dedicated to retail including food and beverage outlets and a supermarket as part of the 'Airport in a Mall; Mall in an Airport' concept. Passengers also enjoy seamless connectivity between the terminals 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 travellers.

### KLIA AEROPOLIS

The development of our airport city – KLIA Aeropolis – is one of the 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 and will leverage on KLIA's strategic position within the Asia Pacific region as one of the fastest growing aviation market. Other added advantages will be the vast land bank surrounding KLIA and Malaysia's competitive cost of business. KLIA Aeropolis is envisioned to be a multimodal business nexus, serving both the aviation and travel industries.

### ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT (ISG)

ISG is Istanbul's second airport, and our involvement in ISG 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 is one of Europe's fastest growing airports and its current capacity is at 33 mppa with 53 airlines offering direct flights to more than 160 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 FY2017, ISG handled 31.3 million passengers.



## BOARD OF DIRECTORS

### Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail

(Chairman)

(Non-Independent Non-Executive)

### Datuk Mohd Badlisham Ghazali

(Managing Director)

(Non-Independent Executive)

### Datuk Seri Yam Kong Choy

(Senior Independent Non-Executive)

### Dato' Mohd Izani Ghani

(Non-Independent Non-Executive)

### Datuk Zalekha Hassan

(Independent Non-Executive)

### Rosli Abdullah

(Independent Non-Executive)

### Dato' Sri Dr Mohmad Isa Hussain

(Non-Independent Non-Executive)

### Dato' Ir Mohamad Husin

(Independent Non-Executive)

### Datuk Azailiza Mohd Ahad

(Independent Non-Executive)

### Hajah Jamilah Dato' Hashim

(Non-Independent Non-Executive)

### Mohd Khairul Adib Abd Rahman

(Non-Independent Non-Executive)

### Mohd Shihabuddin Mukhtar

(Non-Independent Non-Executive)

(Alternate Director to Dato' Sri Dr Mohmad  
Isa Hussain)

#### COMPANY SECRETARY

Azni Ariffin  
(LS 0008791)

#### REGISTERED OFFICE

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Fax : 603-8777 7512  
E-mail : azniariffin@malaysiaairports.com.my

#### WEBSITE

www.malaysiaairports.com.my

#### SHARE REGISTRAR

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50490 Kuala Lumpur  
Tel : 603-2084 9000  
Fax : 603-2094 9940/2095 0292

#### AUDITORS

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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

### MALAYSIA AIRPORTS SDN BHD

### MALAYSIA AIRPORTS (SEPANG) SDN BHD

↳ 30% MFMA DEVELOPMENT SDN BHD

### MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN BHD

↳ 100% URUSAN TEKNOLOGI WAWASAN SDN BHD

↳ 49% MALAYSIA AIRPORTS CONSULTANCY SERVICES MIDDLE EAST LLC

### MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN BHD

### MALAYSIA AIRPORTS (NIAGA) SDN BHD

↳ 100% ERAMAN (MALAYSIA) SDN BHD

↳ 100% MALAYSIA AIRPORTS (MAURITIUS) PRIVATE LIMITED

### MALAYSIA AIRPORTS (PROPERTIES) SDN BHD

↳ 100% K.L. AIRPORT HOTEL SDN BHD

↳ 51% SAMA-SAMA HOSPITALITY MANAGEMENT SDN BHD (in liquidation)

↳ 100% MAB AGRICULTURE-HORTICULTURE SDN BHD

↳ 20% KUALA LUMPUR AVIATION FUELLING SYSTEM SDN BHD

### AIRPORT VENTURES SDN BHD

↳ 100% MALAYSIA AIRPORTS TECHNOLOGIES SDN BHD

↳ 100% MALAYSIA AIRPORTS MSC SDN BHD

↳ 40% ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT INVESTMENT DEVELOPMENT AND OPERATION INC.

↳ 40% LGM AIRPORT OPERATIONS TRADE AND TOURISM INC.

100%

## GROUP CORPORATE STRUCTURE

01 Who We Are



100%	<b>MAHB (MAURITIUS) PRIVATE LIMITED</b>
	<b>MALAYSIA AIRPORTS CAPITAL BERHAD</b>
	<b>MALAYSIA AIRPORTS CAPITAL (LABUAN) LIMITED</b>
	<b>MALAYSIA AIRPORTS (LABUAN) PRIVATE LIMITED</b>
	↳ 23% GMR MALÈ INTERNATIONAL AIRPORT PRIVATE LIMITED
	<b>MA CONSTRUCTION (LABUAN) PRIVATE LIMITED</b>
	<b>MALAYSIA AIRPORTS CITIES SDN BHD</b>
	↳ 40% ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT INVESTMENT DEVELOPMENT AND OPERATION INC.
	↳ 40% LGM AIRPORT OPERATIONS TRADE AND TOURISM INC.
	<b>KLIA AEROPOLIS SDN BHD</b>
<b>MALAYSIA AIRPORTS INTERNATIONAL SDN BHD</b>	
<b>MA ELOGISTICS SDN BHD</b>	
↳ 30% CAINIAO KLIA AEROPOLIS SDN BHD	
30%	<b>SEGI ASTANA SDN BHD</b>
23%	<b>AIRPORT COOLING ENERGY SUPPLY SDN BHD</b>
20%	<b>ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT INVESTMENT DEVELOPMENT AND OPERATION INC.</b>
	<b>LGM AIRPORT OPERATIONS TRADE AND TOURISM INC.</b>

## GROUP CORPORATE STRUCTURE

### MALAYSIA AIRPORTS HOLDINGS BERHAD (MAHB)

#### 100% OWNED BY MAHB

<b>Malaysia Airports Sdn Bhd (MASB)</b> (230646-U)	Management, operations, maintenance and provision of airport related services of designated airports in Malaysia other than KL International Airport (KLIA).
<b>Malaysia Airports (Sepang) Sdn Bhd (MA (Sepang))</b> (320480-D)	Management, operations, maintenance and provision of airport related services in KL International Airport (KLIA).
<b>Malaysia Airports Consultancy Services Sdn Bhd (MACS)</b> (375245-X)	Provision of maintenance and technical services in connection with the airport industry.
<b>Malaysia International Aerospace Centre Sdn Bhd (MIAC)</b> (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.
<b>Malaysia Airports (Niaga) Sdn Bhd (MA (Niaga))</b> (281310-V)	Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.
<b>Malaysia Airports (Properties) Sdn Bhd (MA (Properties))</b> (484656-H)	Provision of non-passenger related services which involves property management and establishing fixed asset requirements.
<b>Airport Ventures Sdn Bhd (AVSB)</b> (512527-U)	Investment holding.
<b>Malaysia Airports Capital Berhad (MACB)</b> (906593-U)	Investment holding.
<b>Malaysia Airports Cities Sdn Bhd (MA Cities)</b> (1114062-X)	Investment holding.

#### 100% OWNED BY MAHB

<b>KLIA Aeropolis Sdn Bhd (KASB)</b> (1212392-H)	Investment holding.
<b>Malaysia Airports International Sdn Bhd (MAI)</b> (1220825-V)	Investment holding for international and overseas ventures in airport businesses.
<b>MA Elogistics Sdn Bhd (MA Elogistics)</b> (1253685 -H)	Investment holding.
<b>MAHB (Mauritius) Private Limited</b> (64825 C1/GBL)	Investment holding.
<b>Malaysia Airports Capital (Labuan) Limited</b> (LL07679)	Investment holding.
<b>Malaysia Airports (Labuan) Private Limited (MA (Labuan))</b> (LL05298)	Investment holding.
<b>MA Construction (Labuan) Private Limited</b> (LL08348)	Investment holding.

#### 30% OWNED BY MAHB

<b>Segi Astana Sdn Bhd</b> (916663-H)	Development, management and operations of property.
--	---

#### 23% OWNED BY MAHB

<b>Airport Cooling Energy Supply Sdn Bhd</b> (923025-D)	Development, management and operations of chilled water plant.
---	--

## GROUP CORPORATE STRUCTURE

01 Who We Are



### 30% OWNED BY MA (SEPANG)

<b>MFMA Development Sdn Bhd</b> (1053024-K)	Development, operation and maintenance of a Factory Outlet Centre and its complementary components known as Mitsui Outlet Park at KLIA.
--	---

### 100% OWNED BY MACS

<b>Urusan Teknologi Wawasan Sdn Bhd</b> (459878-D)	Provision of mechanical, electrical and civil engineering services.
---	---

### 49% OWNED BY MACS

<b>Malaysia Airports Consultancy Services Middle East LLC (MACS ME)</b> (62645)	Facilities maintenance services at airports.
--	--

### 100% OWNED BY MA (NIAGA)

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

<b>Malaysia Airports (Mauritius) Private Limited</b> (59049 C1/GBL)	Investment holding.
--	---------------------

### 100% OWNED BY MA (PROPERTIES)

<b>K.L. Airport Hotel Sdn Bhd (KLAH)</b> (330863-D)	Owner of hotels known as Sama-Sama Hotel KLIA, Sama-Sama Express KLIA, and Sama-Sama Express klia2.
--	---

<b>MAB Agriculture-Horticulture Sdn Bhd</b> (467902-D)	Cultivation and selling of oil palm and other agriculture products, and engaging in horticulture activities.
---	--

### 20% OWNED BY MA (PROPERTIES)

<b>Kuala Lumpur Aviation Fuelling System Sdn Bhd</b> (395396-X)	Development, management and operations of aviation fuelling system at KLIA.
--	---

### 51% OWNED BY KLAH

<b>Sama-Sama Hospitality Management Sdn Bhd</b> (1029991-A)	Ceased operation (in liquidation).
---	------------------------------------

### 100% OWNED BY AVSB

<b>Malaysia Airports Technologies Sdn Bhd (MA Technologies)</b> (512262-H)	Operations and maintenance services of Information and Communication Technology business ventures.
---	--

### 100% OWNED BY MA TECHNOLOGIES

<b>Malaysia Airports MSC Sdn Bhd (MA MSC)</b> (516854-V)	Investment holding.
--	---------------------

### 23% OWNED BY MA (LABUAN)

<b>GMR Malè International Airport Private Limited</b> (C0490/2010)	Ceased operation.
---	-------------------

### 30% OWNED BY MA ELOGISTICS

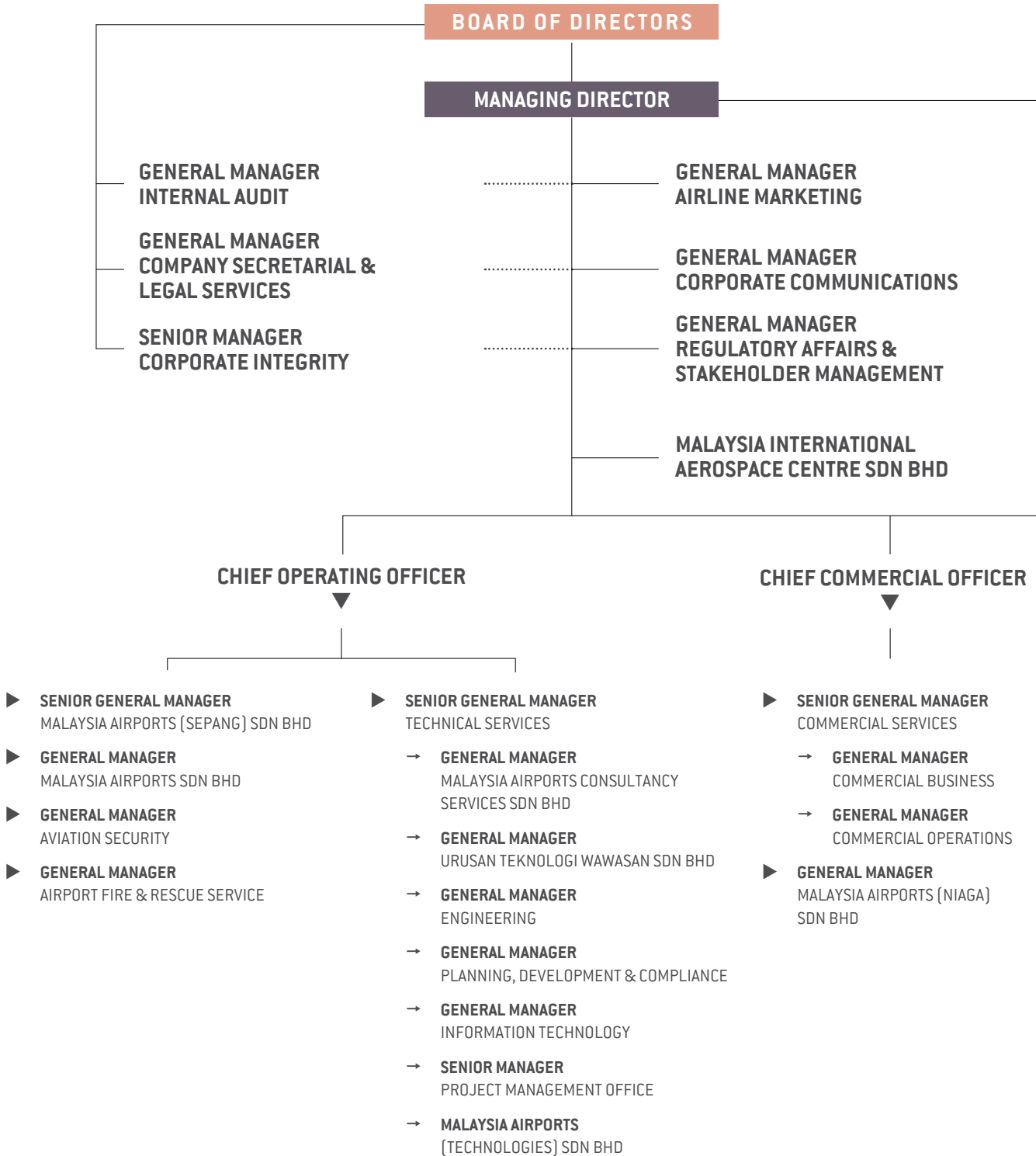
<b>Cainiao KLIA Aeropolis Sdn Bhd</b> (1258491-V)	Warehousing and storage services.
--	-----------------------------------

### 20% OWNED BY MAHB 40% OWNED BY MA CITIES 40% OWNED BY MA MSC

<b>Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. (ISG)</b> (656447)	Operation, management, development and provision of airport related services.
---	---

<b>LGM Airport Operations Trade and Tourism Inc. (LGM)</b> (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.
--	---

# GROUP ORGANISATIONAL STRUCTURE



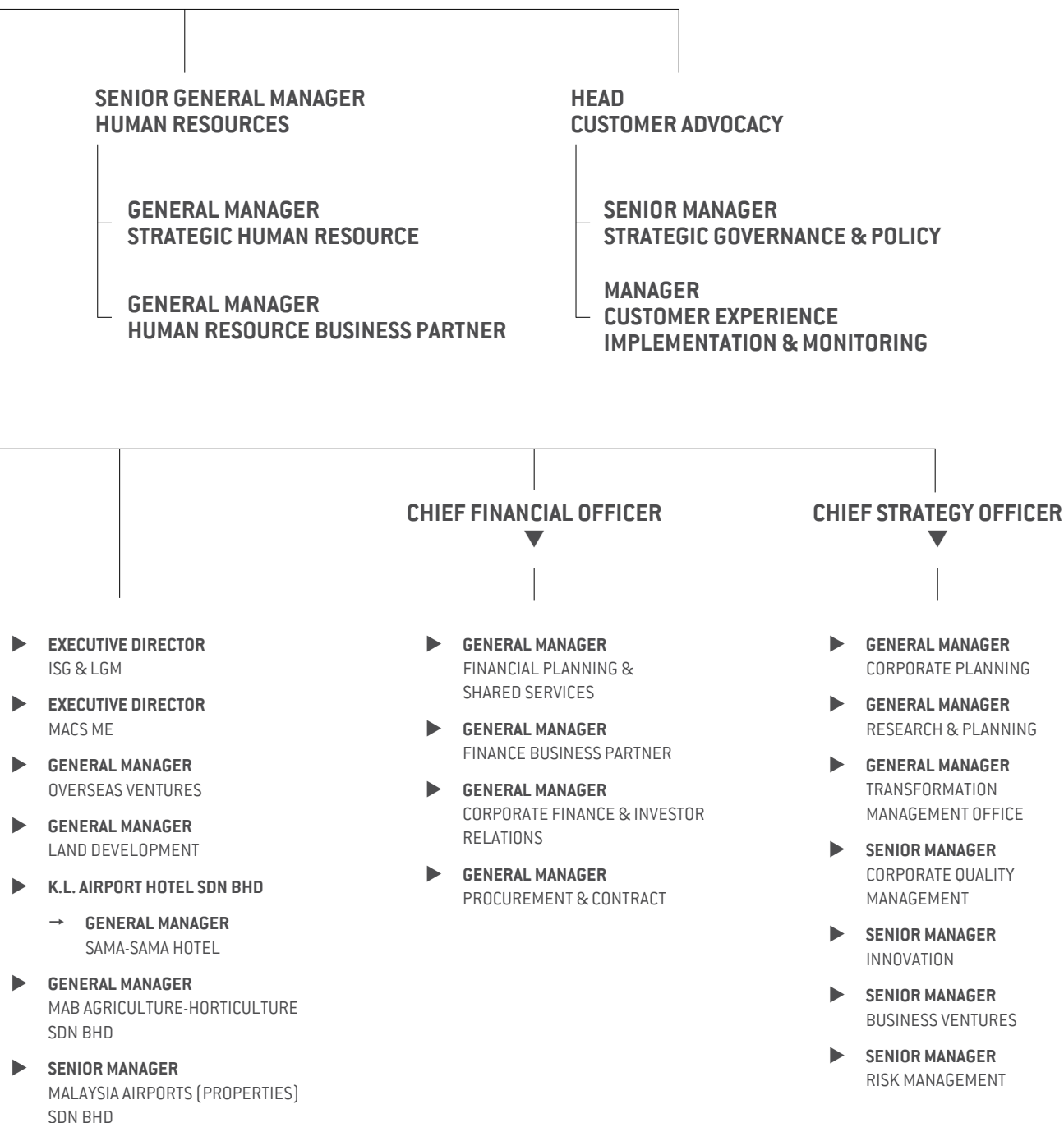


# GROUP ORGANISATIONAL STRUCTURE

01 Who We Are



13



# KEY MILESTONES

**1992**



ESTABLISHMENT OF MALAYSIA AIRPORTS

**1998**

OPENING OF KLIA



**1999**



MALAYSIA AIRPORTS LISTED ON KLSE MAIN BOARD (now Main Market of Bursa Malaysia)

**2010**



klia2 GROUND BREAKING CEREMONY

**2009**



SIGNING OF OPERATING AGREEMENT WITH THE GOVERNMENT OF MALAYSIA

**2004**



50% MINISTRY OF FINANCE INC. STAKE TRANSFERRED TO KHAZANAH NASIONAL

**2013**



LAUNCHING OF SAMA-SAMA HOTEL

**2014**



OPENING OF klia2



FULL ACQUISITION OF ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT IN TURKEY

**2015**



GRADUATION FROM GLC TRANSFORMATION PROGRAMME

**2017**



KLIA AEROPOLIS SELECTED AS INITIAL PHASE OF DIGITAL FREE TRADE ZONE (DFTZ)

- Conversion of LCCT to KL Air Cargo Terminal 1 (KACT1)
- Ground breaking of KLIA Aeropolis DFTZ Park

**2016**

**RtS2020**

- LAUNCH OF RUNWAY TO SUCCESS 2020
- LAUNCH OF KLIA AEROPOLIS
- GROUND BREAKING OF MITSUI OUTLET PARK KLIA SEPANG PHASE 2

**2015**



OPENING OF MITSUI OUTLET PARK KLIA SEPANG

# 2017 AWARDS

01 Who We Are



15

- 1** World's Best Airport for Immigration Services Award by Skytrax World Airport Awards
- 2** KLIA was **Platinum Winner** at **Asia-Pacific Green Airports Recognition 2017** by Airports Council International (ACI)
- 3** klia2 terminal received **Gold Leadership in Energy and Environmental Design (LEED)** certification and was the first airport terminal to earn this prestigious certification in Southeast Asia
- 4** Langkawi International Airport was **3<sup>rd</sup> Best Airport** (2 - 5 mppa) in the 2016 ASQ Awards by ACI
- 5** Datuk Mohd Badlisham Ghazali was announced as '**Best CEO for Investor Relations**' by the Malaysian Investor Relations Association
- 6** Datuk Mohd Badlisham Ghazali received the **Leadership Excellence in Airport Management Award** during the 7<sup>th</sup> Global Leadership Awards
- 7** Our Engineering team won the **Uptime Awards 2017 for Best Green Reliability** for their reduction in carbon emission, energy and electricity efforts
- 8** Sama-Sama Hotels KL International Airport won **Best Revenue/Sales' Award** at the Worldhotels Annual Conference, Luxury Airport Hotel and Regional Luxury Hotel - **Country Winner** at World Luxury Hotel Awards, **Eco/Green Hotel** for Sama-Sama Express klia2 and **Haute Grandeur's Best Airport Hotel Global and Best Business Hotel in Asia**
- 9** **Social Media Excellence Award 2017** for best social media engagement
- 10** Received **Anugerah Pengurusan Zakat Penerimaan Terbaik 2016** for our excellent commitment in the administration of company zakat contributions
- 11** MASB won the **SIRIM Quality Award 2017** for excellent quality management and services
- 12** Received the **MOE Appreciation Award** for our continuous commitment and contribution in education during the Ministry of Education Malaysia Public-Private Partnership Award Ceremony
- 13** ACI Recognition for **APEX in Safety Programme** for contribution in supporting airport performance excellence in safety at other airports
- 14** KLIA achieved Level 2 (Reduction) **Airport Carbon Accreditation** by ACI
- 15** Malaysia Airports' **2016 Sustainability Report** was shortlisted during the ACCA Malaysia Sustainability Reporting Award (MaSRA)
- 16** Malaysia Airports was **Industry Champion for Global Airport Management Award** and Datuk Mohd Badlisham Ghazali honoured as a **Visionary Icon: Most Eminent Brand Icon Leadership Award** during the BrandLaureate ICON Leadership Awards 2017

# PAST AWARDS & ACCOLADES



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

## 2016

- Quality Choice Prize 2016 for quality management strategies in aviation industry by European Society of Quality Research.
- Best Malaysian Company for Investor Relations at the IR Magazine Awards and Conference South East Asia 2016.
- Sama-Sama Hotel KLIA received Haute Grandeur Global Hotel Awards.
- Sama-Sama Hotel KLIA was awarded the 2016 Best Companies to Work For award by HR Asia.
- KLIA Engineering team received the Industry Award in the 'Best Complaint Management' category at the SPAD Land Public Transport Symposium 2016.
- Gold Timing Belt Maintenance Improvement Project at the International Convention on Quality Control Circle 2016.
- MSOSH OSH Gold Class 1 Award in recognition for commendable safety and health records.
- Sama-Sama Express KLIA & Sama-Sama Express klia2 received the Service Excellence Award 2015 by Booking.com for providing outstanding guest experience.
- Best Employer Brand Award 2016 by EBA.
- Honorary Award for the Top 50 Enterprise Awards Malaysia 2015.
- Social Media Excellence Award for the best corporate social media engagement.
- International Financing Review Asia Loan of the Year award for innovative refinancing solution for ISG's borrowings.
- Most Innovative Islamic Finance Deal of the Year in Southeast Asia at the Alpha SEA 9<sup>th</sup> Annual Best Deal & Solution Awards 2015.
- Sama-Sama Hotel won Best Airport Hotel - Asia by World Luxury Hotel Awards.

## 2015

- Awarded the Market Pioneer Award 2015 by RAM Holdings Berhad, a testament to the success of the RM1 billion Perpetual Subordinated Sukuk.
- KLIA acknowledged as Best Duty-Free Shopping Destination Award 2015 by Travel + Leisure online magazine.
- Certified by Airports Council International (ACI) under its Airport Carbon Accreditation Programme [Reduction] for KLIA's effort in reducing carbon dioxide emissions.
- Clinched the maiden Euromoney Award 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.
- Won MSOSH OSH Gold Class 1 Award & MSOSH OSH Gold Class 2 Award for Malaysia Airports Corporate Office and KLIA for Occupational, Safety and Health efforts respectively.
- Received Gold for Service Category for PULSE BHS' Timing Belt Maintenance Improvement innovation project by the Malaysia Productivity Corporation.
- '2015 Best Companies to Work For', conferred by HR Asia to Sama-Sama Hotel KLIA.
- Sama-Sama Hotel won Best Airport Hotel by World Luxury Hotel Awards.
- Quality Management Excellence Award 2015 conferred by the European Society of Quality Research for our success in reducing the numbers of non-conformance report and efficiency in identifying and managing risks.
- Recognised by the FTSE Group for meeting globally recognised corporate responsibility standards under the FTSE4Good Index.
- Special Recognition Award for Best Culture of Reliability presented to the Engineering division by Uptime magazine for providing positive exposure on maintenance reliability.
- Received Social Media Excellence Award 2015 for Best Social Media Engagement by Malaysia Social Media Chambers.
- Green Tech Awards 2015 awarded by Malaysian Green Technology Corporation for being one of Malaysia's Top 30 Green Catalysts company.



## 2014

- The Malaysia Book of Records
  - Biggest Low-Cost Carrier Terminal
  - First Airport Terminal Skybridge in Asia
- 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.
- The BrandLaureate Aviation Man of the Year – Tan Sri Bashir Ahmad.
- 1Malaysia Employer Award 2014, Large Corporations Category.
- Skytrax 2014 World Airport Awards – 2<sup>nd</sup> World's Best Airport (40 - 50 mppa) KLIA.
- Top Hotels in 2014 Travellers' Choice Awards – 10<sup>th</sup> place in Luxury and Romance category, Sama-Sama Hotel KLIA.
- Best Small Airport (Asia-Pacific) 2013 ASQ Awards – Langkawi International Airport.
- DRI Malaysia KL 2014 – Best BCM Organisation in GLC/Public Sector.
- KLIA ranked the Third Best Airport Worldwide by SmartTravelAsia.com readers – Kuala Lumpur International Airport.
- Malaysia's 100 Leading Graduate Employers – Most Popular Graduate Employer Finalist in Government Linked Companies.
- Sama-Sama Hotel won Best Airport Hotel - Regional by World Luxury Hotel Awards.

## 2013

- Singapore-based Crescentrating's ranked KLIA as the No. 1 in the Top Halal Friendly Airports for Crescentrating's Halal Friendly Travel Ranking 2013.
- Malaysia Airports won 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 won the World's Best Immigration Service in the 2013 Skytrax World Airport Award.
- Best CFO in FinanceAsia's 13<sup>th</sup> annual poll of Asia's top companies - Faizal Mansor.
- KLIA was third in the Top 10 Airports Worldwide category of the Smart Travel Asia 2013 Best in Travel Poll.
- Indulge Till You Fly Campaign 2012/2013 came up tops under the Best of Country (Malaysia) Trade Campaign.

- Silver Award in the Employer of Choice award category in the Malaysia HR Award 2013.
- 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.
- KLIA won the Gold Award for *Anugerah Tandas Bersih – 1Malaysia* in Public Stop Restroom category.

## 2012

- Finalist in the Air Cargo Award of Excellence for the category Airports Asia 400,000 to 999,999 tonnes 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.
- Inaugural award for Exceptional Service to Aviation by Pacific Asia Travel Association (PATA).
- Managing Director, Tan Sri Bashir Ahmad, 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).
- Best Malaysia CFO for Investor Relations during the Investor Relations Awards 2012 - Faizal Mansor.

# LETTER FROM THE CHAIRMAN



18

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it is my pleasure to enclose herewith a copy of the Annual Report and Audited Financial Statements of Malaysia Airports Holdings Berhad (the Company or MAHB) for the year ended 31 December 2017. The Annual Report also contains the Notice of the 19<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, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Tuesday, 8 May 2018 at 11.00 a.m.

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

For the year 2018, 10 resolutions are proposed for the consideration of shareholders at the AGM. The purpose and reason for each resolution are explained under the Explanatory Notes in 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 8 sen per ordinary share in respect of the financial year ended 31 December 2017, subject to the shareholders' approval at the AGM.

## LETTER FROM THE CHAIRMAN

01 Who We Are



The Board is recommending for retirement and re-election of Directors in accordance with the following Articles of the Company's Constitution:

(a) 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/she shall retire but shall then be eligible for re-election. The Directors who are standing for re-election at the 19<sup>th</sup> AGM, pursuant to Article 129 are as follows:

- (i) Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail;
- (ii) Mohd Khairul Adib Abd Rahman; and
- (iii) Hajah Jamilah Dato' Hashim.

(b) 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 or the number nearest to one-third shall retire from office and the retiring Directors shall be eligible to seek for re-election thereof. The Directors who are standing for re-election at the AGM, pursuant to Article 131 are as follows:

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

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 for the Non-Executive

Directors on the Boards of MAHB and its Subsidiaries, the re-election of 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 AGM are in the best interest of the Company and its shareholders and further recommends 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 the taking of the poll, in accordance with Section 334(3) of the Companies Act 2016.

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

Yours sincerely,

**Y.A.M. Tan Sri Dato' Seri Syed Anwar  
Jamalullail**  
Chairman

# 2017 MEDIA HIGHLIGHTS



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

## TANDAS BERBINTANG

Penarafan berbeza bagi bilik air diperkaskan kepada restoran



**Restoran** di Lapangan Terbang Antarabangsa Kuala Lumpur (KLIA) kini mempunyai penarafan berbeza bagi bilik air yang diperkaskan kepada restoran. Penarafan ini dibuat oleh Majlis Perbandaran Kuala Lumpur (MPKUL) dan Majlis Perbandaran Sepang (MPS) sebagai sebahagian daripada usaha untuk meningkatkan kualiti perkhidmatan di lapangan terbang.

Menurut Majlis Perbandaran Kuala Lumpur, bilik air yang diperkaskan kepada restoran ini akan mempunyai penarafan yang lebih tinggi berbanding bilik air biasa. Ini adalah kerana bilik air ini akan mempunyai ciri-ciri yang lebih tinggi seperti bilik air yang diperkaskan kepada restoran.

Menurut Majlis Perbandaran Sepang, bilik air yang diperkaskan kepada restoran ini akan mempunyai penarafan yang lebih tinggi berbanding bilik air biasa. Ini adalah kerana bilik air ini akan mempunyai ciri-ciri yang lebih tinggi seperti bilik air yang diperkaskan kepada restoran.

## MAHB signs MoUs with GNTF, Skyways Technics

MAHB signs MoUs with GNTF, Skyways Technics



Malaysia Airports Holdings Berhad (MAHB) has signed Memorandums of Understanding (MoUs) with the Kuala Lumpur International Airport Ground Support Equipment (GSE) Management Trust (GNTF) and Skyways Technics. The MoUs are aimed at enhancing the efficiency and safety of ground support equipment operations at the airport.

The GNTF MoU is a three-year agreement that will see MAHB and GNTF working together to improve the management and maintenance of ground support equipment. The Skyways Technics MoU is a similar agreement that will see MAHB and Skyways Technics working together to improve the efficiency and safety of ground support equipment operations.

## MAHB bakal perkenal perkhidmatan percuma dari KLIA ke KLIA2

MAHB bakal perkenal perkhidmatan percuma dari KLIA ke KLIA2



Malaysia Airports Holdings Berhad (MAHB) is set to introduce a free shuttle service between Kuala Lumpur International Airport (KLIA) and Kuala Lumpur International Airport 2 (KLIA2). The service is expected to be launched in the coming months and will provide a convenient and cost-effective way for passengers to travel between the two airports.

The shuttle service will be operated by a dedicated fleet of vehicles and will be available to all passengers. The service is expected to be a popular option for passengers who are traveling between the two airports.

## SERAH SUMBANGAN ZAKAT RM5,000

SERAH SUMBANGAN ZAKAT RM5,000



Malaysia Airports Holdings Berhad (MAHB) has received a zakat donation of RM5,000 from the Kuala Lumpur Islamic Centre. The donation is being used to support various social welfare and community development projects in the area.

MAHB is committed to supporting the community and is pleased to receive the donation. The zakat donation is a testament to the generosity of the Kuala Lumpur Islamic Centre and its members.

## Alibaba to take up to 110 acres in KLIA Aeropolis

Alibaba to take up to 110 acres in KLIA Aeropolis



Alibaba Group has announced that it will take up to 110 acres of land in the KLIA Aeropolis area. The land is intended for the development of a new e-commerce hub and logistics center. The development is expected to create thousands of jobs and boost the local economy.

The KLIA Aeropolis is a large-scale development project that is aimed at transforming the airport area into a modern e-commerce and logistics hub. The development is expected to be completed in the coming years.

## KLIA 獲選最具美感機場

KLIA 獲選最具美感機場



Kuala Lumpur International Airport (KLIA) has been selected as the most beautiful airport in the world. The airport was ranked first in a survey conducted by the International Air Transport Association (IATA). The survey took into account various factors such as the airport's architecture, facilities, and customer service.

KLIA's success in the survey is a testament to the airport's commitment to providing a world-class passenger experience. The airport's modern architecture and excellent facilities have earned it a reputation as one of the most beautiful airports in the world.

## Malaysia Airports kendali hab penerbangan ASEAN

Malaysia Airports kendali hab penerbangan ASEAN



Malaysia Airports Holdings Berhad (MAHB) is set to take control of the ASEAN aviation hub. The hub is located at Kuala Lumpur International Airport (KLIA) and is expected to become a major center for air traffic in the region. MAHB's control of the hub will allow it to improve the efficiency and safety of air operations in the region.

The ASEAN aviation hub is a key part of MAHB's strategy to become a leading airport operator in the region. The hub is expected to attract more airlines and passengers, which will help to boost the local economy.

## Alipay Now Accepted At Eraman

Alipay Now Accepted At Eraman



Alipay Now is now accepted at Eraman, the new e-commerce hub at Kuala Lumpur International Airport (KLIA). This is a significant milestone for Alipay, as it allows passengers to use the popular mobile payment app to make purchases at the airport. The acceptance of Alipay Now at Eraman is expected to boost sales and improve the passenger experience.

Eraman is a large-scale development project that is aimed at transforming the airport area into a modern e-commerce and logistics hub. The development is expected to be completed in the coming years.

## MAHB Q2 NET PROFIT SURGES 614pc

MAHB Q2 NET PROFIT SURGES 614pc



Malaysia Airports Holdings Berhad (MAHB) reported a significant increase in its second-quarter net profit. The net profit surged by 614 percent compared to the same period last year. This is due to a combination of factors, including higher passenger traffic and improved operational efficiency.

MAHB's strong performance in the second quarter is a testament to the airport's commitment to providing a world-class passenger experience. The airport's modern facilities and excellent customer service have helped to attract more passengers and boost revenue.

## MAHB sasar nilai transaksi jualan runcit naik 15 peratus

MAHB sasar nilai transaksi jualan runcit naik 15 peratus



Malaysia Airports Holdings Berhad (MAHB) has set a target to increase its retail sales by 15 percent. The target is to be achieved through a combination of factors, including the introduction of new retail outlets and the expansion of existing ones. MAHB is committed to providing a world-class retail experience for passengers at the airport.

The retail sales at the airport are an important part of MAHB's revenue stream. By increasing retail sales, MAHB can improve its overall financial performance and provide a better experience for passengers.

## Helpdesks for Chinese tourists set up in KLIA, klia2

Helpdesks for Chinese tourists set up in KLIA, klia2



Malaysia Airports Holdings Berhad (MAHB) has set up helpdesks for Chinese tourists at Kuala Lumpur International Airport (KLIA) and Kuala Lumpur International Airport 2 (KLIA2). The helpdesks are staffed by trained personnel who can assist Chinese tourists with various issues, including check-in, baggage, and flight information. The helpdesks are expected to improve the passenger experience for Chinese tourists and boost the local economy.

MAHB is committed to providing a world-class passenger experience for all passengers. The helpdesks are a key part of MAHB's strategy to attract more Chinese tourists to the airport.

## MAHB bets on big data to improve services

MAHB bets on big data to improve services



Malaysia Airports Holdings Berhad (MAHB) is investing in big data technology to improve its services. The technology is being used to analyze passenger data and identify areas for improvement. MAHB is committed to providing a world-class passenger experience and is confident that the use of big data technology will help to achieve this goal.

The use of big data technology is a key part of MAHB's strategy to improve its services. By analyzing passenger data, MAHB can identify areas for improvement and make changes to its services. This will help to improve the passenger experience and boost the local economy.



# 2017 MEDIA HIGHLIGHTS

## MAHB eyes 94m inbound passengers by year-end

**My anticipation many Chinese tourists to come and Malaysia's golden week has got to start, says the airport manager MD**

**By P. PREMKURUMA**  
**KUALA LUMPUR**

**MALAYSIAN** Airport Holdings (MAHB) is looking forward to a bumper year for passenger traffic, with the number of inbound passengers expected to reach 94 million by year-end, said MAHB Managing Director, Datuk Mohd Radhiwan Hassan, said MAHB has continued to achieve growth longer than in FY16, with a 6.1% increase in passenger traffic, and a 10% increase in cargo volume.

"We are anticipating more Chinese tourists to come into the country and Malaysia's golden week peak travelling period has not ended yet," he said earlier.

"My expectation for the year-end is that we will have 94 million inbound passengers, which is an increase of 10% from 85 million in FY16," he said.

The increase in passenger traffic is due to the increase in the number of flights, and the increase in the number of passengers per flight.

"The increase in passenger traffic is due to the increase in the number of flights, and the increase in the number of passengers per flight," he said.

"The increase in passenger traffic is due to the increase in the number of flights, and the increase in the number of passengers per flight," he said.



### Digital Transformation, The Way Forward

MAHB is committed to digital transformation to enhance passenger experience and operational efficiency.

### Project launch

MAHB has launched several key projects to improve airport services and infrastructure.

### Layanan eksklusif

#### MAHB perkenalkan Abisbur ASU, VIP Access di KLIA

MAHB has introduced exclusive services for Airline Business (ASU) and VIP passengers at KLIA, including dedicated check-in counters and lounge access.

## KLIA

### 5 new airlines may fly into KLIA next year

KLIA is preparing to welcome five new airlines starting next year, expanding its international network.

### 100,000 pelancong China dijangka guna KLIA, KLIA2

MAHB expects 100,000 Chinese tourists to visit Malaysia via KLIA and KLIA2 during the upcoming Golden Week.

## Malaysia's tremendous progress throughout the years

A collage of images showcasing Malaysia's infrastructure development, including the KLIA train, airport terminal, and cityscapes.

## Teaching the young to practise good toilet etiquette

MAHB is conducting a campaign to teach children good toilet etiquette through interactive activities and educational materials.

## Mandarin speaking volunteers to assist China visitors

MAHB has recruited Mandarin-speaking volunteers to assist Chinese tourists at the airport, ensuring a smoother travel experience.

## LANJAN CIBOR KL2017

MAHB has successfully completed the LANJAN CIBOR KL2017 project, marking a significant milestone in airport development.

## MAHB catat RM1b segmen runcit lapangan terbang

MAHB has recorded a RM1 billion segment in the airport construction market, reflecting strong demand for airport infrastructure.

## Weekly Snapshots

A collection of weekly news items and photos related to MAHB's operations and projects.

## MAHB moves closer to creating airport city

MAHB is making significant progress in developing an airport city, integrating transportation and urban development.

# 2017 EVENT HIGHLIGHTS

## CORPORATE



### WELCOMING NEW AIRLINES

Throughout the year we welcomed 11 new airlines such as Lucky Air from Kunming and Linjiang to Kuala Lumpur, Xiamen Airlines from Fuzhou to Kota Kinabalu, and China Southern Airlines from Guangzhou to Langkawi.



### CORRUPTION-FREE PLEDGE BY SENIOR MANAGEMENT OF MALAYSIA AIRPORTS

Through our Corporate Integrity Unit, we established the Corporate Integrity Plan which is meant to serve as a framework in instilling integrity in work practices for employees. The pledging and signing of *Ikrar Bebas Rasuah* was also extended to all employees of Malaysia Airports.

22

### MALAYSIA AIRPORTS AND CAINIAO NETWORK JOINED HANDS TO DEVELOP REGIONAL E-COMMERCE AND LOGISTICS HUB

KLIA Aeropolis was selected as the site for the initial phase of the Digital Free Trade Zone (DFTZ). During the launch of DFTZ on 23 March 2018, a Memorandum of Understanding (MoU) was signed between Malaysia Airports and Cainiao Network to explore the establishment of a regional e-commerce and logistics hub. Cainiao Network is Alibaba group's logistics arm. This was later followed by the inking of a joint venture agreement to develop the KLIA Aeropolis DFTZ Park - the world's first electronic world trade platform (eWTP). The ground breaking ceremony for KLIA Aeropolis DFTZ Park was officiated by the Prime Minister of Malaysia in conjunction with DFTZ Goes Live on 3 November 2017.



### WORLD'S FIRST PROOF OF CONCEPT FOR PRE-CLEARANCE OF HAJJ PILGRIMS AT KLIA

The world's first proof of concept for pre-clearance of Hajj pilgrims at the point of departure was conducted for the first time at KLIA on 24 August 2018. This was an initiative led by the government of the Kingdom of Saudi Arabia (KSA) under KSA Vision 2030. This initiative is aimed at facilitating the arrivals of all pilgrims into KSA. Specifically, this initiative will eliminate the need for long queues by pilgrims at immigration points in KSA.



### MOU WITH TOURISM MALAYSIA TO PROMOTE AND DEVELOP INBOUND TOURISM

We signed an MoU with Tourism Malaysia to promote, develop and increase inbound tourism globally, particularly from India, China and Europe during World Travel Market 2017 held in London.

## 2017 EVENT HIGHLIGHTS

01 Who We Are



### GOLD LEED BUILDING CERTIFICATION FOR KLIA2

klia2 terminal achieved another remarkable milestone for its environmental efforts by being the first airport terminal to earn the prestigious Gold LEED building certification in Southeast Asia. The prestigious LEED or Leadership in Energy and Environmental Design certification is based on standards set by the U.S. Green Building Council. LEED-certified buildings are resource efficient in terms of water and energy usage as well as carbon dioxide gas emission reduction.



### KLIA AWARDS 2016

We continue to recognise the best in the aviation industry at KLIA Awards 2016. As part of our many initiatives to establish KLIA as a preferred ASEAN Hub, the prestigious event is an annual event that honours its partners for their outstanding performances and services. The event is meant to spur the KLIA airport community to constantly push the boundaries of distinction in their respective fields, thus raising KLIA's and Malaysia's stature in the eyes of the world.

23

### AIRPORT FIRE RESCUE SERVICE 70<sup>TH</sup> ANNIVERSARY

Our Airport Fire & Rescue Service (AFRS) division celebrated their 70<sup>th</sup> anniversary since their establishment in 1947. The celebration was initiated to provide greater awareness and understanding to communities in and out of the airport on AFRS roles and responsibilities.



### PAY IT FORWARD CAMPAIGN

Aiming to make a difference by championing toilet cleanliness through a public awareness campaign, we initiated a campaign called 'Pay It Forward.' The objective of the campaign was to educate the public on proper toilet etiquette and encourage them to pay forward the kindness of ensuring a clean and hygienic environment for subsequent users. The campaign was also in line with the government's call to create a civic-minded society as Malaysia forges ahead in its goal to become a fully developed nation.

## 2017 EVENT HIGHLIGHTS

### EMPLOYEE



#### AVIATION SECURITY PASSING OUT PARADE

We celebrated 143 aviation security personnel who had completed their training. The event which took place at Bunga Raya Complex, KLIA on 26 January 2017 was also attended by their family members.

#### 15<sup>TH</sup> LOYAL SERVICE AWARD

A total of 525 employees were celebrated at the event with 53 of them being the recipients for the 20-year category and 472 recipients for the 10-year category. During the same event, for the first time a total of 110 retiring employees were honoured in appreciation of their services to Malaysia Airports.

#### 25<sup>TH</sup> ANNIVERSARY KICK-OFF CELEBRATION

We kicked-off our 25<sup>th</sup> anniversary celebration with a fun-filled employee event where popular band, Hujan performed our 25<sup>th</sup> Anniversary Theme Song entitled *Jutaan Jiwa* for the first time.



#### AIRPORT FIRE AND RESCUE SERVICE PASSING OUT PARADE

We continue to strive for excellence in meeting the standards set by the International Civil Aviation Organization in all aspects including airport fire and rescue services. A total of 41 trainees successfully completed their training and they were celebrated at the *Majlis Perbarisan Tamat Latihan Asas Kebombaan Lapangan Terbang Siri 08/17* at the Malaysia Airports Training Centre.



## KLIA – 19 YEARS OF SERVING THE NATION

KLIA celebrated its 19<sup>th</sup> anniversary, growing and flourishing each year as the nation's premier gateway and national icon. This event is held annually in KLIA as a celebration of the hard work and dedication of the whole airport community.



## FIRE FIGHTER COMBAT CHALLENGE 2017

Our Airport Fire & Rescue Service (AFRS) division hosted Fire Fighter Combat Challenge 2017, which tested physical and mental fitness levels of AFRS personnel, as well as their readiness in facing emergency situations. At the same time, the competition also gauged the efficiency and expertise of AFRS officers in handling fire equipment.

## KL2017 TORCH RUN

More than 1,000 people, consisting of Malaysia Airports' employees and the surrounding community within Sepang participated in the Kuala Lumpur 2017 (KL2017) Torch Run for the Sepang district level. Malaysia Airports as a gold sponsor and official Welcoming Partner was proud to flag off this leg of the torch run in KLIA.

The KL2017 Torch was handed over by Dengkil State Assemblyman YB Tuan Shahrum Mohd Sharif to Malaysia Airports to signify the start of the leg.



## 25 FRUITS FESTIVAL

Another exciting employee event to celebrate our 25<sup>th</sup> Anniversary was the 25 Fruits Festival. This celebration was held simultaneously at all airports nationwide.

## 2017 EVENT HIGHLIGHTS

### COMMUNITY

#### JOYFUL MALAYSIA - COLLABORATION WITH STATE TOURISM

We collaborated with several state tourism agencies to feature the diverse cultural heritage of Malaysia at the airport under our Joyful Malaysia initiative to support national agenda in positioning Malaysia as a leading tourist destination. The year-long initiative saw the showcase of cultural performances, heritage, cuisine and unique destinations of various states in Malaysia.



26



#### SUPER 6 SCHOOL RUGBY FIFTEENS

We returned as the main sponsor of the Super 6 Tournament as we continue to focus our corporate social responsibility initiatives on building leadership abilities in students through sports. The tournament has been recognised and endorsed by the Ministry of Education, Ministry of Youth and Sports and the Malaysian Rugby Union.



#### AIRPORT@COMMUNITY PROGRAMME IMPROVES LIVING STANDARDS OF LOCAL COMMUNITY

Airport@Community is one of several programmes under our Community Enrichment pillar of our corporate social responsibility framework. The project focuses on improving lives of communities

around the airports in which we operate. Projects under Airport@Community include Joyful Homes and Ceria Ramadan.

#### BLOOD DONATION CAMPAIGN

In conjunction with Airport Fire Rescue Service's 70<sup>th</sup> anniversary, a blood donation campaign was held at KLIA. This blood donation campaign saw participation from visitors, passengers and the airport community. The campaign involved employees from 17 other airports who carried out the blood donation campaign at their respective airports.



## 2017 EVENT HIGHLIGHTS

01 Who We Are



### SKUAD CERIA AT BANTING HOSPITAL

Our *Skuad Ceria* team visited the Paediatric ward in Banting Hospital with the aim to create joyful experiences for the children. We also took the opportunity to redecorate the entire ward with a colourful theme and launched Galaxy of Joy - The Sky is the Limit play and reading corner to give hope and inspiration to the children in realising their dreams.



### HARI SUKAN NEGARA 2017

Supporting the government's aim to transform Malaysia into a sporting nation, we celebrated *Hari Sukan Negara 2017* with the entire airport community at KLIA. We were proud to celebrate the 3<sup>rd</sup> edition of the *Hari Sukan Negara* that saw participation from more than 300 employees and airport visitors in the various activities held during the event.



### FESTIVAL ZAPIN TERBUKA BELIA MALAYSIA 2017

We held the first-ever *Zapin* festival in KLIA in line with our mission to create joyful experiences at the airport while upholding our culture and keeping traditions alive. More than 200 youths took part in the successful event.

### LAUNCH OF BEYOND BORDERS PROGRAMME (PHASE 4)

We adopted four new schools under our Beyond Borders School Adoption Programme. The four new schools which were on-boarded in 2017 were selected to undergo a three-year programme that aims to improve English language proficiency among primary school students through innovative teaching and learning concepts. The four schools that were selected were SK Dengkil, SJK(C) Wah Lian, SJK(T) Dengkil and SK Bukit Bangkong (Asli) in Sepang. The selection of the schools was based on certain academic and social criteria as well as their location within the vicinity of our business operations.



### WORLD CHILDREN'S DAY CELEBRATION AT SK SUBANG

We celebrated World Children's Day at SK Subang by holding a fun-filled day led by our *Skuad Ceria* on Wheels who cycled more than five kilometres from Sultan Abdul Aziz Shah Airport, Subang to the school. We also refurbished nine Standard Six classrooms in an effort to provide a conducive learning environment for students who will be undergoing their UPSR exams. On top of that, we contributed rugby and archery sports equipment to the school.

From left to right

## ZAMREE SULONG

EXECUTIVE, ENGINEERING

“Being part of Malaysia Airports has taught me so much - from being always ready to face challenges to embracing setbacks positively. This has helped me to evolve into a better person. Thank you Malaysia Airports.”



## MOHAMMAD ZAINAL MOHAMMAD

EXECUTIVE, ENGINEERING

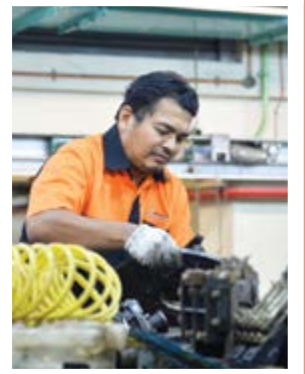
“It feels surreal when I think of how long I have been working for Malaysia Airports. Being here is indeed one of the best things that has happened to me and I will continue to be here for as long as possible. This place has taught me a lot about friendship, togetherness and loyalty. I wish for Malaysia Airports to enjoy continued success.”





# *Through quality services, we deliver an enriching airport experience*

By leveraging on their expertise to deliver efficient and high-quality services, our engineering team is ensuring our assets operate in an optimal manner, which translates into a consistent, enriching experience for airport users.



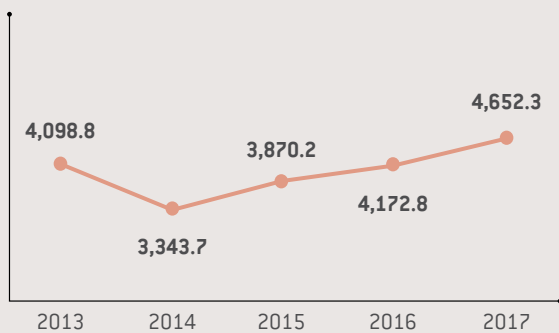
# FIVE-YEAR FINANCIAL HIGHLIGHTS

## REVENUE

(RM MILLION)

# RM4,652.3

million

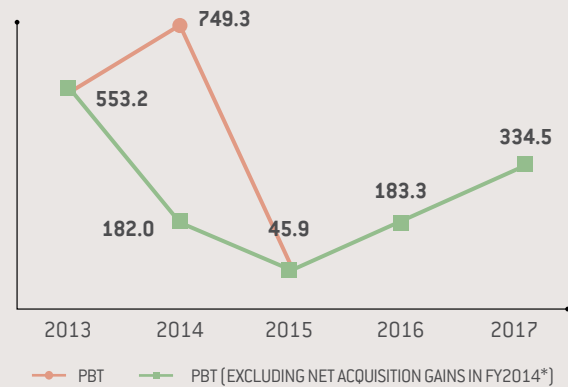


## PROFIT BEFORE TAXATION (PBT)

(RM MILLION)

# RM334.5

million

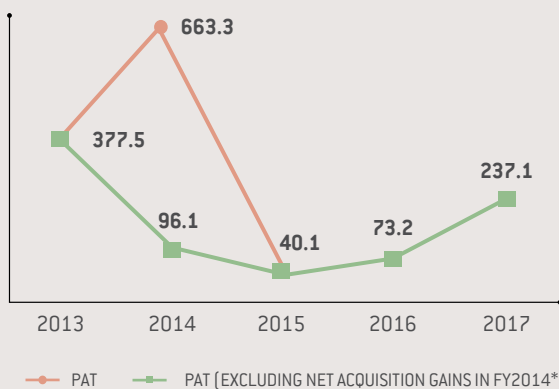


## PROFIT NET OF TAXATION (PAT)

(RM MILLION)

# RM237.1

million

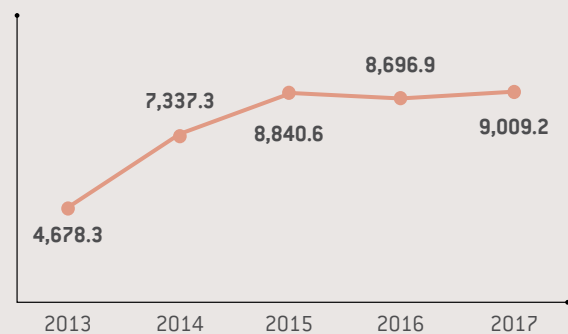


## TOTAL EQUITY

(RM MILLION)

# RM9,009.2

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

	2017 RM Million	2016 RM Million	2015 RM Million	2014 RM Million	2013 RM Million
<b>Revenue</b>	4,652.3	4,172.8	3,870.2	3,343.7	4,098.8
<b>Profit before tax and zakat from continuing operations</b>	334.5	183.3	45.9	749.3	553.2
Taxation and zakat	(97.4)	(110.2)	(5.8)	(85.9)	(175.5)
<b>Profit from continuing operations, net of tax</b>	237.1	73.2	40.1	663.4	377.7
Loss for the year from discontinued operations, net of tax	-	(0.0)	(0.0)	(0.1)	(0.1)
<b>Profit for the year</b>	<b>237.1</b>	<b>73.2</b>	<b>40.1</b>	<b>663.3</b>	<b>377.5</b>
<b>Profit attributable to:</b>					
Owners of the parent	236.5	70.4	40.9	663.4	377.4
Non-controlling interest	0.6	2.8	(0.8)	(0.1)	0.1
<b>Profit for the year</b>	<b>237.1</b>	<b>73.2</b>	<b>40.1</b>	<b>663.3</b>	<b>377.5</b>
<b>Earnings per share attributable to equity holders of the Company (sen)</b>					
Basic, for profit/(loss) from continuing operations	10.82	0.94	(1.09)	49.10	30.80
Basic, for loss from discontinued operations	-	-	-	-	(0.01)
Basic, for profit/(loss) for the year	10.82	0.94	(1.09)	49.10	30.79

## GROUP FIVE-YEAR SUMMARY

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the financial years ended 31 December

	2017 RM Million	2016 RM Million	2015 RM Million	2014 RM Million	2013 RM Million
<b>Assets</b>					
<b>Non-current assets</b>	19,092.0	18,698.8	19,415.3	19,285.9	9,485.1
Current assets	3,403.7	2,589.6	2,576.9	2,912.2	1,038.2
Asset of disposal group classified as held for disposal	-	0.2	0.2	0.1	0.1
<b>Total assets</b>	<b>22,495.6</b>	<b>21,288.6</b>	<b>21,992.3</b>	<b>22,198.2</b>	<b>10,523.3</b>
<b>EQUITY</b>					
Share capital	5,114.3 <sup>1</sup>	1,659.2	1,659.2	1,374.2	1,232.4
Perpetual sukuk	997.8	997.8	997.8	997.8	-
Share premium	-	3,455.1	3,455.1	2,373.1	1,409.4
Distributable retained earnings	2,320.2	2,321.2	2,449.5	2,591.9	2,037.4
Fair value adjustment reserve	272.6	8.3	5.3	(1.9)	(0.6)
Hedging reserve	(28.6)	(37.4)	(13.5)	-	-
Other reserves	6.9	6.8	5.1	2.6	2.5
Foreign exchange reserve	325.8	283.8	282.8	(0.5)	(2.9)
	<b>9,009.2</b>	<b>8,694.9</b>	<b>8,841.4</b>	<b>7,337.3</b>	<b>4,678.3</b>
Non-controlling interest	-	2.0	(0.8)	-	-
<b>Total equity</b>	<b>9,009.2</b>	<b>8,696.9</b>	<b>8,840.6</b>	<b>7,337.3</b>	<b>4,678.3</b>
Non-current liabilities	11,252.8	10,825.9	10,927.7	11,129.7	4,674.5
Current liabilities	2,233.7	1,765.7	2,224.0	3,731.1	1,170.4
Liability of disposal group classified as held for disposal	-	0.0	0.0	0.0	-
<b>Total liabilities</b>	<b>13,486.5</b>	<b>12,591.7</b>	<b>13,151.7</b>	<b>14,860.8</b>	<b>5,845.0</b>
<b>Total equity and liabilities</b>	<b>22,495.6</b>	<b>21,288.6</b>	<b>21,992.3</b>	<b>22,198.2</b>	<b>10,523.3</b>
<b>Net asset per share (RM)</b>	5.43	5.24	5.33	5.34	3.80

<sup>1</sup> The Group's share premium account was transferred to form part of the Group's share capital pursuant to the Companies Act 2016 which come into force on 31 January 2017

# GROUP QUARTERLY PERFORMANCE

02 Performance Review



Year 2017 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2017
<b>Financial Performance</b>					
Operating revenue	1,093.6	1,100.0	1,212.0	1,246.8	4,652.3
Profit before tax and zakat from continuing operations	99.9	92.3	90.7	51.5	334.5
Profit from continuing operations, net of tax	63.0	66.5	79.7	27.9	237.1
Earnings per share (sen)	2.94	2.29	3.93	(0.07)	10.82
<b>Year 2016 In RM Million</b>					
<b>Financial Performance</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 from continuing operations, net of tax	16.5	8.6	11.0	37.1	73.2
Earnings per share (sen)	0.13	(1.21)	(0.21)	0.49	0.94

# KEY FINANCIAL HIGHLIGHTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the financial year ended 31 December 2017

	2017 RM Million	2016 RM Million	% Change
<b>Revenue</b>	<b>4,652.3</b>	<b>4,172.8</b>	<b>11.5</b>
Operating profit	1,030.0	857.4	20.1
Finance costs	(716.2)	(689.8)	3.8
Share of results of associates	5.8	1.7	246.1
Share of results of joint ventures	14.8	14.1	5.5
<b>Profit before tax and zakat from continuing operations</b>	<b>334.5</b>	<b>183.3</b>	<b>82.4</b>
Taxation and zakat	(97.4)	(110.2)	(11.6)
<b>Profit from continuing operations, net of tax</b>	<b>237.1</b>	<b>73.2</b>	<b>224.0</b>
<b>Profit attributable to:</b>			
Owners of the parent	236.5	70.4	236.0
Non-controlling interests	0.6	2.8	(78.0)
	<b>237.1</b>	<b>73.2</b>	<b>224.0</b>
<b>Earnings per share attributable to owners of the parent (sen per share)</b>			
- Basic, for profit from continuing operations	10.82	0.94	1,057.0

## KEY FINANCIAL HIGHLIGHTS

02 Performance Review



### CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2017

	2017 RM Million	2016 RM Million	% Change
<b>Assets</b>			
Property, plant and equipment	424.1	455.5	(6.9)
Investments	555.7	353.6	57.2
Intangible assets	17,409.6	17,231.0	1.0
Other non-current assets	702.5	658.7	6.6
Current assets	3,403.7	2,589.6	31.4
Asset of disposal group classified as held for disposal	-	0.2	(100.0)
<b>Total assets</b>	<b>22,495.6</b>	<b>21,288.6</b>	<b>5.7</b>
<b>Equity and liabilities</b>			
Share capital	5,114.3 <sup>1</sup>	1,659.2	208.2
Perpetual sukuk	997.8	997.8	-
Share premium	-	3,455.1	(100.0)
Distributable retained earnings	2,320.2	2,321.2	(0.0)
Fair value adjustment reserve	272.6	8.3	3,197.7
Hedging reserve	(28.6)	(37.4)	(23.6)
Other reserve	6.9	6.8	1.3
Foreign exchange reserve	325.8	283.8	14.8
	9,009.2	8,694.9	3.6
Non-controlling interest	-	2.0	(100.0)
<b>Total equity</b>	<b>9,009.2</b>	<b>8,696.9</b>	<b>3.6</b>
Non-current liabilities	11,252.8	10,825.9	3.9
Current liabilities	2,233.7	1,765.7	26.5
Liability of disposal group classified as held for disposal	-	0.0	(100.0)
<b>Total liabilities</b>	<b>13,486.5</b>	<b>12,591.7</b>	<b>7.1</b>
<b>Total equity and liabilities</b>	<b>22,495.6</b>	<b>21,288.6</b>	<b>5.7</b>
<b>Net asset per share (RM)</b>	<b>5.43</b>	<b>5.24</b>	<b>3.6</b>
Return on assets	1.1%	0.3%	206.6

35

<sup>1</sup> The Group's share premium account was transferred to form part of the Group's share capital pursuant to the Companies Act 2016 which came into force on 31 January 2017

# GROUP SEGMENTAL ANALYSIS

## REVENUE 2017 RM4,652.3 MILLION

Segment	2017	2016	Region
Airport Services #	2,422.5	2,223.0	MALAYSIA
Duty Free & Non- Dutable Goods	855.2	740.9	
Agriculture & Horticulture	39.2	34.3	
Hotel	94.5	82.9	
Project and Repair Maintenance	17.7	18.1	
Other ®	0	0	

Segment	2017	2016	Region
Airport Services	1,085.7	958.8	OVERSEAS
Project and Repair Maintenance	137.6	114.7	

## PROFIT BEFORE TAXATION 2017 RM334.5 MILLION

Segment	2017	2016	Region
Airport Services #	547.6	366.0	MALAYSIA
Duty Free & Non- Dutable Goods	41.4	25.6	
Agriculture & Horticulture	7.9	5.8	
Hotel	10.3	1.4	
Project and Repair Maintenance	30.8	38.2	
Other ®	(230.6)	(183.3)	

Segment	2017	2016	Region
Airport Services	(75.3)	(56.7)	OVERSEAS
Project and Repair Maintenance	2.4	(13.7)	

■ 2017   ■ 2016

Note: The group revenue segmental analysis excludes inter-segment transactions

# Airport Services revenues include IC 12 construction revenues amounting to RM57.9 million in FY2017 (FY2016: NIL)

® Other segmental profit before taxation includes inter-segment eliminations and consolidation entries

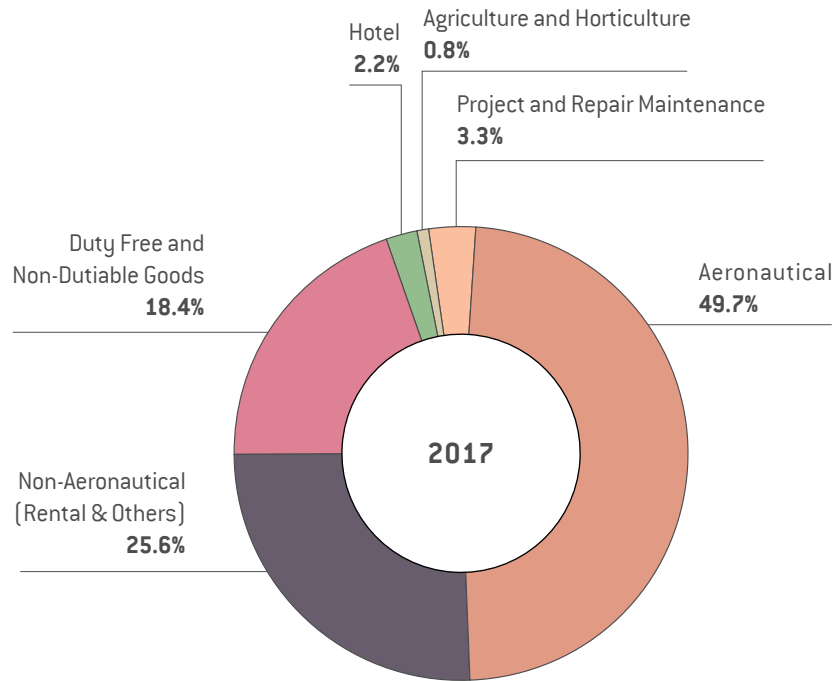


## GROUP SEGMENTAL ANALYSIS

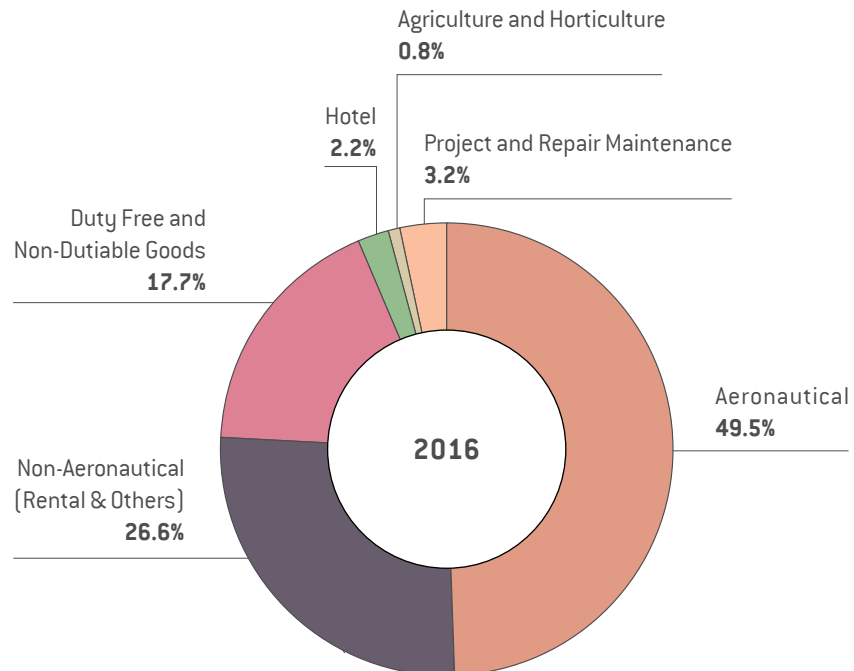
02 Performance Review



REVENUE 2017  
RM4,652.3 MILLION

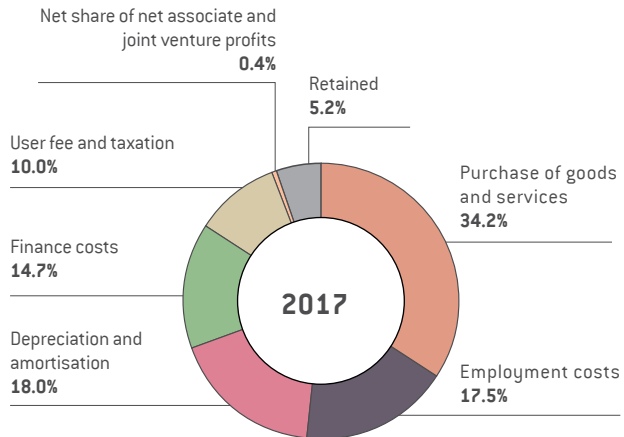


REVENUE 2016  
RM4,172.8 MILLION

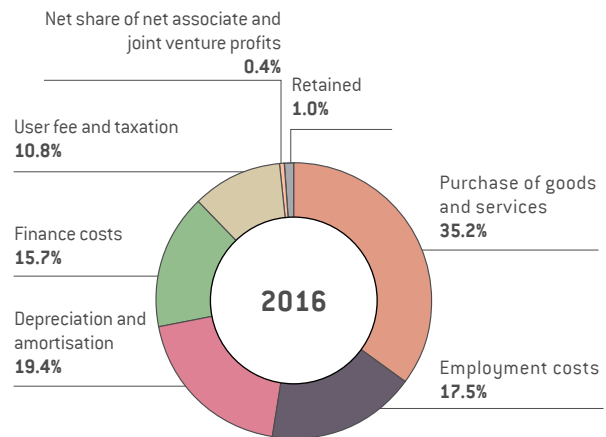


# STATEMENT OF INCOME DISTRIBUTION

RM4,883.3 MILLION



RM4,393.5 MILLION



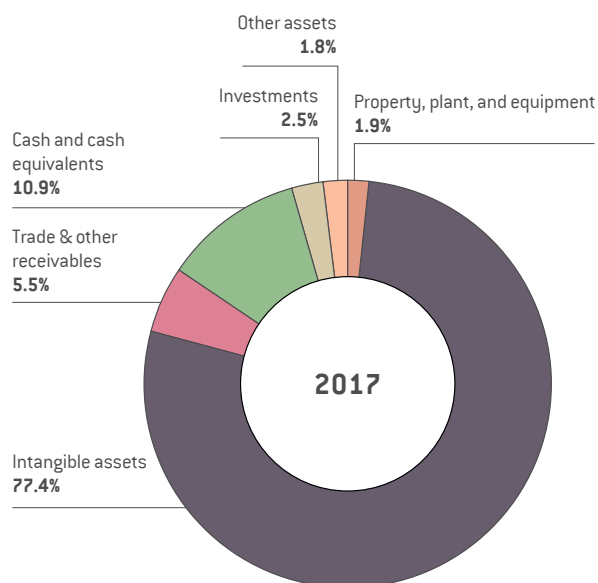
RM Million	2017	%	2016	%
<b>Current income available for distribution</b>	<b>4,883.3</b>	-	<b>4,393.5</b>	-
<b>To supplier</b>				
Purchase of goods and services	1,670.6	34.2	1,550.6	35.2
<b>To employees</b>				
Employment costs	852.1	17.5	770.3	17.5
<b>Utilisation of assets</b>				
Depreciation and amortisation	880.8	18.0	852.5	19.4
<b>To financier</b>				
Finance costs	716.2	14.7	689.8	15.7
<b>To government</b>				
User fee and taxation	489.2	10.0	472.6	10.8
<b>To share of net associate and jointly venture profits</b>				
Net share of net associate and joint venture profits	20.6	0.4	15.7	0.4
<b>Retained for re-investment and future growth and dividend payment</b>				
Current year	253.8	5.2	42.0	1.0
	<b>4,883.3</b>	100.0	<b>4,393.5</b>	100.0

# STATEMENT OF FINANCIAL POSITION

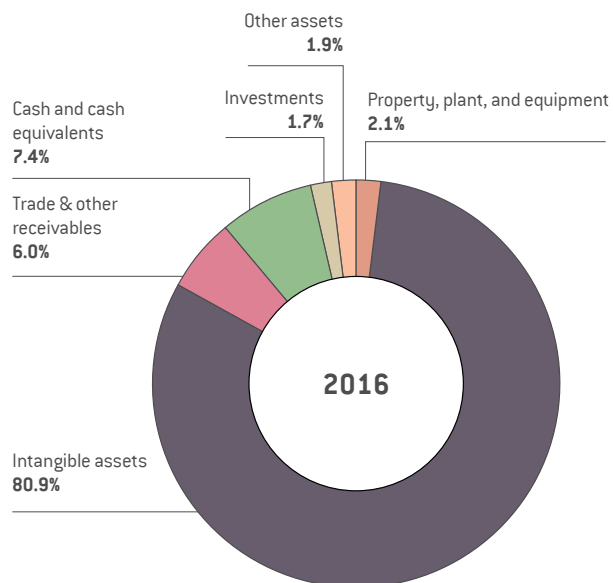
02 Performance Review



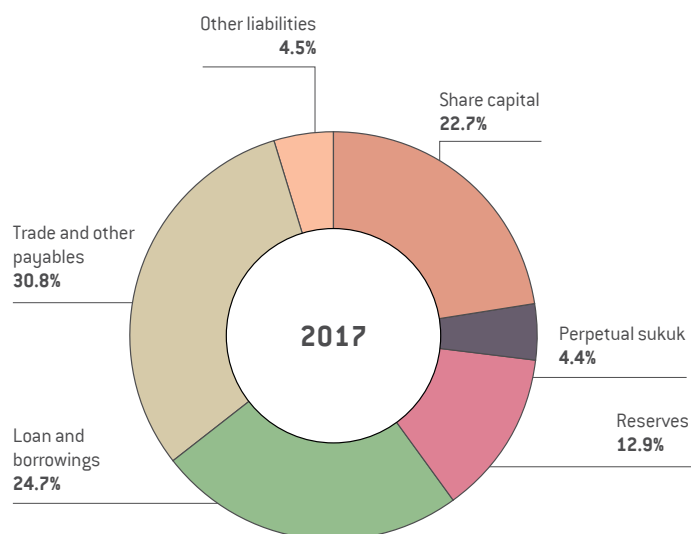
**TOTAL ASSETS 2017**  
RM22,495.6 MILLION



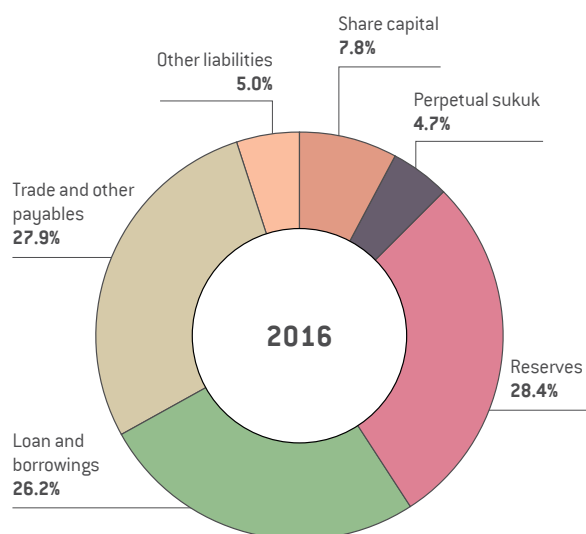
**TOTAL ASSETS 2016**  
RM21,288.6 MILLION



**EQUITY AND LIABILITIES 2017**  
RM22,495.6 MILLION

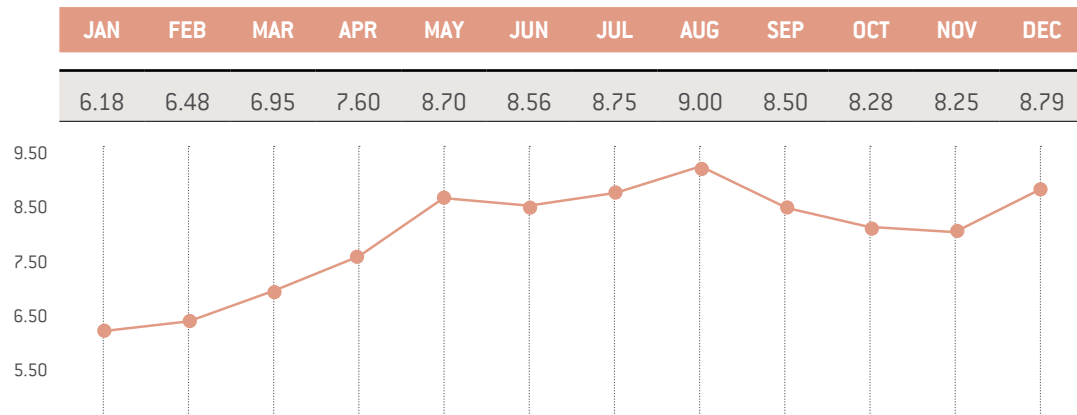


**EQUITY AND LIABILITIES 2016**  
RM21,288.6 MILLION



# SHARE PRICE, VOLUME TRADED, MARKET CAPITALISATION

## 2017 SHARE PRICE MOVEMENT

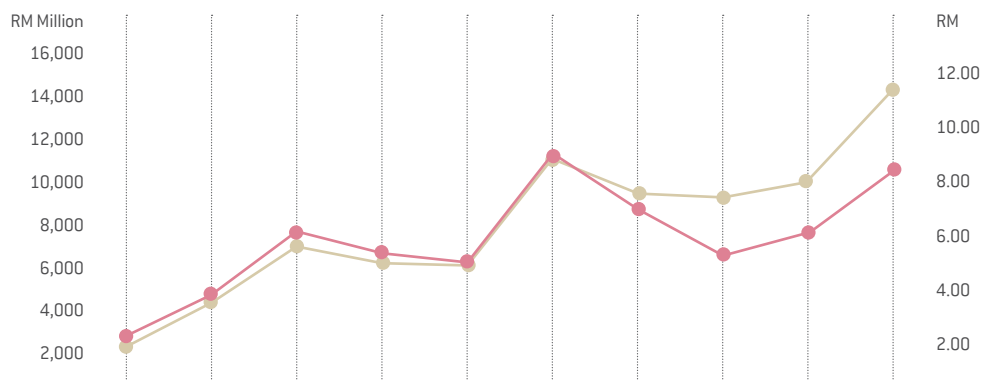


## 2017 MONTHLY TRADING VOLUME & SHARE PRICE STATISTICS

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume (million)	36.71	63.90	102.80	86.46	142.31	91.99	51.29	55.75	43.38	74.73	52.30	58.48
High (RM)	6.36	6.84	7.30	7.68	8.97	9.45	8.93	9.12	9.17	8.62	8.79	8.98
Low (RM)	5.98	6.15	6.43	6.98	7.65	8.45	7.86	8.32	8.46	8.16	8.06	8.16
Closing Price (RM)	6.18	6.48	6.95	7.60	8.70	8.56	8.75	9.00	8.50	8.28	8.25	8.79

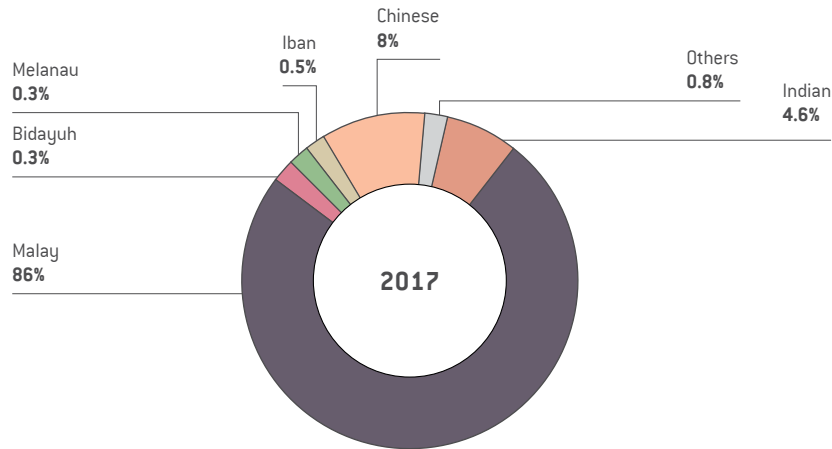
## CLOSING PRICE AND MARKET CAPITALISATION

YEAR	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Closing price for the year (RM)	2.21	3.97	6.28	5.80	5.21	9.00	6.80	5.61	6.06	8.79
Market capitalisation (RM million)	2,431	4,367	6,908	6,380	6,304	11,092	9,344	9,308	10,055	14,584

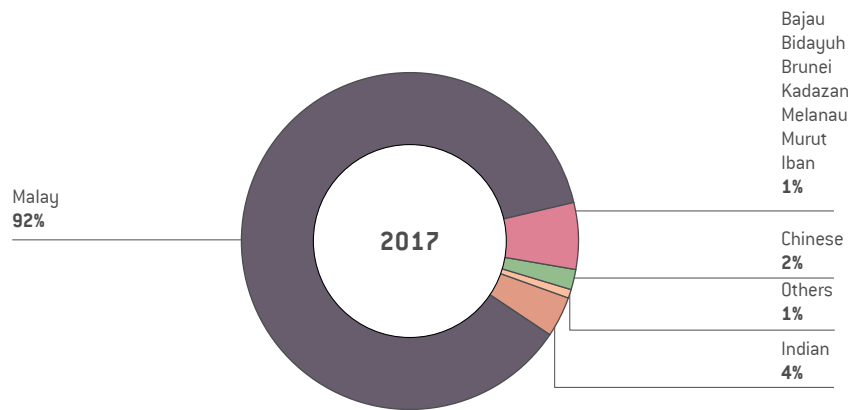


# STATEMENT OF WORKFORCE

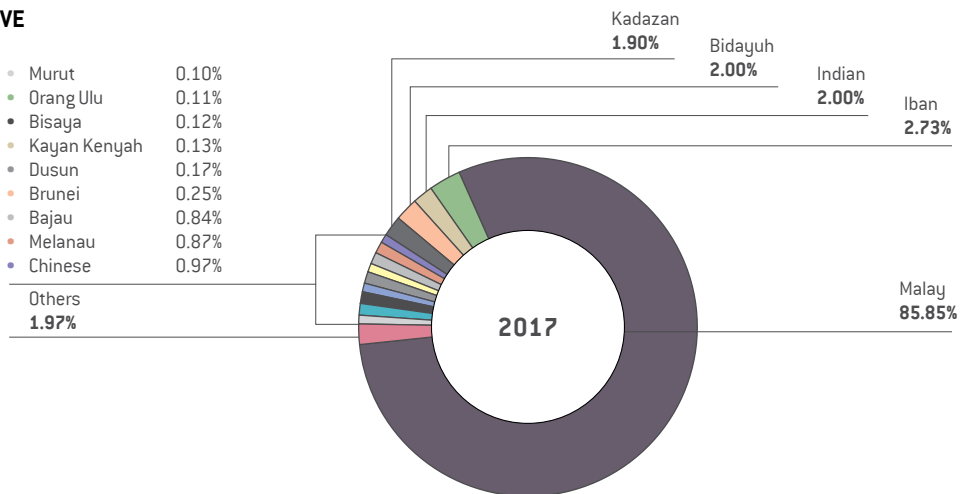
## MANAGEMENT



## EXECUTIVE



## NON-EXECUTIVE



# GROUP FINANCIAL PERFORMANCE

## KEY FINANCIAL PERFORMANCE

Malaysia Airports Holdings Berhad (the Group) had registered earnings before interest, tax, depreciation and amortisation (EBITDA) of RM1,910.9 million for the financial year ended 31 December 2017 (FY2017), representing a growth of 11.8% when compared to the financial year ended 31 December 2016 (FY2016). The achievement was on the back of the strong growth in revenue, primarily arising from the Group's Malaysian Operations.

## IC INTERPRETATION 12: SERVICE CONCESSION ARRANGEMENT

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

In accordance with the Financial Reporting Standard 138: Intangible Assets (FRS 138), the Group recognises the intangible asset at its fair value. In line with the requirement of Financial Reporting Standard 111: Construction Contracts (FRS 111), the Group recognises the construction revenues and costs by reference to the stage of completion of the construction works of the development of Istanbul Sabiha Gokcen International Airport's (ISG) boarding hall expansion. In FY2017 the Group recognised the construction revenues in relation to the aforesaid project amounting to RM57.9 million. The Group also recognised the construction costs amounting to RM57.9 million for the above project in FY2017.

## GROUP PROFITABILITY

Excluding construction revenue and costs, the Group registered revenue of RM4,594.4 million for FY2017 which was 10.1% higher than the RM4,172.8 million registered in its corresponding period in FY2016. Profit before tax (PBT) had increased by 82.4% to RM334.5 million while profit after tax (PAT) had also increased by 224.0% to RM237.1 million from RM73.2 million in FY2016.

The higher operating revenues were attributable to the improved results from airport operations segment which grew by 9.8% to RM4,296.8 million. Revenue in non-airport operations segments grew by 14.5% to RM297.6 million. The Group recorded a favourable PBT and PAT in line with improved revenue, despite an increase in costs. The increase in the Group's total cost was mainly due to increase in user fees, repair and maintenance cost, employee benefit expenses as well as other expenses within its Malaysian operations.

## OPERATIONS REVIEW

The increase in airport operations revenue segment as mentioned above continued to be driven by the 9.3% growth in aeronautical revenue to RM2,253.6 million. This was largely attributed to the strong passenger growth of 7.9% to 128.0 million passengers. Total commercial aircraft movements grew by 2.6% to 1,059,037 movements while cargo movements rose by 7.9%, registering a volume of 1,024,011 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 10.4% to RM2,043.2 million on the back of improved performance in the retail and commercial businesses. Revenue from rental of space, advertising and other commercial segments grew 7.1% to RM1,189.5 million, contributed by higher occupancy rate and higher average rental resulting from increased in rental space at KLIA Main. The Group's own retail business, Eraman also registered a growth of 15.4% in FY2017.

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

The Group's 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.

## GROUP FINANCIAL PERFORMANCE

02 Performance Review



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 and the Free Commercial Zone at KLIA.

Total commercial activities above continues to be a key earnings driver, accounting for 43.9%, or RM2,043.2 million, to the Group's revenue. This is in line with the Group's long term plan to further grow this branch of business.

The non-airport operations business includes 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.

REVENUE BREAKDOWN	FY2017 (RM'000)	FY2016 (RM'000)	VARIANCE (%)
<b>Airport Operations</b>	<b>4,354,725</b>	<b>3,912,824</b>	<b>11.3</b>
1. Airport Services:			
Aeronautical	2,253,625	2,062,585	9.3
Non-Aeronautical (Rental & Others)	1,189,516	1,110,220	7.1
2. Duty Free and Non-Dutiable Goods	853,679	740,019	15.4
3. Construction Revenue	57,905	-	-
<b>Non-Airport Operations</b>	<b>297,613</b>	<b>259,944</b>	<b>14.5</b>
Hotel	103,151	92,839	11.1
Agriculture and Horticulture	39,213	34,341	14.2
Project and Repair Maintenance	155,249	132,764	16.9
<b>Total Revenue</b>	<b>4,652,338</b>	<b>4,172,768</b>	<b>11.5</b>

43

### BUSINESS SEGMENTS

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

Airport operations comprises airport services and operations of duty free and non-duty free outlets. Airport services includes aeronautical revenue generated from operating, managing and maintaining designated airports in Malaysia and ISG 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 comprises agriculture and horticulture activities, hotel operations and project and repair maintenance services. All non-airport operations income is non-aeronautical revenue.

### SEGMENTAL REVENUE MALAYSIA OPERATIONS

#### 1. Airport operations

(a) Airport services: This business segment comprises 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 8.0% to RM1,689.4 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 11.3% to RM734.6 million. This favourable variance was due to more aggressive marketing campaign and higher spending by passengers at KLIA.

## GROUP FINANCIAL PERFORMANCE

(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 15.4% to RM853.7 million in FY2017 attributed to stronger spending from 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, and higher production volume (FY2017: RM611/63,629MT; FY2016: RM588/57,629MT) resulting in revenue for the agriculture and horticulture segment to increase to RM39.2 million in FY2017, or 14.2% higher than the RM34.3 million registered in FY2016.

(b) Hotel: The hotel segment manages and operates Sama-Sama Hotel and Sama-Sama Express in Malaysia. The hotel segment revenue increased by 14.0% to RM94.5 million, mainly attributed to higher average occupancy rate (FY2017: 81%; FY2016: 73%) and higher average room rate (FY2017: RM413; FY2016: RM405).

(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 2.2% in revenue to RM17.7 million in FY2017.

### Overseas Operations

#### 1. Airport operations

(a) Airport services: Excluding construction revenue, the increase in airport services revenue by 7.2% to RM1,027.8 million was mainly due to improved aeronautical revenue which grew by 13.1% to RM564.2 million. The growth is in line with the positive passenger growth at ISG by 5.6%.

#### 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 positive growth of 20.0% at RM137.6 million in FY2017.

### 2. Non-airport operations

(a) Agriculture and horticulture: The agriculture and horticulture business PBT had increased by 36.0% to RM7.9 million from a PBT of RM5.8 million in FY2016 due to higher price attained for FFB per tonne and higher production output.

(b) Hotel: The hotel business recorded PBT of RM10.3 million in FY2017, showing a tremendous improvement compared to PBT of RM1.4 million recorded in FY2016. This was mainly due to higher average occupancy and room rate.

(c) Project and repair maintenance services: This segment recorded a PBT of RM30.8 million in FY2017 compared to a PBT of RM38.2 million in FY2016.

### Overseas Operations

#### 1. Airport operations

(a) Airport services: Overseas operations recorded an increase in LBT of RM75.3 million compared to a LBT of RM56.7 million in the previous year. The unfavourable variance was mainly due to higher depreciation and amortisation costs and finance costs.

#### 2. Non-airport operations

(a) Project and repair maintenance services: The segment recorded a PBT of RM2.4 million as compared to a LBT of RM13.7 million in the previous year due to higher revenue generated by MACS ME.

## SEGMENTAL PROFITABILITY

### Malaysia Operations

#### 1. Airport operations

(a) Airport services: In line with the increase in the airport services revenue, Malaysia operations recorded a PBT of RM547.6 million or 49.6% higher compared to RM366.0 million in FY2016.

(b) Duty free and non-dutiable goods: This segment generated a PBT of RM41.4 million in FY2017 from a PBT of RM25.6 million in FY2016, in tandem with the higher growth in sales.



## GROUP FINANCIAL PERFORMANCE

02 Performance Review



### 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 RM675.3 million for FY2017 as compared to a loss of RM661.5 million in FY2016. The higher economic loss in FY2017 was mainly due to higher operating earnings and weighted average cost of capital.

### DIVIDENDS

A single-tier interim dividend of 5.00 sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to 82.9 million was paid in 25 August 2017.

The board will propose a final dividend in respect of the financial year ended 31 December 2017 of 8.00 sen per ordinary share amounting to RM132.7 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 55.1% of total adjusted PAT, surpassing the Group's Dividend Policy of a minimum 50% payout ratio.

### HEADLINE KEY PERFORMANCE INDICATORS (KPIs)

The Headline KPIs are targets or aspirations meant to drive the Group's performance in 2018. These Headline KPIs are disclosed publicly on a voluntary basis, signalling the Group's commitment towards transparent performance measures and good corporate governance.

### HEADLINE KPIs

These Headline KPIs shall not be construed as forecasts, projections or estimates of the Group 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.

FINAL	FY2018
(i) Group Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	<b>RM2,092.0 million</b>
Malaysia Operations	RM1,189.3 million
Overseas Operations	
Turkey Operations	EUR179.4 million (RM880.9 million - constant currency*)
Qatar Operations	QAR19.8 million (RM21.8 million - constant currency*)
(ii) Airport Service Quality Awards	<b>Above 40 million passengers category: KLIA Ranking Top 10</b>

\* Exchange Rate: EUR: MYR - 4.91; QAR: MYR - 1.10

The Group's EBITDA KPI target for FY2018 is RM2,092.0 million. The increase in the Group EBITDA will be in tandem with the expected growth in passenger traffic, both in Malaysia and Turkey.

FY2018 holds the promise of being another exciting year for the Group. The Group remains committed in delivering high quality services to our stakeholders by embedding a customer-centric culture in airport operations to provide an innovative and digitalised airport experience for passengers, airlines and retailers. This is in line with the Total Airport Experience strategic pillar under Runway to Success 2020 in enhancing the airport experience across all touch points for our stakeholders.

# AIRPORT PERFORMANCE BENCHMARK

Airports tend to operate under different circumstances in terms of aviation activities, commercial activities, site constraints, governance and ownership structure, etc., and as a result, there are no specific performance indicators that individual airports would find consistently relevant and useful. For example, privatised airports are likely to focus on different financial performance indicators than non-profit government-owned airports. Larger airports are likely to focus on different performance indicators 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 Airports' 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 as 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 carrier service (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 and occupational injuries. Safety indicators are used to track air field safety issues as well as safety issues involving other portions of the airport, including roadways and general employee safety. Security indicators may be used to track security violations, thefts and crimes, and responsiveness.
- (iii) Service quality levels such as customer satisfaction, delay statistics, 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.

## AIRPORT PERFORMANCE BENCHMARK



- (v) Financial and commercial measurements such as aeronautical/non-aeronautical revenue per passenger/aircraft, non-aeronautical operating revenue as a percentage of total revenue, EBITDA 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 annually airport financial statistics but it is published not early enough while the financial information on airports is limited and difficult to obtain. In addition, for airport operators that are listed, the available data from published accounts is for the whole Group. Even 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 compared against other airports in the region. LeighFisher's Report 2017 that tracks the world's top 50 airports (or airport group), indicate that aero revenue per passenger as well as per aircraft movement at Malaysian airports is only around one-third of the benchmarked average.

RANKING	AIRPORT	AERO REVENUE/PASSENGER (SDR)	RANKING INDEX
	<b>WORLD AVERAGE</b>	8.56	<b>100.0</b>
4	Tokyo Narita	13.46	157.3
18	Seoul Incheon	8.97	104.8
25	Hong Kong	8.00	93.5
28	Singapore	7.56	88.4
44	Airports of Thailand	5.15	60.2
48	Malaysia	3.25	38.0

Source: Page 108 of LeighFisher's 2017 Airport Performance Indicators

On the passenger traffic side, KLIA continues to register high growth in the region in 2017. The traffic performance of some airports in the region is as follows:

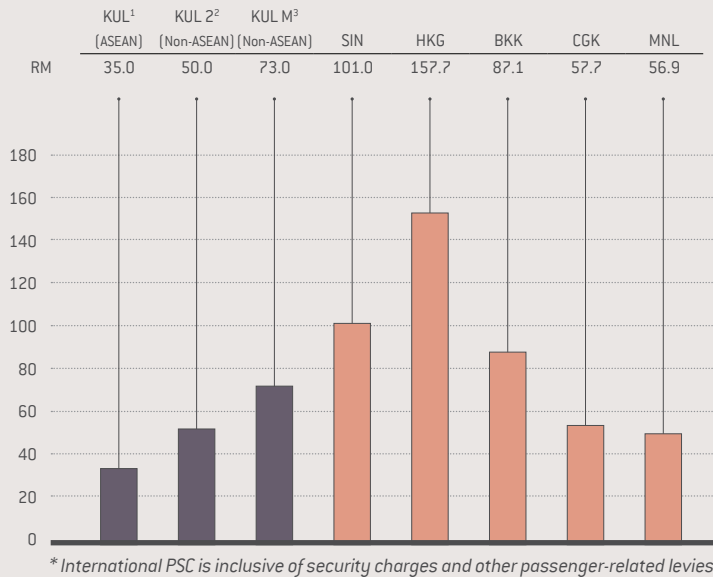
AIRPORT	2017	% CHANGE
Hong Kong International Airport (HKG)	72,728,000	+3.5
Changi International Airport Singapore (SIN)	62,221,000	+6.0
Soekarno-Hatta International Airport Jakarta (CGK)	62,913,700	+8.1
Suvarnabhumi Airport Bangkok (BKK)	60,860,600	+8.9
Incheon International Airport Seoul (ICN)	62,157,800	+7.4
KL International Airport (KUL)	58,554,627	+11.2

Source: ACI (Preliminary)

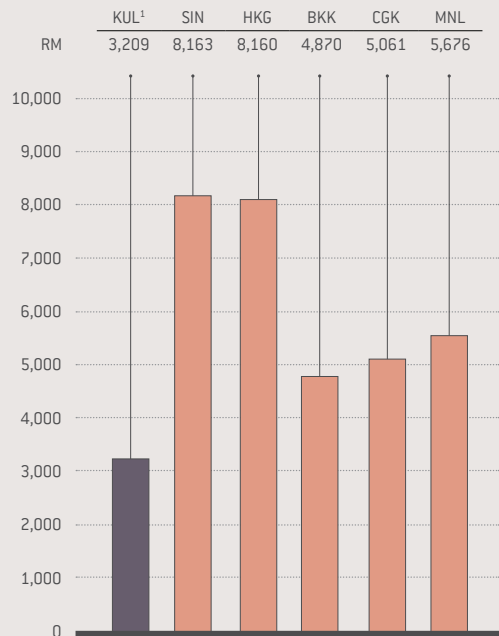
# AIRPORT PERFORMANCE BENCHMARK

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

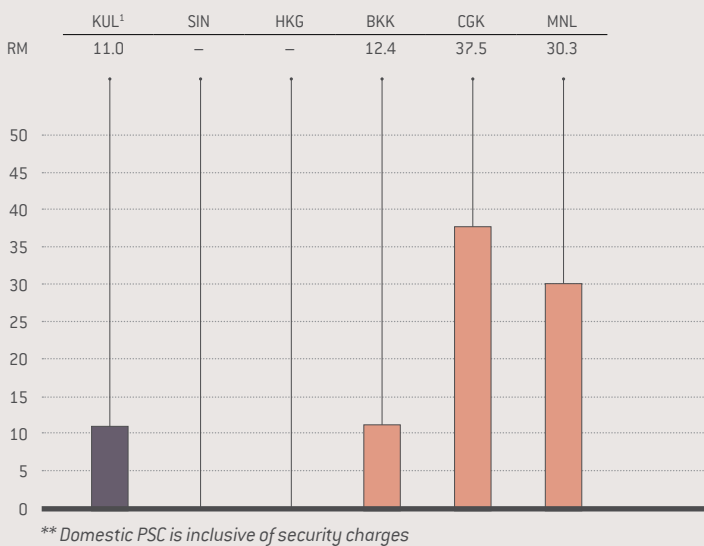
## INTERNATIONAL PSC\*



## LANDING CHARGE (A330)



## DOMESTIC PSC\*\*



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 and aircraft movements per hour when in fact they reduce the economic efficiency of commercial aviation.

<sup>1</sup> KUL refers to KL International Airport

<sup>2</sup> KUL 2 refers to the klia2 Terminal

<sup>3</sup> KUL M refers to the KLIA Main Terminal

# 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 ended 31 December 2007 to 2017 are tabulated below:

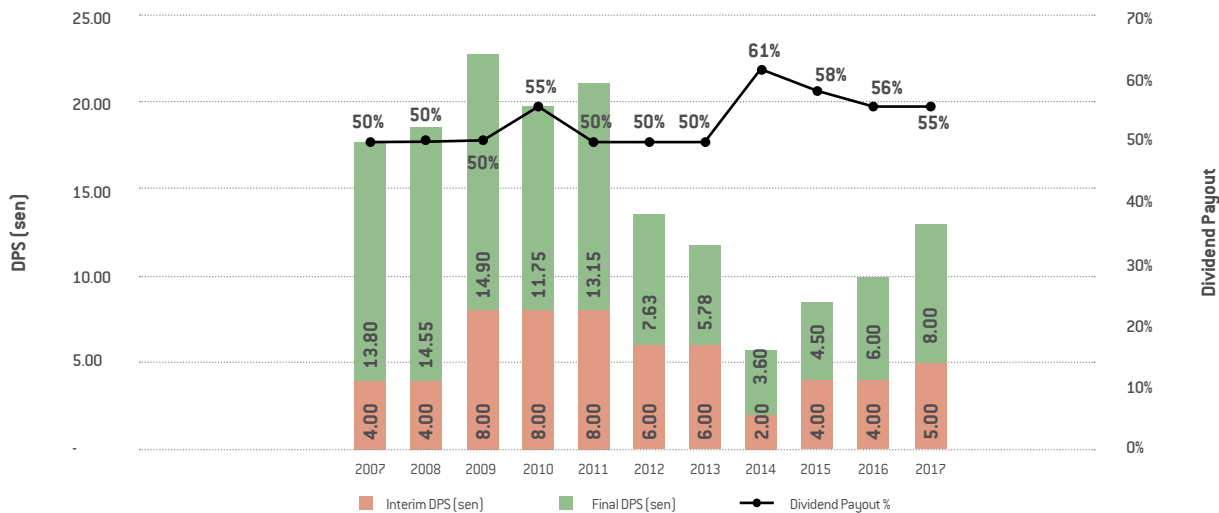
## DIVIDENDS DECLARED FROM 2007 TO 2017

FINANCIAL YEAR	INTERIM DIVIDEND (SEN)		FINAL DIVIDEND (SEN)		PAYOUT RATIO (%)
	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
2012		6.00		7.63	50.00
2013		6.00		5.78	50.00
2014		2.00		3.60	61.20
2015		4.00		4.50	58.10
2016		4.00		6.00	55.50
<b>2017</b>		<b>5.00</b>		<b>8.00</b>	<b>55.10</b>

## DIVIDEND POLICY

### DIVIDEND PER SHARE (DPS) SEN

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.



### 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

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%

# FINANCIAL CALENDAR

02 Performance Review



## GENERAL MEETING

**9 APRIL 2018**

NOTICE OF 19<sup>TH</sup> ANNUAL  
GENERAL MEETING

**8 MAY 2018**

19<sup>TH</sup> ANNUAL GENERAL  
MEETING

## FINANCIAL YEAR 2017

### QUARTERLY RESULTS ANNOUNCEMENTS

**28 APRIL 2017**

Unaudited consolidated results for the  
1<sup>st</sup> quarter ended 31 March 2017

**31 JULY 2017**

Unaudited consolidated results for the  
2<sup>nd</sup> quarter ended 30 June 2017

**24 NOVEMBER 2017**

Unaudited consolidated results for the  
3<sup>rd</sup> quarter ended 30 September 2017

**21 FEBRUARY 2018**

Unaudited consolidated results for the  
4<sup>th</sup> quarter ended 31 December 2017

### HEADLINE KEY PERFORMANCE INDICATORS ANNOUNCEMENT

21 February 2018

2018 Headline Key Performance Indicators

### DIVIDENDS

Final Single-Tier Dividend of 6.0 sen per ordinary share		Single-Tier Interim Dividend of 5.0 sen per ordinary share	
<b>25 May 2017</b>	Notice of book closure date	<b>31 July 2017</b>	Notice of book closure date
<b>9 June 2017</b>	Entitlement date	<b>15 August 2017</b>	Entitlement date
<b>16 June 2017</b>	Payment date	<b>25 August 2017</b>	Payment date

# INVESTOR RELATIONS



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

## INVESTOR RELATIONS

At Malaysia Airports, we dedicate our efforts in continuously creating and maximising values for our esteemed shareholders. We understand the importance to continually 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 result briefings to the media, equity and fixed income analysts as well as the fund managers. Site visits and meetings held at our facilities are also held regularly with members of the investment community, including with the Minority Shareholder Watchdog Group (MSWG), to keep them abreast with the Group's latest developments. 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 senior management and Investor Relations teams 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 540 meetings, conference calls and presentations organised either internally or by local and foreign research houses, as an effort to continuously reach out to a wider investor base.

The team's efforts have not come unnoticed, as the company ranked as the 2<sup>nd</sup> Best Malaysian Company for Investor Relations at the 2017 IR Magazine Awards & Conference South East Asia. Malaysia Airports was also well recognised at the 2017 Malaysia Investor Relations Association (MIRA) Awards. Among the categories which Malaysia Airports was ranked highly for were:

- 1<sup>st</sup> place for Best CEO for IR (Mid Cap) – Datuk Badlisham Ghazali
- 6<sup>th</sup> place for Best CFO for IR (Mid Cap) – Raja Azmi Raja Nazuddin
- 2<sup>nd</sup> place for Best IR Professional (Mid Cap) – Zeid Abdul Razak
- 7<sup>th</sup> place for Best Company for IR (Mid Cap)
- 4<sup>th</sup> place for Quality of One-on-One Meetings (Overall)
- 5<sup>th</sup> place for Business Knowledge & Insights of an IR Team (Overall)

### 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 [ir@malaysiaairports.com.my](mailto:ir@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 FY2017, Malaysia Airports continues to exhibit strong financial and operating fundamentals; as 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:

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 Fax : +603 8777 7830  
 Email : [ir@malaysiaairports.com.my](mailto:ir@malaysiaairports.com.my)



## INVESTOR RELATIONS

02 Performance Review



### CONFERENCES, ROADSHOWS AND EVENTS IN 2017

#### 5 JANUARY

CIMB Annual Malaysia Corporate Day, Kuala Lumpur

#### 6 JANUARY

DBS Pulse of Asia Conference, Singapore

#### 27 - 28 MARCH

Credit Suisse Asian Investment Conference, Hong Kong

#### 2 - 3 MAY

CIMB Non Deal Roadshow, Stockholm & Frankfurt

#### 4 - 5 MAY

Maybank Invest Asia, London

#### 15 - 16 MAY

dbAccess Asia Conference, Singapore

#### 28 JUNE

Goldman Sachs Non Deal Roadshow, Hong Kong

#### 29 JUNE

HSBC Annual Transport & Logistics Conference, Hong Kong

#### 5 JULY

RHB One Belt, One Road, One Asia Regional Conference, Kuala Lumpur

#### 25 - 26 JULY

Bursa Malaysia Invest Malaysia, Kuala Lumpur

#### 2 - 3 AUGUST

UBS Non Deal Roadshow, Sydney

#### 11 - 12 SEPTEMBER

CLSA Investor's Forum, Hong Kong

#### 27 NOVEMBER -

#### 1 DECEMBER

Nomura Investment Forum, Tokyo

#### 4 DECEMBER

Macquarie Non Deal Roadshow, Singapore

### Equity Research Coverage

Affin Hwang Investment Bank Berhad	KAF Seagroatt & Campbell Securities Sdn. Bhd.
Alliance DBS Research Sdn. Bhd.	Kenanga Investment Bank Berhad
AmResearch Sdn. Bhd.	Macquarie Capital Securities (Malaysia) Sdn. Bhd.
CIMB Investment Bank Berhad	Maybank Investment Bank Berhad
Citi Research	MIDF Amanah Investment Bank Berhad
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.
JP Morgan Securities (Malaysia) Sdn. Bhd.	

# CHAIRMAN'S STATEMENT

## DEAR STAKEHOLDERS

The year in review was noteworthy for the Group as we registered an 11.5% and 11.8% rise in revenue and earnings respectively on the back of a 7.9% increase in passenger traffic for the Group's network of airports. Moreover, Group net earnings grew by a remarkable 224.0%. Our good performance is indicative of the strong foundations and robust strategies we have set in motion under our five-year business plan, Runway to Success 2020 (RtS2020).

Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL  
CHAIRMAN

Since I came on board as your new Chairman in June 2017, I have had the privilege of seeing the Malaysia Airports' team step up to deliver above and beyond what they had set out to achieve for the year, striding forward on both financial and operational fronts. I am delighted to present you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2017 (FY2017).



## CHAIRMAN'S STATEMENT



### COMMENDABLE PERFORMANCE

FY2017 saw us making good progress in terms of our operational metrics. With the combined operating performance of Istanbul Sabiha Gokcen International Airport (ISG), the Group's network of airports handled 128.0 million passengers in FY2017, representing 7.9% growth. Passenger traffic movements for our Malaysia operations grew by 8.6% to 96.6 million passengers in FY2017, with KL International Airport (KLIA) recording an 11.2% growth to 58.6 million passengers and other airports in Malaysia recording an aggregate growth of 4.8% to 38.1 million passengers in FY2017. Meanwhile, international passenger traffic movements was more than 50% of total passenger traffic in FY2017.

On the financial front, the Group turned in a revenue of RM4,652.3 million and earnings before interest, tax, depreciation and amortisation (EBITDA) of RM1,910.9 million for FY2017, an 11.5% and 11.8% rise respectively in comparison to the preceding year's results. Revenue from both aeronautical and non-aeronautical segments grew by 9.3% and 10.4% respectively. The improvement in aeronautical revenue was mainly attributable to the 13.2% rise in overall international passenger traffic. Retail and commercial revenue too continued to register double-digit growth of 15.4% and 11.3% respectively to RM853.7 million and RM734.6 million respectively. I am also pleased to report that the Group surpassed its headline financial Key Performance Indicator for FY2017 EBITDA of RM1,796.6 million by 6.4%. The Group's profit before tax (PBT) grew by 82.4% to RM334.5 million while net earnings increased by 224.0% to RM237.1 million over the same period.

### KEY CORPORATE DEVELOPMENTS

There were several significant developments in FY2017 that strengthened our positioning as a strong hub in this region. One was the launch of the Digital Free Trade Zone (DFTZ) in November 2017 by the Prime Minister of Malaysia Dato' Sri Mohd Najib Tun Abdul Razak and Alibaba Group Executive Chairman Jack Ma in KLIA Aeropolis, at the selected site for the initial phase of DFTZ. This event also marked the ground breaking of KLIA Aeropolis DFTZ Park, a B2B e-commerce ecosystem that would be the world's first electronic world trade platform (eWTP). Ultimately, this initiative



is expected to position KLIA Aeropolis as a leading e-commerce trans-shipment hub in the region.

The same month also saw Malaysia Airports entering into a strategic collaboration with Tourism Malaysia as part of a robust plan to increase tourist arrivals. We will be working together with Tourism Malaysia to promote inbound traffic globally, focusing on tourists from India, China and Europe. This initiative was aimed at deriving greater impact from tourism and was a significant milestone in the development of the country's international gateways. In 2017, we received a total of eleven new airlines including Lucky Air from Kunming and Lijiang to Kuala Lumpur, Xiamen Airlines from Fuzhou to Kota Kinabalu and China Southern Airlines from Guangzhou to Langkawi.

REVENUE  
**RM4,652.3 million**

↑ 11.5%

EBITDA  
**RM1,910.9 million**

↑ 11.8%

NET EARNINGS  
**RM237.1 million**

↑ 224.0%

## CHAIRMAN'S STATEMENT

### GOOD SHAREHOLDER VALUE CREATION

As at the end of FY2017, the Group's basic earnings per share (EPS) stood at 10.82 sen in comparison to 0.94 sen as at end of FY2016. We also continue to maintain a healthy balance sheet and a comfortable level of gearing. As at the year's end, our gearing had dropped slightly to 0.63 times against 0.64 times in the previous year.

Malaysia Airports is ranked first among Khazanah Nasional investee company in total shareholder returns at 17.3% for the period from 2004 to 2017, beyond the ten-year GLC Transformation Plan (GLCTP) programme that was aimed at transforming Malaysia's government-linked companies into high-performing businesses. The fact that this performance was achieved in a highly-regulated environment underscores our commitment to maintaining a robust and sustainable performance by creating solid frameworks for procurement, leadership development and corporate responsibility.

The strong foundations we have built under RtS2020 are certainly bolstering our fundamentals. In view of our stronger performance and our confidence in the business prospects moving into 2018, your Board is recommending a final dividend of 8 sen per share for FY2017. Together with the earlier interim dividend of 5 sen per share, the total dividend for the year is 13 sen per share which is 30% above the 10 sen per share dividend paid out for FY2016. Moving forward, the Board is exploring how we can create value for shareholders on a



more regular basis with due consideration given to our cash flow and other capital considerations for growth. Approximately 40% of our shares are owned by foreign investors – a testament to its good investment value.

Malaysia Airports continues to be recognised for excellence. Among awards received for the year were environmental awards such as Asia Pacific Green Airports Platinum Winner by Airports Council International (ACI) and Gold Leadership

in Energy and Environmental Design Building Certification for klia2 terminal by the US Green Building Council. We also excelled in service awards with Langkawi International Airport ranked 3<sup>rd</sup> Best Airport in the Airport Service Quality Awards also by ACI. Another major one was Best CEO for Investor Relations by Malaysian Investor Relations Association.



### RESPONSIBLE CORPORATE PRACTICES

Good governance translates into good business and your Board is dedicated to maintaining robust standards of corporate governance, risk management and internal control measures. This is so that we can ensure sustainable, long-term growth of our businesses and continued shareholder value creation. We subscribe to the principles, guidelines and recommendations set out in the Corporate Governance Guide issued by Bursa Malaysia, Malaysian Code of Corporate Governance (MCCG) and the enhanced Companies Act 2016. We continue to uphold the gender diversity pledge and are actively working towards ensuring at least 30% women representation on the Board of Directors and Senior Management Team.

The regulatory environment for us has evolved significantly. We welcome the establishment of the Malaysian Aviation Commission (MAVCOM) as an independent regulator that will ensure that Malaysia has a commercially viable, consumer-oriented and resilient civil aviation industry. With an oversight for improving airport service levels and regulating airport charges, we are confident that this will serve to enhance our competitiveness within the global aviation industry. We will continue to reinforce our position as an industry service leader by continuously elevating service standards, establishing a customer-centric culture at our airports, and reimagining the airport experience.

Sustainability remains at the heart of Malaysia Airports' business strategy as it plays an important role in creating sustainable stakeholder value and ensuring our long-term success. As a conscientious corporate citizen, the Group is committed to conducting our business in a responsible manner with respect for the wider economic, social and environmental impacts of our activities. Further details of our sustainability efforts can be read in our standalone Sustainability Report 2017 issued together with this report.

GROUP  
PASSENGER  
TRAFFIC  
MOVEMENTS  
**128.0  
million**  
↑7.9%

MALAYSIA  
PASSENGER  
TRAFFIC  
MOVEMENTS  
**96.6  
million**  
↑8.6%

ISG PASSENGER  
TRAFFIC  
MOVEMENTS  
**31.3  
million**  
↑5.6%

## CHAIRMAN'S STATEMENT

### MOVING FORWARD INTO 2018

As we move into 2018, global economic growth is expected to edge up to 3.9% as the recovery in investment, manufacturing, and trade continues. Malaysia's economy is expected to expand between 5.0% and 5.5% (2017: 5.9%), on the back of healthy consumer spending and private investments. In the aviation arena, international passenger movements for the China, India and South East Asia sectors are expected to make up 75% of international traffic in 2018. Based on prevailing economic conditions and seat capacity offered by airlines, Malaysia passenger traffic is expected to grow by 6.3% in 2018 with international and domestic passenger traffic growing at 8.3% and 4.2% respectively. Meanwhile, ISG is expected to register 34 million passenger traffic movements in 2018 in line with the stable economic growth in Turkey.

Our commitment on delivering high quality services to our stakeholders remains unchanged. We will continue to leverage on technology and a digitalisation strategy to improve airport experience. We acknowledge that there will be challenges. Among others, the 20-year old KLIA Main Terminal will need upgrading and we have already planned for its capacity expansion to handle between 15-20 million more passengers in the next five years. A number of infrastructure upgrades such as the Aerotrains and baggage handling system are also underway in preparing KLIA to meet the targets set in MAVCOM's Quality of Service framework.

As we reinvent ourselves under RtS2020, operational efficiency, cost optimisation and technological innovation will continue to play a big part in our strategy. Under RtS2020 we are targeting revenue for the Group to be at RM7.5 billion with EBITDA increasing to RM3.3 billion by 2020. The finer details of our strategies for growth are set out in the Management Discussion and Analysis section of our Annual Report.

### IN APPRECIATION

Malaysia Airports turned 25 in November 2017. Throughout the last two and a half decades, we have risen up to make the most of the opportunities presented to us. This would not have been possible without the worthy support of multiple parties.





I wish to convey my sincere appreciation to the government of Malaysia for devising the framework for our future development. My heartfelt thanks to our valued passengers, and all airport stakeholders for your steadfast support.

My deepest gratitude to the management team for their vision and leadership, as well as to our dedicated employees for their commitment to excellence in delivering a remarkable year.

The Board continues to be an invaluable part of the Group's success and I thank my colleagues for their astute insights and wise counsel. In particular, I wish to acknowledge the worthy contributions of our past Chairman, Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah, who faithfully served the Board for five years. In addition, my thanks also goes to several other board members for their contributions - Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin who had retired at the last Annual General Meeting of the Company held on 25 May 2017; and Datuk Ruhaizah Mohamed Rashid together with her alternate Dato' Chua Kok Ching who had resigned on 7 July 2017.

Please join me in welcoming Jamilah Dato' Hashim and Mohd Khairul Adib Abd Rahman who joined the Board as Non-Independent Non-Executive Directors on 1 June 2017 and 15 November 2017 respectively. We certainly look forward to their insights and contributions.

Last but not least, I wish to extend my deepest appreciation to our shareholders for your unwavering loyalty and steadfast faith in us. We ask that all our stakeholders lend us their unrelenting support as we pursue our agenda of sustainable, long-term growth for Malaysia Airports and our nation. Thank you.

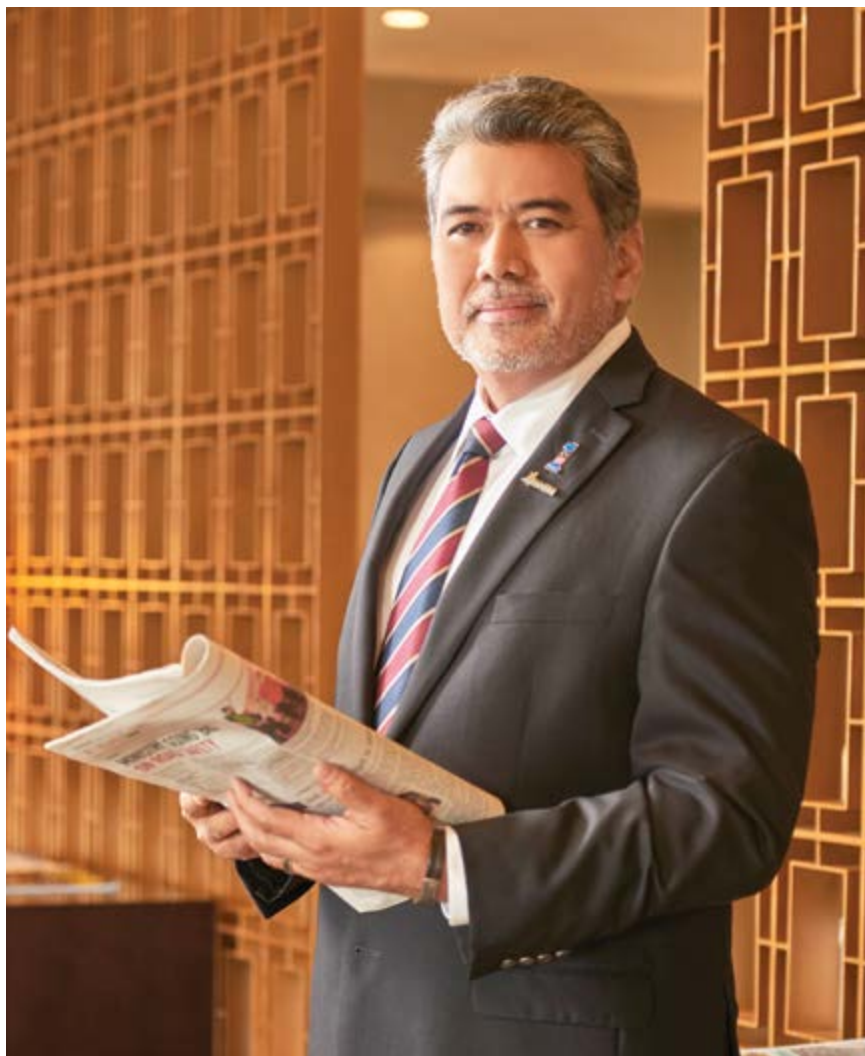
**Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL**  
Chairman

# MANAGEMENT DISCUSSION AND ANALYSIS

**DATUK MOHD BADLISHAM GHAZALI**  
MANAGING DIRECTOR

2017 was a good year for the aviation industry and Malaysia Airports Holdings Berhad (Malaysia Airports or the Group) leveraged on the good growth momentum gained by higher international and domestic passenger movements to reinforce its position as a key regional airport hub. I am pleased to report that we turned in stronger performances on the operational and financial fronts for the financial year ended 31 December 2017 (FY2017) – our good results underpinned by our strategic focus, a highly capable talent pool, and a culture of continuous improvement and innovation across the Group. It is especially heartening to note that many of the strategic priorities that we had rolled out in 2016 under our five-year business plan 'Runway to Success 2020', began to bear fruit in 2017. This attests to the effectiveness of our strategic blueprint and the worthy efforts of our diligent workforce and partners within the airport community.

As Malaysia Airports propels forward toward achieving its vision of becoming 'The Global Leader in Creating Airport Cities', I am confident that we are today in a much stronger position to fulfil our aspirations. I present here the finer details of Malaysia Airports operational and financial performance for the financial year ended 31 December 2017 (FY2017).



## FINANCIAL PERFORMANCE

In FY2017, the Group turned in a stronger financial performance against the previous financial period with sustained growth in passenger and aircraft movements continuing to impact the Group's earnings for the better. The year saw the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) rising by 11.8% to RM1,910.9 million on the back of an 11.5% rise in revenue to RM4,652.3 million. The stronger performance was all the more noteworthy given the challenging market conditions that the Group's respective operations faced in the year under review.



## MANAGEMENT DISCUSSION AND ANALYSIS



The Group's Malaysia operations posted revenue of RM3,429.1 million in FY2017, up by 10.6% over the preceding year. Meanwhile, revenue from the Group's operations in Turkey rose by 13.2% to RM1,085.7 million, on the back of a 5.6% improvement in passenger traffic at Istanbul Sabiha Gokcen International Airport (ISG). Included in the revenue for the Turkey operations was RM57.9 million in respect of construction revenue relating to the boarding hall expansion of ISG. The year also saw the revenue from the Group's facilities management and maintenance operations\* in Doha, Qatar increasing by 19.9% to RM137.6 million in FY2017.

Malaysia Airports' good performance in FY2017 was attributable to steady growth in both our airport and non-airport operations. The Group's airport operations recorded revenue growth of 9.8% to RM4,296.8 million, mainly driven by higher revenue from the aeronautical and non-aeronautical segments. Supported by strong passenger growth, aeronautical revenue grew by 9.3% to RM2,253.6 million against FY2016, while the non-aeronautical segment registered robust revenue growth of 10.4% to touch RM2,043.2 million. This year-on-year revenue growth underscores the strength of our core airport operations as well as the proactive initiatives we have brought into play to grow our business in tandem with our partner airlines' route development efforts.

\* refers to project and repair maintenance business segment



**The stronger performance was all the more noteworthy given the challenging market conditions that the Group's respective operations faced in the year under review.**



## MANAGEMENT DISCUSSION AND ANALYSIS

Non-aeronautical revenue per passenger in Malaysia rose by 4.6% to RM16.45 per passenger driven by stronger sales registered by the concessionaires and retailers. Retail and commercial revenue continued to achieve double-digit growth of 15.4% and 11.3% to touch RM853.7 million and RM734.6 million respectively. Sales per passenger stood at RM24.1 in FY2017. This represents an increase of 13.9% compared to FY2016 - a growth rate higher than that of passenger traffic movements\* at 8.6%. Meanwhile for KL International Airport (KLIA), we had registered RM46.4 and RM30.0 sales per passenger at the Main Terminal and klia2 respectively for the same period.

For the year in review, revenue from the Group's non-airport operations grew 14.4% to RM297.6 million, mainly on the back of contributions from the hotel, agriculture and facilities management and maintenance operations\* business.

\* refers to project and repair maintenance business segment



The Group surpassed its headline financial Key Performance Indicator for EBITDA of RM1,796.6 million by 6.4%. EBITDA for the Malaysia operations rose by 11.6% to RM1,116.1 million while EBITDA for the Turkey operations for the same period rose by 8.6% to RM780.9 million.

The year's double-digit revenue growth also led to an 82.4% increase in the Group's profit before tax (PBT) of RM334.5 million, despite a 6.8% increase in costs. The higher costs were mainly due to the increase in costs of inventories sold, user fees, repair and maintenance costs, employee benefit expenses as well as the provision for doubtful debts. The PBT of our Malaysia operations grew 27.4% to RM611.9 million in FY2017, while our Turkey operations registered a loss before tax of RM287.5 million. The Qatar operations chalked up a PBT of RM10.1 million. The Group's net earnings increased by a stellar 224.0% to RM237.1 million over the same period.

### Malaysia Passenger Service Charge

On 1 January 2017, the Passenger Service Charge (PSC) was revised and a new rate introduced for passengers travelling to ASEAN destinations. The PSC now has three categories - Domestic at RM11.00, ASEAN at RM35.00 and International at RM73.00. The lower PSC for ASEAN destination was introduced by the Malaysian government to promote further growth in tourism traffic within ASEAN. Our PSC remains competitive and is one of the lowest compared to other airports in the region.

## MANAGEMENT DISCUSSION AND ANALYSIS



The Marginal Cost Support for PSC (MARCS PSC) is the compensation for the difference between the actual PSC and the benchmark PSC by the government as per the provisions of the Operating Agreement (OA) that we signed with the government of Malaysia in February 2009. Under the OA, benchmark PSC rates are revised every five years. The second tariff cycle revision took effect on 12 February 2014. Shortfalls if any, has been addressed by the MARCS provision.

We remain supportive of any efforts to drive passenger traffic, including in instances where lower charges may be potentially effective. We have also been assured that the charging structure and approach will be reconsidered, should the lower PSC not result in a corresponding increase in passenger traffic.

### Liquidity

As at the end of FY2017, the Group's net debt position improved by 22.0% to RM2,977.8 million on the back of improved operating cash flows from our Malaysia and Turkey operations. Cash and cash equivalents, and available for sale investments (including quoted bonds and unit trusts) too rose by 45.9% to RM2,571.5 million. The Group's current cash and cash equivalents are sufficient to meet our working capital, borrowings and interest payments as well as capital expenditure needs over the next 12 to 18 months.

As at the year's end, the Group's total assets stood at RM22,495.6 million while total liabilities amounted to RM13,486.5 million including some RM5,549.3 million in respect of borrowings. The Group's next debt repayment relating to the Senior Sukuk of RM250.0 million is due on 6 September 2018.

### Capital Management

In FY2017, the Group continued to maintain its AAA credit rating with Ratings Agency Malaysia as well as its A3 credit rating with Moodys, with both citing a stable outlook for the Group. The Group's gross debt to equity ratio also improved to 0.63 times in FY2017 as compared to 0.64 times in FY2016. The Group continues to strictly observe the financial covenants in terms of compliance against funding requirements and internal guidelines.

### ECONOMIC PROFIT

The Economic Profit Statement is a measure of value created by a business during a single period and reflects the returns made by a company over its cost of capital. It is typically provided on a voluntary basis. In FY2017, the Group recorded an economic loss of RM675.3 million as compared to the RM662.0 million recorded in the previous year. This was primarily due to higher operating earnings and weighted average cost of capital.

### TRAFFIC PERFORMANCE

#### Passenger Traffic Movements

In FY2017, total passenger movements for the Group's network of airports (including ISG in Turkey) increased by 7.9% to reach 128.0 million movements – the highest passenger movements ever recorded by Malaysia Airports. We registered 59.8 million passenger movements in terms of international passenger traffic, a year-on-year increase of 13.2%, and 68.2 million passenger movements on the domestic sector, a 3.6% increase in comparison to FY2016.

In FY2017, our airports in Malaysia registered 96.6 million passenger movements representing an 8.6% surge in growth over FY2016's 88.9 million passengers. This is a new record and a key milestone in that we have exceeded the 90 million-passenger movement mark for the first time.

It is encouraging to note that passenger traffic was mainly driven by the international sector which recorded 49.5 million passenger movements, an increase of 14.2% over FY2016. The international component of the overall passenger traffic has been steadily increasing from about 40% in the late 1990s to 51% in 2017. This is the first time that the international traffic has exceeded the domestic traffic. Overall international growth in Malaysia was contributed by both local and foreign carriers. 35 airlines registered double or triple digit increases including AirAsia X, Malindo Air, China Airlines, All Nippon Airways, Shanghai Airlines, Xiamen Airlines, Saudi Arabian Airlines, Ethiopian Airlines, Eva Air, Indonesia AirAsia, Indonesia AirAsia X, Lion Air, Pakistan International Airlines, Regent Airways, Shenzhen Airlines, Silk Air, SriLankan Airlines, Thai AirAsia, Thai International Airways, Vietjet, AirAsia Zest, Oman Air and Air Astana.

We also experienced double-digit growth for international passengers for South Asia, South East Asia and North East Asia sectors. There were incremental contributions on the international passenger front for passenger nationalities from China, Indonesia, India, Korea, Taiwan, Singapore, Thailand, the United Kingdom, the United States, Australia, Russia, Germany, Canada, Spain, Netherlands, Japan, New Zealand, Vietnam and the Philippines.

## MANAGEMENT DISCUSSION AND ANALYSIS

The increase in international passenger traffic was driven mainly by visa relaxation measures for Chinese and Indian tourists, an increase in Umrah traffic and tourism promotions. The cultural similarities between the peoples of China, India and Malaysia continue to be a good drawing card and a key driver in passenger growth for Chinese and Indian tourists. In August 2017, the world's first proof-of-concept (POC) for Hajj pre-clearance was done at KLIA in collaboration with the government of the Kingdom of Saudi Arabia. The POC was a success and proved that by conducting pre-clearance at the point of departure, the immigration process in Saudi Arabia would be significantly shortened thus providing great benefits to the passengers. This G2G initiative is expected to be operationalised upon the finalisation of the agreement between the two governments.

The year's higher international passenger growth also received a boost from relatively low oil prices, plus the readjustment of the Ringgit valuation which made Malaysia a preferred and less expensive tourist destination.

Despite a month-on-month decline in Malaysia's domestic sector growth from July 2017 onwards, the domestic sector registered 47.2 million passenger movements with 3.3% growth in FY2017. Domestic demand for air travel remained steady based on a high average load of



75.1%, the highest since 2012. The lower domestic growth was partly due to the reduction in airlines' seat capacity in the second half of FY2017, as well as increasing connectivity due to the introduction of direct international flights by airlines at our other international airports such as Kota Kinabalu, Pulau Pinang and Langkawi.

The year saw KLIA hub recording 58.6 million passengers, an 11.2% rise over the 52.6 million passengers registered in FY2016. The KLIA Main Terminal handled 28.3 million passengers, 10.8% higher than FY2016's 25.5 million passengers, while klia2 handled 30.3 million passengers, a growth of 11.6% over the preceding year's 27.1 million passengers.

KLIA and Kota Kinabalu International Airport (BKI) were among the airports that registered double-digit growth in passenger movements. Other airports that also registered positive growth were Pulau Pinang, Kuching, Langkawi, Kota Bharu, Melaka, Tawau and Bintulu. In FY2017, a total of 16 airlines registered passenger growth of more than 20% at KLIA.



In Turkey, ISG recorded a 5.6% rise in passenger traffic to 31.3 million passengers in FY2017 – the first time that total passenger numbers at ISG surpassed the 30 million mark. Following moderate growth in the previous year, passenger traffic at ISG began to pick up momentum after February 2017. The international sector recorded monthly double-digit growth from June 2017 onwards. On the whole, international and domestic traffic at ISG increased by 8.5% and 4.3% respectively in FY2017. 96.0% of the overall traffic was contributed by three major carriers, namely, Pegasus Airlines, Turkish Airlines and Anadolujet. Pegasus Airlines, Qatar Airways and Flynas registered more than 20% growth for international passengers.

#### Aircraft Movements

Overall commercial aircraft movements for airports in Malaysia increased by 4.5% in FY2017 to 848,112 commercial aircraft movements. International movements increased by 11.1% while movements in the domestic sector increased by 0.7%. The overall average load factor for FY2017 was 76.0%, the highest achieved since 2012. Despite the high increase in international aircraft movements, average load factor for the international sector was at an all-time high of 77.0%.

#### Cargo Movements

Overall cargo movements increased by 8.0% in FY2017 to 956,616 metric tonnes, the first positive growth since 2014. International cargo movements increased by 10.3% while the domestic sector recorded a 0.6% decline.



**MANAGEMENT DISCUSSION  
AND ANALYSIS**



# **RUNWAY TO SUCCESS 2020**

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In 2016, Malaysia Airports formally launched its five-year business plan 'Runway to Success 2020' (RtS2020) guided by our vision of becoming 'The Global Leader in Creating Airport Cities'. The RtS2020 business plan encapsulates 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 calls for us to strengthen KLIA's position as an established hub amongst ASEAN and improve the total airport experience for all our stakeholders. Our mandate will also see us developing 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. Finally, we are to set our sights on increasing our international footprint.

A governance structure has been implemented to ensure the smooth roll out of RtS2020. For a start, four working committees have been established. They are:

KUL Hub

Total Airport Experience (TAE)

Aeropolis

International Expansion

To ensure we meet our business objectives, our Transformation Management Office division has been tasked with ensuring that all our planned initiatives are integrated and implemented in a cohesive manner across the entire Group.

We believe that RtS2020 is key to ensuring 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 in balancing our economic ambitions with societal and environmental responsibilities.

To date RtS2020 has provided Malaysia Airports with clear strategies that aim to directly strengthen our financial performance. For example, under the KUL Hub strategy is the Route Development programme where it calls for us to drive passenger traffic growth from target markets such as China, India and ASEAN through engaging with airlines, participating in trade forums, as well as collaborating with key agencies such as Tourism Malaysia and state government authorities. Likewise, our non-aeronautical business has been strengthened by the Total Airport Experience (TAE) strategy that includes strategic retail campaigns such as KULinary - which promotes the top F&B outlets at KLIA through a collaboration with an independent food network media, and KUL Dad - a shopping campaign in conjunction with Father's Day celebration. As part of TAE, service enhancement initiatives were also carried out to improve basic services such as check-in, security screening, immigration, baggage handling and washroom cleanliness. These serve at increasing passenger 'dwell time' at our airports through more efficient passenger processing.

The remaining two strategies under RtS2020, namely KLIA Aeropolis and International Expansion have longer-term gestation periods and it will be a while before any financial benefits materialise. Nevertheless, strong foundations have already been laid for both these initiatives with KLIA Aeropolis and International Expansion on track to deliver financial upside in due course.

## MANAGEMENT DISCUSSION AND ANALYSIS

### KUL\* HUB

(\*KUL is the IATA code for KLIA)

In line with our efforts to strengthen our core airport business and achieve our RtS2020 ambitions, we are leveraging on our KUL Hub strategy and global passenger traffic uptrends to establish KLIA as the preferred hub for ASEAN. KLIA's central location within the Asia-Pacific region, its combined terminal capacity of 75 million passengers per annum (mppa), its three independent runway system that are set to improve the efficiency of flight operations, and its competitive cost structure, are all factors that give our flagship airport a strategic advantage within the region. KUL also continues to benefit from sustained economic expansion in Asia's emerging markets, and China's deepening relationships with the region.

The presence of klia2, the second terminal of KLIA will ensure we are able to cater for future growth. With three independent airport runways and the addition of the new KL Air Traffic Control Centre (KL ATCC), KLIA will soon be able to move beyond its capacity of handling 78 flight movements per hour to handling up to 108 flight movements per hour.

To strengthen connectivity at KLIA, we continue to engage with our airline partners and ensure we implement mutually beneficial arrangements. In 2017, we engaged with over 50 airlines, with the goal of fostering and supporting network growth in Malaysia by soliciting prospective airlines to begin their operations at KLIA. These efforts led to an increase in international routes and frequencies across Asia, the Middle East and Africa. In order to engage more closely with our airline partners and other

Introduced the  
KLIA-klia2  
Terminal  
Transfer service

**Free 24/7  
shuttle  
service**

Engaged with  
**over 50  
airlines,**  
with the goal  
of fostering  
and supporting  
network growth  
in Malaysia

stakeholders at KLIA, our Airline Marketing division relocated their office to Level 3 in KLIA.

Another key imperative under the KUL Hub initiative is to improve connectivity and streamline transfers between the two terminals in KLIA. In view of the rising demand for inter-terminal transfers, we introduced the KLIA-klia2 Terminal Transfer service. Travellers with connecting flights now have the convenience of moving from one terminal to the other via a free 24/7 shuttle service. The free shuttle service route also includes a stop at the Long-Term Car Park and can be enjoyed by everyone - not just travelling passengers. By offering passengers a seamless and smoother journey between terminals, we are not only improving the passenger experience at KLIA, but also contributing towards the growth of our airline partners at both terminals. We also began to implement more automated processes in 2017, such as self baggage drop (SBD) facility. In March 2018, 15 SBD counters in klia2 became operational. These initiatives will be strengthened further during the course of 2018.

The year in review saw Malaysia Airports continuing to collaborate with stakeholders such as the Ministry of Tourism, Tourism Malaysia, state tourism boards, Ministry of Transport, Malaysian Aviation Commission and related parties through joint missions and joint marketing programmes to draw foreign airlines into Malaysia and KLIA. We also entered into a collaboration with Tourism Malaysia to establish a joint marketing fund to support marketing campaigns by airlines and travel industry players so as to promote inbound tourism from India, China and Europe.





## MANAGEMENT DISCUSSION AND ANALYSIS



On top of this, we have lent support to various events to put the Malaysia Airports and KLIA brands at top of mind of our target audiences. These included aviation-related forums such as Routes Asia 2017 in Okinawa, World Routes 2017 in Barcelona, and ITB Asia 2017 in Singapore. We also participated in travel trade events such as World Travel Mart events in Pulau Pinang, Singapore and London where we were able to expand our sphere of influence.

Moving forward, we will continue to focus our efforts on enhancing airport efficiencies so as to promote seamless connectivity and facilitate the growth of our partner airlines.

### AIR SERVICES DEVELOPMENT

As an airport operator, we are committed to building a strong and mutually beneficial relationship with all our airline partners so that they are able to increase their connectivity into Kuala Lumpur and other airports operated by Malaysia Airports. In 2017, we continued to intensify our engagement with airlines by inviting potential airlines to begin operations at KLIA. We also managed to collaborate with existing partner airlines to extend their network or increase their flight frequencies.

As a result of these concerted efforts, five new airlines came on board KLIA in 2017 while a familiar face, Philippine Airlines from Manila, returned. The five new airlines included Lucky Air from Kunming, Himalaya Airlines from Kathmandu, US-Bangla Airlines from Dhaka, Batik Air from Jakarta and JC Cambodia from Phnom Penh. Kota Kinabalu International Airport [BKI] saw the arrival of Xiamen Airlines from Fuzhou, Thai Smile from Bangkok, and Batik Air from Jakarta. On top of this, Langkawi International Airport welcomed



China Southern Airlines from Guangzhou. Meanwhile, Miri Airport attracted Xpress Air flying from Pontianak.

We are also pleased to see airlines such as Uzbekistan Airways and Saudi Airlines making the decision to modernise their fleet, not only to manage the increasing growth of passengers but also to ensure greater comfort for their passengers. The year also saw the international seat capacity at KLIA and regional international airports growing by 11.5%, whilst passenger movements from China and India at KLIA increased by 18.2%. China, India and ASEAN have always been our priority markets due to their growth potential and we continue to increase our efforts to expand our network to secondary cities in China, India and ASEAN.

Existing airlines also opened new routes and increased their flight frequencies to cater to growing demand, thus driving the growth of passenger traffic through our terminals. Malaysia Airlines came in strong with its new expansion plan to open five new destinations from KLIA including Nanjing, Wuhan, Fuzhou, Chongqing and Surabaya. Malindo Air continued with its expansion to launch new destinations operating from KLIA, namely, Dhaka, Jeddah (via Ahmadedab),

Guangzhou, Haikou, Chittagong, Brisbane (via Denpasar), Chennai, Phnom Penh and Bangalore. At klia2, AirAsia resumed its expansion plans adding new destinations to its offering including Bhubaneswar, Sihanoukville, Nha Trang and Davao.

AirAsia X launched its maiden long-haul service from Kuala Lumpur to Honolulu via Osaka while both Oman Air and Shanghai Airlines increased their daily flights to Kuala Lumpur from Muscat and Shanghai respectively from once daily to twice daily. Apart from KLIA, Malindo Air opened new routes from Penang to Singapore and Hat Yai, while introducing a new service from Kota Kinabalu to Taipei. AirAsia also introduced two new services from Kuching, namely Pontianak and Shenzhen.

We continue to work closely with our airline partners on market intelligence and traffic forecasts as well as provide carriers with the chance to market their services through Airlink, a special section of the KL Lifestyle magazine. We are consistently upgrading users' experience of FlyKLIA, our interactive experience-sharing portal that showcases the travel experiences of airport users in Malaysia. To increase awareness of the portal, we introduced the "My Passport to Brag" campaign which offered prizes ranging from flight tickets

## MANAGEMENT DISCUSSION AND ANALYSIS

and Sama-Sama Hotel stays, to the use of the KLIA Premier Access service as well as shopping vouchers at the Mitsui Outlet Park KLIA, Eraman and Express Rail Link.

In view of the good response from airlines to the Airline Incentive Programme (AIP) II, we extended the incentive programme for another three years effective 1 January 2018. Under the AIP III, all participating airlines receive a waiver of landing charges and are accorded the benefits of a productivity-driven reward scheme and marketing support. The AIP is proving to be a useful mechanism in attracting airlines to operate from airports under the management of Malaysia Airports. Member airlines continue to receive some of the most affordable aeronautical and landing charges in the region even with the latest fee revisions.

### TOTAL AIRPORT EXPERIENCE

Malaysia Airports' Total Airport Experience (TAE) pillar is a key strategic priority to enrich the airport experience. It underlines our commitment to continuously improve service standards across our operations. 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 airports in the Airports Council International's Airport Service Quality (ASQ) listing. The ASQ is the world-renowned and globally established benchmarking programme which measures passengers' satisfaction whilst they travel through an airport. By continuing to set our sights on world class standards and implementing the same, we are well on our way to enhancing the airport experience across all touch points for all stakeholders.

Passengers are the core of the TAE, while retailers and airlines also define and support the overall airport experience. The TAE strategy encompasses enhancing the passenger journey across all touch points, addressing passenger experience gaps as well as enriching the airport experience with unique and memorable experiences. It also calls for us to deliver better airport-airline and airport-retailer relationships as well as transform Malaysia Airports into a customer-centric organisation. In designing the TAE, some 40 initiatives have been identified across the passenger journey to enhance the passenger experience.

To serve the increasingly sophisticated needs of passengers who are no longer awed by world-class infrastructure alone, it becomes increasingly important for an airport operator to place a high priority on ensuring that airport users have a satisfying experience at every touch point within the airport. To this end, we have rolled out several initiatives to provide our visitors with world class services and facilities.

The KUL VIP access is a premium door-to-gate service that offers departing and arriving passengers the option to access fast track lanes for check-in, customs and immigration, transportation services, as well as buggy and concierge services. As at end 2017, nearly 23,000 passengers had enjoyed the KLIA Premier Access service which is part of the overall KUL VIP Access service.

As mentioned earlier, travellers with connecting flights can now avail themselves of the new KLIA-klia2 Terminal Transfer service which provides a free 24/7 shuttle service, including the option



of stopping off at the Long-Term Car Park. We are confident that as we ramp up awareness on the availability of this service, it will contribute to the increase in transfer passengers for our airline partners. This service is a precursor to what we, as an airport operator, would like to ultimately offer to our passengers – namely, an airside transfer facility that will enable the interlining between full service and low-cost carriers.

We continue to undertake a major maintenance and overhaul programme for KLIA's Aerotrains to provide better reliability and service to our passengers. With passenger numbers at KLIA on the rise, we have activated full time shuttle bus services as another people mover mode between the main terminal and satellite building to augment the Aerotrain services.

## MANAGEMENT DISCUSSION AND ANALYSIS

03 Strategic Review



We continue to upgrade our facilities at KLIA for the convenience of passengers and visitors. Apart from improving and opening additional suraus or Muslim prayer rooms, we are also currently undertaking a major refurbishment project for 224 washrooms at KLIA. This project is expected to be fully completed by 2020. It will see new user-friendly toilets being equipped with features such as automatic hand dryers, built-in bidets and floor blowers which will allow for easier maintenance. As at the end of 2017, we had finished refurbishing a total of 13 washrooms.

Malaysia is a country rich with diverse cultures and attractions. In support of our tourism industry, we collaborated with several state tourism bodies under our Joyful Malaysia initiative to showcase our local culture, cuisine and destinations. The initiative which

began in January 2017 saw a tourism showcase from the various states in Malaysia being highlighted every month. Through collaborations with various government agencies and retail partners, we also rolled out our Proudly Malaysian and KULinary initiatives which aimed to provide visitors with memorable moments at our airports through immersive experiences.

We are extremely appreciative of the support shown by government agencies in helping us achieve our mission of creating a joyful experience for airport users. Tourism Malaysia's launch of the Chinese Affairs Travellers Help Desk at KLIA makes it the first airport in Southeast Asia to do so. This will help greatly in facilitating the arrival of tourists from China into Malaysia. The KLIA Immigration Department's move to reconfigure its immigration counters and install counter guiding lights in an effort to reduce long queues is another case in point. Initiatives such as these are certainly helping us meet the common goal of creating a seamless and memorable travelling experience for our passengers.

The inflow of tourists into Malaysia also bodes well for our retail partners with retail sales growing vibrantly at all our international airports. In 2017, we partnered with Alipay to provide cashless convenience to travellers and have seen a considerable rise in sales from Alipay transactions at KLIA thus far. More than 60% of outlets in both terminals at KLIA are transacting via Alipay.

To stay competitive and market-relevant, we have embarked on a Big Data Analytics (BDA) and Digitalisation initiative in partnership with a Canada-based provider of Enterprise Information Management (EIM) products and services. This initiative is a revolutionary step in our pursuit of a greater competitive advantage, greater customer experience, optimal productivity and higher operational efficiency.

The RtS2020 blueprint calls for us to evolve from being a compliant airport to being a proactive airport, and ultimately a real-time airport. By leveraging BDA, we aim to move towards insightful decisions based on real time data analytics. Our BDA implementation rides on Unified Digital Platform with an emphasis on a 'single source of truth'. The first phase implementation of the BDA covers several areas and will involve the implementation of continuous service improvements in specific areas. These include reducing congestion and optimising the queue check-in time, security and immigration processes; providing alerts and communication to airlines and passengers on wait times at various

## MANAGEMENT DISCUSSION AND ANALYSIS

touch points for efficient journey planning; as well as providing inputs to agencies on the expected passenger volumes for effective resource planning.

Other areas will involve the implementation of an airport-wide incident management system to improve the operations response time; facilities improvement based on passenger dwell time analytics; as well as passenger profiling for airport operations and commercial improvement. BDA will also cover the monitoring and replenishment of trolleys as well as financial analytics, while according passengers a journey-based experience on omni-channel mobile apps.

We expect to complete Phase 1 of BDA implementation (which will initially cover KLIA) by the end of 2018. Phase 2, which will kick off at the end of 2018, will involve the extension of BDA to other international airports in Malaysia. We are also embarking on a collaborative effort with multiple airport stakeholders to implement an Airport Collaborative Decision-Making (ACDM) platform. This will enable allocation of airport resources and facilities in real time by multiple stakeholders, resulting in seamless and efficient airport operations.

The development of this Unified Digital Platform will enable Malaysia Airports to differentiate engagement with passengers and other customers, drive operational efficiency, enable passenger productivity and experience, as well as drive new and existing revenue streams. Structured and unstructured data that are fed to the digital platform from various existing systems will be analysed with machine learning and artificial intelligence. This will provide insights for better decision making to enhance the passenger experience as well as business and operational excellence.

As an airport operator, our role is not limited to providing and maintaining infrastructure. We are also a service organisation. In order to emerge as a service leader, we must re-imagine the airport experience for all airport users and stakeholders. The one thing that will truly set us apart from others would be our commitment to service excellence. Our goal should always be to uphold standards that are nothing short of excellent in catering to all our passengers. To this end, our Customer Experience Management unit continues to spearhead the revamp of our customer service model while frontline staff continue to be given

training and the tools to better engage with customers. 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.

Following its opening in 1998, KLIA continues to garner a host of awards and accolades for its position as one of the best airports in the region if not the world. Every year since 2011, the ACI has included KLIA in its Director General's 'Roll of Excellence' for Airport Service Quality (ASQ) in recognition of this airport's good ranking among the top airports by size or region. In 2017, however, KLIA dropped out of the Top 10 ranking to garner 12<sup>th</sup> place as several new airports, namely Shenzhen, Shanghai Hongqiao and Taipei Taoyuan, had entered the fray in the more than 40 million passengers per annum category. Moving forward, KLIA aims to strengthen its efforts to regain its place among the Top 10 airports for 2018 under the ASQ by leveraging on the TAE which is a key strategy for us to take our service levels up several notches.

### AEROPOLIS

A major part of the Aeropolis initiative is KLIA Aeropolis which underscores Malaysia Airport's efforts to diversify our business by developing our own airport city of logistics and aviation parks together with world-class business and leisure facilities. We envisage KLIA Aeropolis as an ecosystem development that is synergistic with the airport business and aligned with Malaysia's development agenda.

KLIA is steadily evolving from being a major transportation interchange into a maturing centre of economic activity. By bolstering KLIA's functional core as an airport, the KLIA



## MANAGEMENT DISCUSSION AND ANALYSIS



Aeropolis development will propel further domestic economic growth and enable KLIA to emerge as a regional economic enabler. We will leverage our strategic location within the Asia Pacific region which boasts one of the fastest growing air traffic growth rates, our readily available land bank and our competitive costs to do business. These attributes, coupled with the fact that the GDP growth of ASEAN is expected to double to approximately USD5 trillion by 2020, bodes well for KLIA Aeropolis.

The development of KLIA Aeropolis, which is expected to take place over the next 14 to 24 years, is expected to attract some RM7 billion in investments. The development encompasses three key clusters:

- **Aerospace & Aviation,**
- **Air Cargo & Logistics, and**
- **MICE\* & Leisure**

*\*Meetings, Incentives, Conventions & Events*

These clusters 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 Malaysia Aerospace Industry Blueprint (2015-2030), the Logistics Trade and Facilitation Masterplan (2015-2020) and the Kuala Lumpur Tourism Master Plan (2015-2025). 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.

In 2017, we made good strides forward by way of all three clusters of the KLIA Aeropolis initiative.

The Subang Regeneration initiative is part of the **Aerospace & Aviation** cluster development. Subang is already a mature aerospace ecosystem with several successful catalytic developments. The regeneration initiative is expected to create a spillover effect into KLIA Aeropolis.

Among the first developments will be the 60-acre Subang Aerotech Park which will include the development of manufacturing and office facilities for Skyways Technics and Senior UPECA. Skyways Technics caters to the Asia Pacific market specifically for spare parts, component repair, and aircraft on ground services for ATR & Bombardier CRJ aircraft, while Senior UPECA is part of the Senior group of companies who is an international manufacturer of high technology components and systems and a supplier to Boeing, Airbus and other major aerospace customers. These developments are expected to complete by the end of 2018.

We achieved a significant milestone under the **Air Cargo & Logistics** cluster with the ground breaking of KLIA Aeropolis DFTZ Park. Housing a host of facilities for centralised customs clearance, warehousing and logistics to facilitate double digit growth of trans-shipment air cargo volumes, it will ultimately position KLIA Aeropolis as a leading eCommerce trans-shipment hub in the region. Our strategic collaboration with Cainiao Network, the logistics arm of the Alibaba group sets the KLIA Aeropolis DFTZ Park apart as the first electronic world trade platform or eWTP hub outside of China. Meanwhile, Pos Aviation and Lazada Express have already commenced operations in 2017 of their regional e-commerce distribution centre at the KLIA Air Cargo Terminal 1 (KACT 1) - the facility that used to be the Low-Cost Carrier Terminal (LCCT).

Under the **MICE & Leisure** cluster, Mitsui Outlet Park KLIA Sepang (MOP) completed its second development phase which encompassed another 60 new stores on top of Phase 1's current 128 stores. A third and final phase of construction is planned for completion in 2021 when the park will host 260 shops over 46,000 square metres. Upon completion, MOP will potentially be one of the largest outlet malls in Southeast Asia.

MOP is developed and managed through MFMA Development Sdn Bhd, a joint venture between Mitsui Fudosan Co. Ltd. and Malaysia Airports. Not only do the new shops under Phase 2 broaden the selection of brands and product categories at the MOP, shoppers can also look forward to some "first in Malaysia" stores such as The Beauty Laboratory by Shiseido and Hummer bags store. The expansion also introduced more premium brands into the MOP and enabled shoppers to explore new ambient experiences with its Sky Walk, River Walk and Forest Walk themes.

The MOP project, which is expected to create an estimated 2,577 jobs and a Gross National Income (GNI) impact of RM220.1 million by 2020, will also be the largest outlet establishment by Mitsui Fudosan. We see this joint venture as a pacesetter for the development of KLIA Aeropolis which is expected to boost the confidence of investors and developers in terms of the commercial potential of KLIA land. In developing KLIA Aeropolis, our aim was to maintain a 'capital expenditure-light' approach modelled on the development of the MOP joint venture which entails Mitsui Fudosan owning a 70% stake and Malaysia Airports, the remainder.

## MANAGEMENT DISCUSSION AND ANALYSIS

Malaysia Airports continues to actively engage with the relevant governmental agencies, private sector organisations and task forces or councils to drive the KLIA Aeropolis cluster agenda. Today, we are an active participant of the following platforms:

➤ **The DFTZ Performance Improvement Taskforce (PITForce)** which includes MDEC, MITI, POS Aviation and Customs that has oversight for improving the service levels and facilitation of air cargo movement at KLIA.

➤ **The DFTZ Investment & Promotion Taskforce** which is co-chaired by MDEC and MIDA, and includes INVESTKL and Invest Selangor, that is responsible for attracting industry players and investors into the DFTZ.

➤ **The National Logistics Taskforce**, co-chaired by ministers of the Ministry of Transport and the Economic Planning Unit which serves as a steering committee to address and achieve the initiatives set forth in the National Logistics and Trade Facilitation Masterplan.

➤ **The Malaysia Aerospace Council**, chaired by the Minister of MITI which serves to address and achieve the initiatives set forth in the Malaysia Aerospace Industry Blueprint 2015-2030.

### INTERNATIONAL EXPANSION

One of our strategic priorities under RtS2020 is to increase our international footprint by building a balanced portfolio of investments beyond Malaysia, from equity acquisitions to management contracts. We believe that the wealth of experience we have garnered from managing a variety of airports from short 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 our assets overseas, we will be able to establish continuous revenue streams while contributing to overall value accretion.

The Istanbul Sabiha Gokcen International Airport or ISG is Istanbul's second airport and the main focus of our operations outside Malaysia. This business, which remains an attractive investor value proposition and growth story, gives us the opportunity to play a lead role in crafting the long-term success of an invaluable strategic asset. With our full acquisition of ISG, Malaysia Airports became the first Asian company to own a European airport.

We remain optimistic and hopeful of our overseas operations in Turkey. In 2017, there were signs of a recovery at ISG following a very challenging 2016 where Turkey was plagued by a series of terrorism incidents and an attempted coup. Overall, FY2017 passenger traffic grew by 5.6% compared to the previous year to reach 31.3 million passengers, thereby surpassing the 30 million-passenger mark for the first time. Growth came on the back of an 8.5% rise in international passengers while the international passenger load factor improved by 9 percentage points



## MANAGEMENT DISCUSSION AND ANALYSIS



(from 68% in FY2016 to 77% in FY2017). This was in line with the increase in the number of international arrivals to Istanbul, an 18% increase in FY2017 in comparison with FY2016.

Over the course of the year, 19 new routes consisting of both international and domestic routes were launched. ISG welcomed one new scheduled airline, Air Manas, in June 2017. This service connects ISG in Istanbul to Bishkek five times a week. ISG also welcomed three new charter airlines: Iraqi Airways commenced a three-times a week service to Baghdad in June 2017; Fly Baghdad commenced a three-times a week service to Baghdad in October 2017; while Utair commenced a once a week service to Vladikavkaz, Russia in November 2017. The airport received a further boost in October 2017 when Emirates received approval from the Turkish authority, DHMI to reinstate its operations at ISG in 2018.

For 2017, several key initiatives and milestones were undertaken to ensure the mid and long-term success of ISG. This included the commissioning of international to domestic passenger airside transfer facilities; and the completion of two fast rapid exit taxiways which increased runway capacity from 32 flight movements per hour to 40 flight movements per hour.

Extension works on the domestic boarding hall project which began in May 2017 are scheduled for completion in July 2018. This extension includes an additional four passenger boarding bridges and 20 bus gates which will provide the terminal an



## MANAGEMENT DISCUSSION AND ANALYSIS

additional capacity of 8 million passengers per annum (mppa). This will increase the terminal's current passenger capacity from 33 mppa to 41 mppa. Other initiatives centred on the expansion of check-in facilities, improvements to the queuing system and upgrades to the baggage handling capacity. The year also saw the completion of a new domestic mezzanine access to help fast track passengers, staff and crew members. This helped reduce congestion at security check points and increase commercial spaces. In November 2017, together with our stakeholders and duty free operator, Setur, we kicked-start an initiative to develop a new layout and walk-through concept for arriving passengers at the duty free shops. This improvement to the total airport experience will be completed by the end of the first quarter in 2018.

The completion of major projects, a second runway and metro connection are on track for completion by the end of 2018. The second runway will almost double ISG's existing capacity and allow more carriers to take off and land during the peak morning period.

There have also been some changes to our senior management line up in ISG. Please join me in welcoming on board ISG's new Chief Executive Officer and Chief Financial Officer, Ersel Goral and Fikret Comert, who joined us in September 2017 and December 2017 respectively. The management change is also in line with our aspiration to strengthen the international expansion pillar which forms one of the key pillars of RtS2020 as we position ourselves for the next phase of growth. We are confident that ISG's strategic location, its enhanced infrastructure offerings together

with its new management line up will give it a strong competitive edge as it moves forward. We remain optimistic about ISG's future growth and will focus our efforts on optimising revenue and improving operational efficiency, as well as making the right investments to ensure the long-term success of the business.

Malaysia Airports currently has several management consultancy contracts in Qatar. The year saw the scope of works for one of our major facilities management contracts for Hamad International Airport (HIA) being upgraded while we received a 2+3-year extension for an IT systems maintenance support contract. These developments attest to the airport owner's confidence in our management ability. Today, Malaysia Airports owns 49% in the joint venture that manages HIA with the remainder held by the Watad Group. HIA was voted a five-star airport by Skytrax and the 6<sup>th</sup> best in the world at the 2017 World Airport Awards. The airport handles about 30 million passengers a year.

In February 2018, Malaysia Airports signed a Share Purchase Agreement to divest of its 11% equity stake in Rajiv Gandhi Hyderabad International Airport to GMR Airports Limited for a cash consideration of USD76.0 million (approximately RM295.3 million). The disposal provides an opportunity for the Group to unlock its investment in the airport at an attractive value. The gain arising from the disposal is estimated to be RM255.1 million. Based on the investment made in 2002, the total cost of investment for the 11% stake was approximately RM40.2 million. The disposal is expected to be completed by 30 April 2018 subject to an extension of up to 1 December 2018.

### MOVING FORWARD FOR RtS2020

With the fundamentals of RtS2020 taking shape in its second year of implementation, we are already planning to take it to the next level. Moving forward into 2018, RtS2020 strategies will be operationalised within the respective business areas and processes, in order to ensure that the execution of the strategies are more focused and streamlined, whereby clear accountability and key performance indicators can be identified for more effective results. The operationalisation of RtS2020 will encompass nine focus areas.

They are:

Improving service levels

Cost optimisation

Driving aeronautical business

Strengthening non-aeronautical business

Unlocking potential through Aeropolis

Strengthening the foundation for international business

Building human capital capabilities

Enhancing brand visibility

Strategic direction of non-core businesses



## MANAGEMENT DISCUSSION AND ANALYSIS



### AIRPORT IMPROVEMENTS

We continue to bring into play a policy of continual improvement for our facilities to ensure all our airports are running in an optimal manner.

Stronger than expected traffic growth at KLIA has required the acceleration of capacity planning at KLIA Main Terminal. Efforts are currently underway towards planning for expansion including the commissioning of a capacity assessment study in partnership with an international aviation organisation. Additionally, we are focusing on optimising utilisation of both KLIA Main Terminal and klia2 to ease capacity constraints especially with regards to peak-time slots, check-in counters utilisation and aircraft parking.

Following the Government's approval of the upgrading and expansion project for the Sultan Ismail Petra Airport in Kota Bharu (KBR), the RM483.0 million project kicked off in 2017 and is scheduled for completion in 2020. Upon its completion, KBR will have the capacity to accommodate 4.0 mppa in comparison to its existing 1.5 mppa capacity. The project will entail the installation of a new baggage handling system; new passenger boarding bridges; dedicated customs, immigration, and quarantine facilities; open bays to facilitate ATR and jets; construction of a multi-storey car park; and airport fire and rescue service station.

Construction works on the new Mukah Airport was approved by the government at an estimated project cost of RM436.0 million. Works began in July 2017 and are scheduled for completion by August 2020. This will allow Mukah Airport to



accommodate Code 3C (ATR 72) type of aircraft, with a terminal capacity of 250,000 passengers per annum. The airport will also be equipped with a new VVIP room, government staff quarters as well as new facilities for an air traffic control tower.

The Kota Kinabalu International Airport in Sabah is currently undergoing upgrading works. An in-line hold baggage screening system (ILHBS) costing RM18.0 million is currently being installed. The ILHBS will facilitate more timely and efficient baggage security screening. The project kicked off in September 2017 and will be completed in July 2018.

Phase 1 of the Langkawi International Airport (LGK) development involving the construction of 600 carpark lots was completed in December 2017. Meanwhile, construction works for Phase 2 is ongoing. Phase 2 will involve the extension of LGK's terminal and kerbside over a 12-month period. Upon completion of these works amounting to some RM69.3 million, LGK will be capable of accommodating 4.0 mppa as opposed to its current 1.5 mppa capacity. The project aims to enhance the comfort level of the passengers by enlarging the terminal floor and check-in counter areas. It will also see the inclusion of three additional gates, an enlarged holding lounge and public concourse, plus a much bigger commercial area.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE OF AIRPORT OPERATIONS

The Group's subsidiary, Malaysia Airports (Sepang) Sdn. Bhd. is responsible for managing and operating the largest airport in Malaysia, namely KLIA. In FY2017, KLIA handled a total passenger movements of 58.6 million, added eight new passenger carriers, handled more than 386,054 total commercial aircraft movements, and managed approximately 37.7 million bag movements. The airport's fastest growing routes include Karachi, Kaohsiung, Danang, Madinah and Muscat all of which have double digit or more growth rates. On top of these fast-growing routes, KLIA has established links to new cities such as Davao, Sihanouk, Nanjing, Chittagong, Honolulu and Jeju, among others.

For its commitment to upholding quality and productivity measures, KLIA continues to win many awards in the area of technical and operational excellence. In FY2017, KLIA received the Gold Award at the International Quality & Productivity Convention 2017 in Indonesia, the 3-Star Gold Award at the MPC Annual Productivity & Innovation Conference 2017 in Genting Highlands, and the Gold Award at the Regional Team Excellence Convention 2017 in Putrajaya.

Malaysia Airports Sdn. Bhd. or MASB manages and operates all the Group's airports in Malaysia except for KLIA. This includes four international airports, 15 domestic airports and 18 Short Take-off and Landing Ports (STOL ports).



In FY2017, MASB handled 38.1 million passenger movements at all its airports, connected passengers from 51 international destinations and 22 domestic routes, and managed more than 462,058 aircraft movements.

MASB registered high year-on-year growth of 14.7% in international passenger movements in FY2017, as well as established new links to many new cities. MASB's continued emphasis on safety and security measures was reflected in the robust enhancement and optimisation plan that it has developed to address

passengers' and customers' needs. MASB ensures that all airports under its management are managed efficiently and has continuously been successful in maintaining its ISO 9001:2015, ISO 14001:2004 and OHSAS 18001:2007 certification. For its continuous efforts in maintaining an excellent quality management system, the company was awarded the SIRIM Quality Award.

In FY2017, MASB's commitment to delivering best-in-class travelling experiences for passengers was lauded when Langkawi International Airport became the world's 3<sup>rd</sup> Best Airport in its category for the third time (i.e. 2016, 2014 and 2013) during ACI's 2016 ASQ Awards.

The Group's Engineering division is responsible for the maintenance of our airport infrastructure to ensure we continue to offer the most efficient and secure services to airport users. In managing our assets, the division takes into account changing needs in relation to products, asset performance and stakeholder demands.

## MANAGEMENT DISCUSSION AND ANALYSIS



Malaysia Airports' equipment is monitored based on an Asset Replacement Masterplan (ARM) that reflects industry best practices. In ensuring exemplary service levels, the ARM prioritises the importance of properly functioning equipment and airport infrastructure. Linked to the life cycle cost (LCC) structure of the airport's specialised systems, the ARM enables us to optimise cost and repair over the useful life of a piece of equipment and determine when it is due for replacement.

One of the perennial challenges faced is the issue of managing assets that have reached the end of their design life as this ultimately leads to the scarcity of parts on-shelf, longer delivery lead time and higher financial impact. These factors in turn may lead to critical asset breakdowns which will have an adverse impact on airport operations. To mitigate such instances, the engineering maintenance team is focused on keeping our assets performing at an optimal level and meeting stakeholders' demands for high service levels. The division has set in place various strategic plan and initiatives so that it can readily respond to asset management challenges and demands.

To keep abreast of the latest technological advancements and ensure it is ready to tackle all asset-based challenges, the division is focused on capacity building programmes. Every year, the condition of the Group's infrastructure and development needs are discussed at our engineering seminar which is attended by engineering staff from across the Group. To keep up to date on the latest developments, we also maintain contact with industry leaders and participate in product presentation sessions.

In 2017, a total of 27 various product presentations were conducted. Aside from this, an asset replacement programme was developed for critical assets such as the baggage handling system, aerotrain, airfield ground lightings, fire vehicles, air conditioning system and people movers.

In terms of capacity building measures, our engineers were also exposed to advanced quantitative analytical methods for better decision making. This involved the use of computing capabilities to analyse and solve complex problems. On top of this, our engineering personnel undergo annual engineering competency assessments that reflect the real work at site and the knowledge required for each engineering position. The results of these assessments are used as the basis for future training programmes.

In managing its assets, Malaysia Airports remains committed to a green airport strategy, which mandates that we actively look for opportunities to redefine the boundaries of our expertise while being innovative and creative. The Energy Performance Contract (EPC) is a case in point. The EPC challenges existing and conventional ways of doing business in which value creation and cost reduction are simultaneously unlocked. The Group's inaugural EPC project, encompassing 1,449 units of high-mast lighting at KLIA and Penang International Airport (PEN), recorded a reduction in power consumption by 78% which will translate into a total cost saving of RM6.8 million over the next five years.

In our quest to position Malaysia Airports as the future leader for green airports, Kota Kinabalu International Airport (BKI) underwent EnMS ISO 50001 certification as part of a pilot project. The plan-do-check-act model of EnMS ISO 50001 readily integrates with the Group's present energy management system. Carbon reduction initiatives at BKI - verified and recognised by SIRIM Malaysia - have reduced electricity usage by 720,000 kWh which is equivalent to 386 tonnes of carbon emission. Participating airports are expected to improve their energy performance significantly while they achieve direct savings in the utility cost in future.

As part of our green reliability engineering asset management efforts, Langkawi International Airport (LGK) and Tawau Airport (TWU) are focusing on the replacement of high efficient chillers at the airports. In line with our Energy Management Policy which emphasises energy efficiency of new systems and equipment, we have embarked on several system upgrade projects at KLIA. These projects involve the installation of high efficient motors for baggage handling system, the replacement of refrigerants for pre-conditioned air, the replacement of LED lights at various critical areas, and the installation of electric vehicle charging stations, among other things.

Malaysia Airports' efforts in promoting green technology were recognised internationally when KLIA was awarded the Platinum award for airport in its category at the 12<sup>th</sup> ACI Asia Pacific Green Airport Recognition 2017 event in Doha. 2017 also saw us receiving the accolade for 'Best Green Reliability Programme' at the Uptime Awards 2017 event in Florida, USA.

## MANAGEMENT DISCUSSION AND ANALYSIS

### COMMERCIAL PERFORMANCE

The Group's Commercial Services division is responsible for the airports' retail areas. It is tasked with reviewing and improving the mix of retailers and service providers to boost overall retail revenue per passenger. The division also devises marketing campaigns to drive retail sales and business strategies to grow retail concessions whilst diversifying its income portfolio by creating new revenue streams.

Today, the division continues to enhance the commercial value and airport retail experience by taking into account industry best practices and value accretive business opportunities. This entails exploring creative measures to increase commercial revenue and the average spend per passenger in the midst of evolving retail environment.

Commercial Services revenue grew 13% in FY2017 on the back of strong royalty performance at KLIA and the various MASB airports. KLIA sales went up by 24% with KLIA Main Terminal reaching the RM1 billion mark for the first time in October 2017 while MASB sales too strengthened by 23% year on year. The strong growth in revenue and sales were mainly due to increased rental income revenue and high retail spending resulting from favourable travel sentiments, especially from the North East and South Asia markets.



The government-to-government initiative relating to visa relaxation, new and aggressive routes expansion from China's main cities to KLIA and other international airports, proved fruitful and this was reflected in the higher airport retail spend. Malaysia also benefited from the political tensions between China and South Korea over the THAAD missile crisis as Chinese travellers sought alternative destinations. This is apparent with Langkawi International Airport (LGK) and Kota Kinabalu International Airport (BKI) recording double-digit sales growth of 33% and 46% respectively, fuelled by the growing spend from Chinese passengers. LGK's lure as an attractive destination made it an easy choice for any tourists and BKI's achievement was a testament to the successful collaboration we had with the Sabah State Tourism.

Capitalising on these developments, efforts were made to ensure exciting commercial value proposition was in place, enticing passenger spending which resulted in sales per passenger (SPP) at KLIA and MASB recording double-digit growth of 12% and 17% respectively. The sales/sqm grew by more than 25% year-on-year within KLIA and MASB airports with perfume and cosmetics, liquor and tobacco being the most purchased products.

## MANAGEMENT DISCUSSION AND ANALYSIS



Commercial Services is adopting a two-pronged approach to make strong strides forward. The first involves Business-to-Business (B2B) engagement with partners aimed at improving performance and communications while the second focuses on Business-to-Customers (B2C) engagement to meet the expectations of our discerning and seasoned travellers at each touch point of their journey.

To support the strategy, we undertook an all-round review of each of the five international airports and developed a Reset Strategy for all Retail and F&B offerings. Once completed, a new retail mix and an enriched premium proposition with an array of world-renowned brands and local influence will be introduced. Each airport will introduce five distinctive zones for customers' shopping and dining pleasure. These will include Duty Free Zones, retail entertainment, boutiques, 'sense of place' and F&B zones boasting new and fresh concepts.

We are also providing a platform and additional channel for established Bumiputera retailers and small and medium enterprises (SMEs) to explore and expand their businesses at our international airports, providing Bumiputera entrepreneurs with opportunities in the retail segment so they could gain retailing and operations experience, ultimately building brand presence in an international setting.

The Bumiputera platform has been a proven success as the percentage of Bumiputera retailers operating at all international airports stands at 40%. In 2017, five outlets were added to the Bumiputera retailers' portfolio. Government agencies such as MITI and TERAJU continue to play their roles in strengthening the support for Bumiputera retailers, by providing them business advisory services as well as training and development. As part of our corporate responsibility in an effort to develop local entrepreneurs, we collaborated with Federal Agriculture Marketing Authority (FAMA) in setting up the first AgroBazaar in the country to showcase export ready Malaysian products from about 35 local entrepreneurs.

On the B2C front, we are collaborating with Alipay, the world's largest online and mobile platform to promote cashless convenience to tourists from China. In 2017, some 65.4% and 59.6% of the outlets at KLIA Main Terminal and klia2 respectively were transacting via Alipay. Alipay's payment capability has enabled our retailers to reach the growing numbers of Chinese tourist, allowing the customers to pay for their transactions securely in Chinese Yuan without having to be concerned about fluctuating exchange rates.

Innovatively, we have introduced the Chinese Traveller Welcome Pack as part of Total Airport Experience initiative that includes information about special promotions, transit and baggage facilities, local city tours, fast track airport access and many more. Tourists from China would just need to present their passports to redeem the Welcome Pack at the Chinese Helpdesk and Customer Experience counters at both terminals in KLIA.

## MANAGEMENT DISCUSSION AND ANALYSIS



KLIA maintains its status as a world-class airport and world-class shopping destination. As an international shopfront for both tourists and Malaysians, it provides the best of both worlds by showcasing a variety of world-renowned and the best of local brands at an international stage. Marketing communication utilising both traditional and digital communication platforms was developed to reinforce the position.

To this end, FY2017 saw the successful roll out of thematic and tactical campaigns supported by other festivities and marketing initiatives to reinforce our airports' position as credible lifestyle destinations. In conjunction with Malaysia Airports' silver jubilee celebration, Commercial Services launched the 25<sup>th</sup> Anniversary Shopping Campaign with total prizes worth over RM2.5 million. The campaign received overwhelming

response with about 170,000 contest entries and contest sales receipts amounting to RM135.6 million.

Malaysia Airports (Niaga) Sdn. Bhd. or MA (Niaga), better known by the brand Eraman Malaysia, is the largest travel retail and duty-free company in Malaysia and commands 50% of the klia2 total retail business. Operating more than 50 retail and F&B outlets as well as six kiosks, MA (Niaga) offers a wide range of world-class and exclusive products including premium chocolates, liquor, wine and spirits, skincare, fragrances and tobacco products throughout their locations in Malaysia.

MA (Niaga) registered strong growth in FY2017 as a result of higher passenger movements at all international airports in Malaysia coupled with varied retail offerings as well as strong marketing and promotion campaigns especially

the Eraman Shopping Extravaganza. The unrelenting demand for duty free merchandise continued to rise and together with a stronger Ringgit stimulated sales at the company's duty-free outlets, particularly KLIA and Kota Kinabalu International Airport. MA (Niaga) recorded double digit revenue growth of 15.5% to RM856.3 million, its highest revenue since its inception. This was a tremendous result coming back from the loss-making years of 2014 and 2015.

The perfumes and cosmetics category together with the confectionery category led the way in sales for FY2017, registering double digit growth on the back of favourable passenger movements as well as strong marketing partnerships and collaboration with major international financial players such as Alipay and Union Pay International. By August 2017, all retail and F&B outlets under MA (Niaga) were able to perform transactions via Alipay. MA (Niaga) also had close collaboration with its brand principals which helped drive strong sales growth for perfumes and cosmetics as well as confectionery categories.

Running for the second consecutive year, the Eraman Shopping Extravaganza "Buy & Win" Contest, with its offer of bigger and better prizes of three luxury cars, designer handbags and shopping vouchers worth RM1 million, attracted more than 300,000 entries and contributed double-digit growth to Eraman's coffers. In conjunction with MA (Niaga)'s 25<sup>th</sup> Anniversary in 2018, the company will be embarking on a brand refresh initiative which will encompass a revamp of its website, uniforms and stores as well as expansion and major renovation works.

## MANAGEMENT DISCUSSION AND ANALYSIS



### PERFORMANCE OF NON-AIRPORT OPERATIONS

The Group's non-airport operations encompass our hotel, agriculture and horticulture, property management as well as fixed assets and facilities management businesses.

The Group's hotel activities fall under the ambit of KL Airport Hotel Sdn. Bhd. Sama-Sama Hotel KL International Airport, which overlooks KLIA, is KL Airport Hotel Sdn. Bhd.'s five-star flagship property. The company also operates two airside transit hotels, namely Sama-Sama Express KLIA and Sama-Sama Express klia2, while providing a service called KLIA Premier Access. These 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. Included in its revenue streams were also Meetings, Incentives, Conferencing and Exhibitions (MICE) business, as well as major international sports events.

In FY2017, Sama-Sama Hotels closed total sales amounting to RM98.0 million with a 14.4% growth against last year's sales of RM85.6 million.

Our Sama-Sama Hotels continue to garner prestigious accolades and awards at the international level attesting to the high service levels they accord their customers. In FY2017, Sama-Sama Hotel KL International Airport was hailed 'Best Airport Hotel Global 2017' and 'Best Business Hotel in Asia 2017' at the Haute Grandeur Global Hotel Awards event as well

as received the Best Revenue Hotel Award at Worldhotels Conference. The hotel was also named one of the 'Best Companies to Work for in Asia 2017' at the HR Asia Awards event. At the World Luxury Hotel Awards event, the hotel was accorded the title 'Luxury Hotel – Country' and 'Luxury Airport Hotel – Regional'. The year also saw Sama-Sama Express KLIA winning the Airside Transit Hotel Global award while Sama-Sama Express klia2 won the 'Eco/Green Hotel – Country' title.

Our agriculture and horticulture arm, MAB Agriculture-Horticulture Sdn. Bhd. (MAAH), is mainly involved in the cultivation and management of mature oil palm (5,545.4 hectares), coconut (126.8 hectares) and landscape activities at KLIA (896.4 hectares). During the year under review, this ISO9001:2008-certified company focused its efforts on managing some 1,145.0 hectares of immature oil palm areas (i.e. 17.1% of the total oil palm area of 6,690.4 hectares) located at KLIA, Sibul, Miri and Bintulu. These green areas not only provide recurring revenue, but they also help mitigate the effect of noise pollution as well as provide a pleasant view of the surrounding areas.

In FY2017, sales of oil palm fresh fruit bunches (FBB) accounted for 99.3% of MAAH's total turnover, whilst coconut and landscape activities made up the remaining 0.7%. MAAH expects to make positive contribution to the Group's overall revenue in FY2018, given the higher yield projected and improvements in the Crude Palm Oil (CPO) price.

Malaysia Airports Consultancy Services Sdn. Bhd. (MACS), has an accomplished track record both at home and abroad. The company took on and successfully delivered on its first international project in Cambodia more than 20 years ago. Over the course of FY2017, MACS was rebranded to correspond with its mission of providing consultancy services beyond the aviation industry and national borders. The company's primary focus today is to provide multimodal transport expertise from the technical and consultancy perspectives. These include trading in airport specialised systems, services monitoring, and IT specialised systems.

In FY2017, MACS participated in tenders for technical and consultancy services for the Airport Authority of India as well as Malaysia's Suruhanjaya Perkhidmatan Awam Darat (SPAD). MACS is today an accredited ICAO Aviation Security Training Centre and an ACI Global Training Hub for the Asia Pacific region. Other than the scheduled Airport Training Programme conducted at the Group's Global Training Hub for the Asia Pacific Region (i.e. Malaysia Airports Training Centre), MACS conducted eight batches of on-the-job-training for some 114 employees of the Oman Airports Management Company.

MACS is currently the exclusive distributor of the ADB Airfield Solution for Malaysia in the area of Airfield Ground Lighting Systems. Through its 13-year partnership with ADB in the Asia Pacific region, MACS has benefited from technology transfers, among other things. The company also continues to play a role as a consultant and service provider managing the ASQ

## MANAGEMENT DISCUSSION AND ANALYSIS

programme for KLIA. This programme, which measures customer satisfaction in 33 areas, saw MACS conducting face-to-face interviews with 3,400 airport users passing through both terminals in KLIA in FY2017. MACS also continues to serve as a consultant and service provider to the Kota Kinabalu International Airport, Kuching International Airport and Sultan Abdul Aziz Shah Airport, Subang.

MACS received MS 1900:2015 certification from SIRIM QAS in relation to Syariah management and is now collaborating with MA (Niaga) Sdn. Bhd. to offer its expertise in Syariah and halal compliance services.

Today, MACS is embracing a strategy of creating a business presence in certain regions (i.e. the Middle East and Southeast Asia) to secure high value projects with higher revenues and profit margins for the long-term. Via its subsidiary, Malaysia

Airports Consultancy Services Middle East LLC (MACS ME), MACS continues to explore business opportunities arising in Qatar and other Middle East countries as well as within other target market regions i.e. India and ASEAN countries. MAC's involvement in conferences and exhibitions such as the LIMA Exhibition 2017 and ACI Airport Exchange 2017 Oman saw potential clients approaching MACS to collaborate on airport projects.

Our asset and facilities management services arm, Urusan Teknologi Wawasan Sdn. Bhd (UTW), has built a name for itself on the facilities management and facilities consultancy and advisory services front for some 19 years now. An ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified company, UTW has provided services to a list of prestigious clients. Beyond the Malaysia Airports Group, the company has successfully secured

contracts for KLCC Twin Towers & Tower 3, Masjid As-Syakirin KLCC, Maxis Tower, Exxon Mobil Tower, Sepang International Circuit, Airbus Helicopters Malaysia, Port of Tanjung Pelepas and Mitsui Outlet Park KLIA.

UTW continues to play an important role in helping KLIA by providing high quality airport experiences to stakeholders through its involvement in the delivery of effective green solutions, the equipment life cycle replacement programme, as well as KLIA's reengineering and continuous improvement initiatives.

FY2017 saw UTW clinch major awards from KLCC Urusharta for the second year running. These included the categories of Best Contractor for Operation & Maintenance, Best Team Leader, Demonstrated Knowledge of Services and Best Individual Attitude.





## MANAGEMENT DISCUSSION AND ANALYSIS



### SAFETY AND SECURITY

Safety and security are key issues at the heart of the global aviation industry and which continue to impact upon passenger confidence. We are proud to say that KLIA fully complies 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. Nonetheless, given the security-related incidents at airports around the world, the importance of security to our business has become even more paramount. These incidents at other airports provide us some insights into the failings of certain security approaches and show us what we can do to strengthen our own security strategies.

We continue to receive good feedback on our safety and security measures. In an evaluation exercise carried out by the Key Points Audit Team by the Chief Government Security Office in December 2017, we were informed that the overall security level at KLIA was in full compliance with the seven major criteria specified in the guidelines. As such, our Aviation Security Division (AVSEC) received an excellent (5 stars) rating. On top of this, all Chief Aviation Security Officers (CASOs) who have undergone an interview by the Department of Civil Aviation (DCA) in 2017 have been endorsed and certified as CASO and found competent to perform duties at their respective airports.



In December 2017, AVSEC in collaboration with the Eastern Sabah Security Command (ESCOMM) conducted a table top exercise at the Sandakan Airport. The tabletop exercise aimed to streamline preparations and assess the ability and capability of the agencies involved in handling security threats and aggression at the airport. This exercise will be carried out on a regular basis and will encompass full-scale advanced training session to deal with incidents of violence which involve all stakeholders at the airport including airline operators and authorities. Aside from this, AVSEC also successfully conducted the Act of Aggression Exercise at klia2.

The year in review saw a significant drop in the overall reported crime cases taking place within the landside and airside areas as compared to the previous year. Crime prevention initiatives undertaken by AVSEC together with the Royal Malaysia Police, especially at the landside areas of our airports, prevented major security incidents and security breaches from happening. The AVSEC team's efforts also saw a huge reduction in reported baggage pilferage cases as compared to previous years. Baggage theft and pilfering reduced to 117 cases against a total of 41 million pieces of luggage handled in FY2017 as compared to 156 cases against a total 36.6 million pieces of luggage handled in FY2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at December 2017, there was a total of 151,596 prohibited items such as blades, scissors, knives and tools confiscated from passengers, as compared to 125,106 items in December 2016. This 21.2% increase in the detection of prohibited items reflects the increased efficiency and alertness of AVSEC staff in carrying out their duties. The other contributing factor is the continuous in-service training provided to AVSEC personnel to enhance their work efficiency and level of security awareness in the detection of prohibited items.

Malaysia Airports continues to make technology investments in surveillance and screening apparatus to ensure that we provide a secure airport environment. We continue to ramp up controls in airport staff screening process and vehicle movements at the landside area. We also continue to undertake stringent risk management initiatives designed to improve our response to any crises that may emerge, whether natural or man-made. These measures include bolstering our Business Continuity Management strategies for both terminals in KLIA and other MASB airports, as well as fine-tuning emergency response plans for floods at affected airports.

We are also mindful of the fluid nature of Turkey's geopolitical situation and have taken steps to enhance security in and around ISG. We continue to ramp up collaboration with the government of Turkey to strengthen all round security at our airport.

Malaysia Airports' Airport Fire and Rescue Service (AFRS) division, which manages all airport rescue and firefighting at our airports, had planned and executed 75 Aerodrome Emergency Exercises throughout all airports and achieved a 100% completion rate of the Aerodrome Emergency Exercise (AEX) requirements. In addition, AFRS has successfully maintained this 100% completion track record for the past three years.

51 new AFRS recruits successfully completed the compulsory seven months Basic Aircraft Fire Fighting Training Course at the Malaysia Airports Training Centre in Pulau Pinang. The new recruits, comprising both executives and non-executives, were subsequently deployed to fire stations around Peninsula Malaysia, Sabah and Sarawak in order to meet the manpower requirements for airport operations.

### BUSINESS RISKS

As Malaysia Airports moves forward amidst difficult market and operating conditions, we are aware of certain risks that we may be exposed to as a result of local operating conditions or global uncertainties that could impact our operational and financial performance. These key risks as well as the respective risk mitigation strategies are spelt out in the Statement on Risk Management and Internal Control that can be found in the relevant section of this Annual report.

### OUTLOOK

As we venture forth into a new financial year, we do so with a quiet confidence. Following the upswing in global economic activity that began in 2016 and which continues to strengthen, global growth is forecast to rise to 3.9% in 2018 from 3.7% in 2017. The emerging markets are expected to drive global market growth supported by the developed economies, but at a more gradual pace.

On the domestic front, after a stronger-than expected performance in 2017 of 5.9% growth in GDP, Malaysia's economic prospects are expected to moderate in 2018 to a growth rate of between 5.0% to 5.5%, essentially unchanged from the average rate of expansion witnessed in 2013 to 2017. Malaysia's robust economy has been attributed to private sector spending and the continued strong performance in exports.

On the industry front, IATA forecasts a growth rate of 6.0% for global scheduled passenger traffic in 2018 (in terms of revenue passenger kilometres). The ACI's global forecast which is based on airport passenger movements, is slightly higher at 6.1%. The forecast for passenger growth in the Asia Pacific region is expected to be higher. Air travel will continue to be driven by economic factors especially per capita income, business confidence and trade. The competition, supply and cost factors do play a role as they determine the availability of seats and fare level. It is assumed that fuel costs (the single largest airline cost at 20% to 40%) will remain close to current prices.

## MANAGEMENT DISCUSSION AND ANALYSIS



Based on prevailing economic conditions and the additional airlines seat capacity offered, passenger traffic for Malaysia in 2018 is expected to grow at 6.3% with international and domestic passenger traffic growing at 8.3% and 4.2% respectively. Apart from the economic factors, the estimates take into account the airlines immediate schedule filings and aircraft purchases. The forecast model also took into account some additions in air travel brought about by the impending 14<sup>th</sup> general elections, as was the case during the past elections.

Malaysia is expected to continue benefiting from the visa relaxation for Chinese and Indian tourists. The 2018 traffic numbers are again expected to be mainly contributed by China, India and Southeast Asia sectors which currently make up 75% of international traffic. The China and India sectors are likely to continue with their double-digit growth in 2018. With higher international traffic expected, the current portion of 20% transfers at KLIA will likely increase but marginally. The growing travelling local population combined with increase in the per capita income will further support air travel growth. Passenger growth prospect for ISG, however, is expected to remain moderate in 2018.

### A NOTE OF APPRECIATION

Malaysia Airports' achievement today is definitely the result of the hard work and dedication of a number of parties whom I would like to acknowledge.

I wish to convey my heartfelt appreciation to our valued shareholders, customers, suppliers, business partners, federal and state governments, agencies, and regulators as well as our joint venture partners and associate companies. Thank you for your unwavering trust and confidence in Malaysia Airports, as well as for extending us your firm support and cooperation.

My sincere gratitude goes to the members of our Board of Directors for their wise counsel and astute insights in helping Malaysia Airports navigate a clear path through the year's challenges and opportunities. My deep appreciation also goes to my colleagues in the senior management team, as well as all our loyal employees in Malaysia and Turkey for their diligence and commitment to excellence. I appreciate your remarkable tenacity in rising above the challenges of our business and industry and look forward to working together with all of you to surmount all challenges and seize meaningful opportunities.

As we venture forth, I call upon the team at Malaysia Airports to continue doing our best to grow our business, deliver commendable results and strengthen our position. As we step forward with a keen focus on achieving our ambition I call upon all our stakeholders to continue lending us your support. Thank you.

**DATUK MOHD BADLISHAM GHAZALI**  
Managing Director

# EMBEDDING SUSTAINABILITY INTO OUR STRATEGY

**MALAYSIA AIRPORTS' CORE BUSINESS IS THE MANAGEMENT AND OPERATION OF MALAYSIA'S INTERNATIONAL, DOMESTIC AND RURAL SERVICES AIRPORTS AS WELL AS OUR INTERNATIONAL VENTURES. WE ASPIRE TO CREATE SUSTAINED STAKEHOLDER VALUE AS WE STRIVE TO BECOME A GLOBAL LEADER IN CREATING AIRPORT CITIES. OUR STAKEHOLDERS ARE OUR PEOPLE, OUR COMMUNITY, OUR CUSTOMERS, OUR ENVIRONMENT, OUR INVESTORS, OUR REGULATORS AND OUR COUNTRY.**

We believe that organisations that act in the best interest of its stakeholders will continue to grow and thrive. Our sustainability approach is based on the practice of high standards of governance across our entire operations. We have aligned our initiatives with selected United Nations 17 Sustainable Development Goals where we are able to exert influence and bring about change through our business.

Our own sustainability strategy is structured into five pillars as outlined in our Sustainability Framework:



## PRACTISING SENSIBLE ECONOMICS

Over the years, we have successfully evolved into a diversified airport operator group with solid fundamentals. Moving forward, we aim to create more opportunities and value for our stakeholders.



## ENVIRONMENTAL CONSCIOUSNESS

Committed to growing responsibly, we continue to manage and reduce impact on the environment caused by our business operations.



We are proud that our 2016 Sustainability Report was shortlisted for ACCA Malaysia Sustainability Reporting Awards (MaSRA). This year's sustainability initiatives can be found in our ninth standalone Sustainability Report which is available for download from our Malaysia Airports corporate website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).



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



### CREATING AN INSPIRING WORKPLACE

Our employees are our most valuable asset, as skilled employees prove to be a vital component in delivering a high level of competencies in our business practices.



### COMMUNITY-FRIENDLY ORGANISATION

We continue to build on our proud tradition of giving back to the broader community by supporting and strengthening community engagement especially within the vicinity of our operations.



### MEMORABLE AIRPORT EXPERIENCES

Our mission is centred on creating joyful experiences especially at our airports. Our aim is to become a service leader by embedding a customer-centric culture into our operations.

# MOHD ANUAR MOHD YUSOF

MANAGER, INFORMATION  
TECHNOLOGY

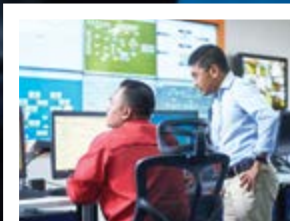
“Malaysia Airports and I have come a long way. Not many know I was the first IT staff to be employed by Malaysia Airports. That is the one thing I will always be proud of.

Being directly involved in the implementation of the Total Airport Management Systems (TAMS) at KLIA which was the first fully integrated airport system in the world will be something I will cherish the most.”



# Tapping innovation, we take the user experience up several notches

Our technology team continues to tap cutting edge tools encompassing everything from back-end IT systems, to big data analytics, to omni-channel mobile apps, to deliver an enhanced user experience.



# BOARD OF DIRECTORS' PROFILE

## Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL



Chairman  
 Non-Independent  
 Non-Executive  
 Malaysian  
 Male  
 Aged 66

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail was appointed to the Board of MAHB as Non-Independent Non-Executive Director and Chairman of MAHB on 7 June 2017. He is also the Chairman of Board Nomination & Remuneration Committee.

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail holds a Bachelor of Arts degree in Accounting from Macquarie University in Sydney, Australia having qualified in 1974. He is a Chartered Accountant and a Certified Practising Accountant (Australia).

Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail commenced his career with Malaysia Airlines Systems Berhad in 1975 as a Financial Accountant, before moving on to hold senior positions in various companies. His last position was as the Group Managing Director of Amanah Capital Partners Berhad. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail was the former Chairman of Lembaga Tabung Haji Investment Panel. He was the former Chairman of Media Prima Berhad, Malaysian Resources Corporation Berhad, DRB-Hicom Berhad, Malakoff Corporation Berhad, EON Bank Berhad, Uni Asia Life Assurance Berhad, Uni Asia General Insurance Berhad and Radicare (M) Sdn Bhd. He was also an Independent Director of Maxis Communications Berhad and Bangkok Bank Berhad.

Currently, Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail is the Chairman of Nestle (Malaysia) Berhad, Cahya Mata Sarawak Berhad and Lembaga Zakat Selangor. He is also the Chancellor of SEGi University.



## BOARD OF DIRECTORS' PROFILE

04 Strength of Governance



### DATUK MOHD BADLISHAM GHAZALI



Managing Director

Non-Independent Executive

Malaysian

Male

Aged 55

Datuk Mohd Badlisham 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 and 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-chair person with Tan Sri Chief Secretary to the Government of Malaysia on the Flagship Coordination Committee. He also co-chaired 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 (UiTM).

Datuk Mohd Badlisham currently sits on the Boards of MAHB's 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 and MAHB (Mauritius) Private Limited. He also sits on the Boards of MFMA Development Sdn Bhd, GMR Hyderabad International Airport Limited, LGM Airport Operations Trade and Tourism Inc., Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. and Sepang International Circuit Sdn Bhd.

**BOARD OF DIRECTORS' PROFILE**

**DATO' SRI DR MOHMAH ISA HUSSAIN**



Non-Independent  
Non-Executive

Malaysian

Male

Aged 60

Dato' Sri Dr Mohamad Isa 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 chairs the Board Finance & Investment Committee of MAHB.

Dato' Sri Dr Mohamad Isa had served as the Deputy Secretary General (Investment), Ministry of Finance until March 2018. Prior to that, he had held various positions in several ministries, amongst others, as Assistant Director in the Prime Minister's Department in 1983 and was subsequently appointed as Assistant

Director at the Pahang State Economic Planning Unit of Pahang in 1985.

Dato' Sri Dr Mohamad Isa then joined the Ministry of Finance (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 Undersecretary 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 from 2009 to 2010. He was appointed as Deputy Undersecretary in Government Investment Companies Division in MOF in 2010 and as Undersecretary 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.

Dato' Sri Dr Mohamad Isa also sits on the Boards 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, Syarikat Jaminan Pinjaman Perumahan Berhad, Pelaburan Hartanah Berhad and Securities Commission Malaysia.

## BOARD OF DIRECTORS' PROFILE

04 Strength of Governance



### MOHD KHAIRUL ADIB ABD RAHMAN



Non-Independent  
Non-Executive

Malaysian

Male

Aged 56

Mohd Khairul Adib Abd Rahman was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 15 November 2017 and a member of Board Risk Management Committee of MAHB.

He graduated with a Bachelor of Science (Hons) from Universiti Kebangsaan Malaysia and Postgraduate Diploma in Public Management from Institut Tadbiran Awam Negara. Mohd Khairul Adib also holds a Master in Public Policy from Saitama University, Japan.

Mohd Khairul Adib began his career in January 1988 as an Assistant Director in the Ministry of Entrepreneur Development, Malaysia. On October 1995, he was awarded the MONBUSHO Scholarship by the Japanese Government where he studied Public Policy. On October 1997, he became the Principal Assistant Director at the Ministry of Science, Technology and the Environment, Malaysia before assuming the role of Counsellor at the Human Resource Department for the Embassy of Malaysia in Tokyo, Japan on August 2004. He then became the Counsellor (Training) at the Public Service Department (UK Office) for the High Commission of Malaysia, London, on June 2006.

In August 2009, Mohd Khairul Adib became the Head of Strategic Unit at the Ministry of Science, Technology and Innovation (MOSTI), Malaysia. He held the role of Undersecretary (Industry) for MOSTI from August 2011 until February 2014. He then became the Undersecretary (Policy and International Relations) for Ministry of Education, Malaysia until June 2017. During this period, Mohd Khairul Adib was also the Secretary General National Commission for UNESCO Malaysia and the National Point of Contact for ISESCO Malaysia.

Mohd Khairul Adib is currently the Deputy Secretary General (Policy) at the Ministry of Transport, Malaysia and also sits on the Boards of Keretapi Tanah Melayu Berhad, Konsortium Pelabuhan Kemaman, Malaysian Maritime Academy Sdn Bhd and Civil Aviation Authority Malaysia.

BOARD OF DIRECTORS' PROFILE

DATO' MOHD IZANI GHANI



Non-Independent  
Non-Executive

Malaysian

Male

Aged 50

Dato' Mohd Izani Ghani was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 21 March 2011. He is a member of Board Nomination & Remuneration Committee, Board Audit Committee and Board Finance & Investment Committee of MAHB. He is the Chairman of the Boards 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 Accountant and was admitted to Fellowship in 1998. He is also a member of the Malaysian Institute of Accountants. He is currently the Executive Director, Investments at Khazanah Nasional Berhad.

He is also a Director of Bank Muamalat Malaysia Berhad and Fajr Capital Limited, Taman Tugu Project Development Sdn Bhd, Khazanah India Advisors Private Limited, Khazanah Turkey Regional Office Danismanlik Hizmetleri A.S. and Khazanah Nasional Consulting (Beijing) Co. Ltd.

## BOARD OF DIRECTORS' PROFILE

04 Strength of Governance



### HAJAH JAMILAH DATO' HASHIM



Non-Independent  
Non-Executive

Malaysian

Female

Aged 60

Hajah Jamilah Dato' Hashim was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 1 June 2017. She is currently a member of Board Procurement Committee and Board Risk Management Committee of MAHB. She is also the Chairman of MAB Agriculture - Horticulture Sdn Bhd.

Puan Jamilah graduated with a Bachelor of Science (Chemistry) from the California State University, USA and Masters in Science (Physical Chemistry) from University of Denver, USA. She also attended the Executive Education at Penn State University, USA, MINDA, Razak School of Government, London Business School and IMD (Lausanne, Switzerland).

Hajah Jamilah has over 32 years of experience in Operations and Strategic Management. She began her career as a researcher in the Solar Energy Research Institute, USA. She joined Goodyear Malaysia (in 1985), one of the world's top tyre manufacturing company and served for 21 years in various capacities including as a Chief Chemist, Manufacturing Director, and Regional Business Process Improvement Director for Asia Pacific. She served as a Board member of Goodyear Malaysia Berhad from 2003 to 2005 along with playing an active role as the President of Women-in-Leadership in Asia Pacific movement.

She possesses an excellent track record of successfully implementing best business practices aimed at continuously improving efficiency, reducing operating costs whilst increasing productivity and leveraging expertise in global best practice and innovation. During her tenure at Goodyear Asia Pacific, she successfully led the design and implementation of Lean Six Sigma in the 11 Goodyear companies in addition to training and developing 20 Lean Six Sigma Specialists throughout the region.

Hajah Jamilah is currently a Director in Khazanah Nasional Berhad heading the Support Operations and Corporate Development Unit. She first joined Khazanah in 2006 from Goodyear Asia Pacific before leaving to serve at Boustead Heavy Industries Corporation Berhad as a Director of the Strategic Management and Transformation Division in 2009. She then rejoined Khazanah in 2011. In Khazanah, she was key in establishing Khazanah Local and Foreign Offices, Business Continuity Infra and Corporate Development Unit to support start-ups and KLCs. She is also instrumental in raising the operation standard of Khazanah's support services (e.g. Operational Excellence, Corporate Development, ICT, Administration, Procurement, and Safety & Security) to world class standards.

She is currently also a Director of Blue Archipelago Berhad.

## BOARD OF DIRECTORS' PROFILE

### DATUK SERI YAM KONG CHOY



Senior Independent  
Non-Executive

Malaysian

Male

Aged 65

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 Nomination & Remuneration Committee, Board Finance & Investment Committee and Chairman of Board Risk Management Committee of MAHB. He is also the Chairman of Malaysia Airports (Niaga) Sdn Bhd and a Board member of KLIA Aeropolis Sdn Bhd and K.L. Airport Hotel Sdn Bhd.

Datuk Seri Yam had an illustrious career spanning more than 35 years in the 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 a Senior Independent Non-Executive Director of Paramount Corporation Berhad and also an Independent Director of Sunway Berhad, Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad, Cahya Mata Sarawak 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 and Patron of the Real Estate and Housing Developers' Association of Malaysia. He is the incumbent Chairman of InvestKL Corporation and an Independent Non-Executive Director of Kwasa Land Sdn Bhd, a wholly-owned subsidiary of the Employees Provident Fund (EPF). Datuk Seri Yam had also established a private equity, corporate advisory and project management consultancy known as Impetus Alliance Advisors Sdn Bhd to provide advisory services to various companies in the region.

## BOARD OF DIRECTORS' PROFILE

04 Strength of Governance



### DATUK ZALEKHA HASSAN



Independent  
Non-Executive

Malaysian

Female

Aged 65

Datuk Zalekha 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 is also the Chairman of Malaysia Airports Consultancy Services Sdn Bhd.

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 and a member of the Audit Committee of PKNS.

## BOARD OF DIRECTORS' PROFILE

### ROSLI ABDULLAH



Independent  
Non-Executive

Malaysian

Male

Aged 65

Rosli 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 Procurement Committee and Board Risk Management Committee of MAHB. He is also the Chairman of Audit and Risk Committee of Istanbul Sabiha Gokcen International Airport Investment Development and Operation and LGM Airport Operation Trade and Tourism Inc, Chairman of KLIA Aeropolis Sdn Bhd and a Board member of Malaysia Airports Consultancy Services Sdn Bhd, Istanbul

Sabiha Gokcen International Airport Investment Development and Operation Inc. and LGM Airport Operation Trade and Tourism Inc.

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; Chief Accountant in the Ministry of Works and Ministry of Education. 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 Chartered Accountant, member of the Malaysian Institute of Accountants (MIA) and had formerly served as a Council Member, Chief Executive Officer and as Registrar of MIA.

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





## DATO' IR HAJI MOHAMAD HUSIN



Independent  
Non-Executive

Malaysian

Male

Aged 64

Dato' Ir Haji Mohamad Husin was appointed as an Independent Non-Executive Director of MAHB on 15 August 2016. He is a member of Board Procurement Committee, Board Audit Committee and Board Finance & Investment Committee of MAHB. He is also the Chairman of Urusan Teknologi Wawasan Sdn Bhd and a Board member of KLIA Aeropolis Sdn Bhd.

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 as a 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.

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 also sits on the Boards of Johawaki Holdings Sdn Bhd and Bridgex Sdn Bhd and companies related to these groups.

**BOARD OF DIRECTORS' PROFILE**

**DATUK AZAILIZA MOHD AHAD**



Independent Non-Executive

Malaysian

Female

Aged 57

Datuk Azailiza Mohd Ahad was appointed as an Independent Non-Executive Director of MAHB on 8 November 2016. She is a member of Board Audit Committee, Board Nomination & Remuneration Committee, Board Finance & Investment Committee and the Chairman of Whistleblowing Independent Committee of MAHB.

Datuk Azailiza had served as the Special Envoy of the Government of Malaysia from April to July 2016.

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, 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 the 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, Senior Assistant Registrar at the Kuala Lumpur High Court from 1989 to 1992 and 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.

Datuk Azailiza is currently a legal practitioner attached to Messrs. Gani Patail Chambers (GPC).

Datuk Azailiza also sits on the Board of FELCRA Berhad.

## BOARD OF DIRECTORS' PROFILE

04 Strength of Governance



### MOHD SHIHABUDDIN MUKHTAR

Alternate Director to Dato' Sri Dr Mohmad Isa Hussain



Non-Independent  
Non-Executive

Malaysian

Male

Aged 39

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

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. He is also a Chartered Financial Analyst (CFA) charterholder.

His career began in 2002 as a Telecommunication Engineer in TM Cellular Sdn Bhd and then joined 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, 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 Ministry of Finance in 2012 as Principal Assistant Secretary in Government Procurement Division and subsequently as Principal Assistant Secretary in Government Investment Companies Division. Currently, he is the Section Head (Strategic Investment Division) for Ministry of Finance.

## BOARD OF DIRECTORS' PROFILE

### AZNI ARIFFIN



Company Secretary

Malaysian

Female

Aged 48

Azni Ariffin is the General Manager of Company Secretarial & Legal Services Division and the Company Secretary for MAHB and its Group of Companies. She was appointed to her current role on 15 January 2018.

She holds a first-class honours LLB degree from International Islamic University Malaysia in 1993 and was called to the Malaysian Bar as an Advocate & Solicitor in 1994.

She started her career as a Magistrate and Senior Assistant Registrar of the High Court of Malaya and thereafter ventured into the private sector where her exposure spans across various

industries including property, investment holding, manufacturing, telecommunication & IT, financial and automotive. Azni brings with her 23 years of experience involving corporate governance, corporate secretarial, commercial and corporate laws as well as consulting work relating to cross-border legal issues and agreements.

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

Prior to joining MAHB, Azni was the Chief Legal Counsel & Company Secretary of Proton Holdings Berhad and its Group of Companies and Head of Group Corporate Secretarial of Malayan Banking Berhad. She had also been appointed as Head of Legal and Company Secretary of other private and public limited companies in her 23 years of working experience.

She is also the secretary for all Board Committees and Subsidiaries of MAHB.

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#### **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 interest 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 2017.

*Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Statement on pages 132 and 133.*

*Save for the Managing Director and the Non-Independent Non-Executive Directors, all Independent Non-Executive Directors satisfy the criteria of an Independent Director as defined under Bursa Malaysia Securities Berhad Main Market Listing Requirements, which includes being independent of management, free from any business or other relationship which could interfere with the exercise of Independent judgement or the ability to act in the best interest of the Company, and also being independent of its major shareholders.*

# KEY SENIOR MANAGEMENT

04 Strength of Governance



## DATUK MOHD BADLISHAM GHAZALI

Managing Director  
Malaysian, Male, Aged 55  
Date of appointment: 23 June 2014

## RAJA AZMI RAJA NAZUDDIN

Chief Financial Officer  
Malaysian, Male, Aged 51  
Date of appointment: 1 February 2016

## AZLI MOHAMED

Chief Strategy Officer  
Malaysian, Male, Aged 42  
Date of appointment: 22 May 2017

## IR MOHD ZAIFUDDIN IDRIS

Senior General Manager Technical Services  
Malaysian, Male, Aged 53  
Date of appointment: 1 July 2013

## MOHAMMAD NAZLI ABDUL AZIZ

Senior General Manager Commercial  
Malaysian, Male, Aged 51  
Date of appointment: 4 January 2016

## AZMAN SHAH MOHAMED

Senior General Manager of  
Human Resources  
Malaysian, Male, Aged 53  
Date of appointment: 1 September 2017

## IR SURADINI ABDUL GHANI

Head Customer Advocacy  
Malaysian, Female, Aged 58  
Date of appointment: 5 June 2017

## DATO' AZMI MURAD

Executive Director ISG & LGM  
Malaysian, Male, Aged 66  
Date of appointment: 2 September 2015

## MOHAMMAD SUHAIMI ABD MUBIN

Acting Senior General Manager of  
MA Sepang  
Malaysian, Male, Aged 51  
Date of appointment: 1 January 2018

## DATUK ABDULLAH KADIR BACHA

General Manager Regulatory Affairs  
Malaysian, Male, Aged 65  
Date of appointment: 15 January 2016

## KAMARUZZAMAN RAZALI

Acting General Manager MASB  
Malaysian, Male, Aged 53  
Date of appointment: 1 January 2018

The details of the academic/professional qualifications or experiences are stated in the Group Senior Management Profile from page 108 to 117.

# GROUP SENIOR MANAGEMENT PROFILE

- 1 Datuk Mohd Badlisham Ghazali
- 2 Raja Azmi Raja Nazuddin
- 3 Azli Mohamed
- 4 Ir. Suradini Abdul Ghani
- 5 Ir Mohd Zaifuddin Idris
- 6 Mohammad Nazli Abdul Aziz
- 7 Azman Shah
- 8 Mohammad Suhaimi Abdul Mubin
- 9 Datuk Abdullah Kadir Bacha
- 10 Kamaruzzaman Razali
- 11 Zainol Mohd Isa
- 12 Mohammad Sallauddin Mohamed Shah @ Mat Sah
- 13 Nasrein Fazal Sultan
- 14 Ir. Khairiah Salleh
- 15 Nik Anis Nik Zakaria
- 16 Nornajihah Ismail



## GROUP SENIOR MANAGEMENT PROFILE

04 Strength of Governance



- 17 Veelayudan Krishnan Nair
- 18 Abdul Malik Mohd Yunus
- 19 Randhill Singh
- 20 Zulhikam Ahmad
- 21 Radin Asrul Adza Radin Soenarno
- 22 Rosli Mohd Isa
- 23 Noorazzudin Omar
- 24 Ibrahim Chang Boon Teck
- 25 Ahmad Nazri Hamzah
- 26 Hani Ezra Hussin
- 27 Lee Ai Vin
- 28 Ahmad Rizal Omar
- 29 Azni Ariffin
- 30 Mohd Arif Jaafar
- 31 Azhar Arshad
- 32 Dato' Azmi Murad
- 33 Ahmad Tarmizi Mohd Hashim
- 34 Ersel Goral

## GROUP SENIOR MANAGEMENT PROFILE

01

### DATUK MOHD BADLISHAM GHAZALI

Managing Director/  
Non-Independent Executive

Malaysian	Male	Aged 55
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Profile is presented on page 93.

02

### RAJA AZMI RAJA NAZUDDIN

Chief Financial Officer

Malaysian	Male	Aged 51
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Raja Azmi joined MAHB as Chief Financial Officer on 1 February 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 and the Malaysian Institute of Accountants.

03

### AZLI MOHAMED

Chief Strategy Officer

Malaysian	Male	Aged 42
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Azli Mohamed joined MAHB on 22 May 2017 as the Chief Strategy Officer. He is in charge of the strategic and innovative execution for the business-side of the aviation-related units and overall group-level activities with focus in driving efficiency, organic and inorganic growth, digitalisation roll-out and maximising company's bottom line.

Having started his career in banking, Azli then focused in structured finance in a corporate-setting with strong emphasis on strategy, merger & acquisitions, business development and private equity in a cross-border and multi-industry environment. He joined Malaysia Airports from General Electric (GE), where he was the Chief Operating Officer for Malaysia operations. Prior to GE, Azli was with Mubadala Investment Company based in Abu Dhabi, UAE.

Azli has been trained at Crotonville - GE's premier Leadership Development Center, attended Executive Financial Leadership Program by INSEAD and holds a Bachelor's Degree in Business Administration (Finance) from Universiti Utara Malaysia.

04

### IR. SURADINI ABDUL GHANI

Head Customer Advocacy

Malaysian	Female	Aged 58
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Ir. Suradini was appointed as Head of Customer Advocacy of MAHB on 5 June 2017. 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, Senior General Manager of Human Resource Services and Senior General Manager of Non-Aviation Business.

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, 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 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 [now known as CAAM].



## GROUP SENIOR MANAGEMENT PROFILE

04 Strength of Governance



05

### IR MOHD ZAIFUDDIN IDRIS

Senior General Manager Technical Services

Malaysian	Male	Aged 53
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Ir Mohd Zaifuddin joined MAHB in 2010 and led the project management team for klia2. He was appointed to his current role on 1 July 2013. 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 30 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.

06

### MOHAMMAD NAZLI ABDUL AZIZ

Senior General Manager Commercial

Malaysian	Male	Aged 51
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Mohammad Nazli joined MAHB as Senior General Manager Commercial on 4 January 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 and Chief Operating Officer 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.

07

### AZMAN SHAH MOHAMED

Senior General Manager Human Resources

Malaysian	Male	Aged 53
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Azman joined MAHB on 1 September 2017 as Senior General Manager of Human Resources. Prior to his appointment, he has held senior management positions in Group Human Capital at Telekom Malaysia Berhad. Azman comes across as a senior and experienced HR Professional with 16 years of extensive exposure in various discipline of human resources, ranging from Strategic HR, Industrial Relations to Remuneration & Performance Management. In his previous role, he has led various HR transformation programmes including compensation and benefit structure, i.e. formulation of long term incentive plan for the company. He holds a Masters in Business Administration from Central Michigan University.

08

### MOHAMMAD SUHAIMI ABD MUBIN

Acting Senior General Manager MA Sepang

Malaysian	Male	Aged 51
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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 in 2011. He started his career with the Department of Civil Aviation (now known as CAAM) 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 was appointed to his current role on 1 January 2018. He is currently a Director on the Board of Malaysia Airports (Properties) Sdn. Bhd.

## GROUP SENIOR MANAGEMENT PROFILE

09

### DATUK ABDULLAH KADIR BACHA

General Manager Regulatory Affairs & Stakeholder Management

Malaysian	Male	Aged 65
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Datuk Abdullah joined MAHB in 2016 as General Manager of Regulatory Affairs. He was appointed to his current role on 15 January 2016. An ex-Government servant, he had previously served over 33 years in key positions in the Federal Government and its agencies, including a stint as an aide in the private office of the Prime Minister from 1985 to 1990. He also has academic and private sector experience. From 1991 to 1994, he worked at Universiti Utara Malaysia and later at International Islamic University Malaysia. In 1999, he was appointed as the Chief Knowledge Officer of Multimedia Development Corporation (MDeC) and three years later was promoted to the position of Vice President.

In 2008, he joined the AlBukhary Group as IT Advisor and in the following year was appointed as Executive Director of Puncak Semangat Sdn. Bhd., a leading IT company within the same Group. During this time he founded Altel - a 4G broadband company and was also instrumental in setting up MyTV Broadcasting Sdn. Bhd. which now provides digital TV Broadcasting services for RTM. He attained his first degree from Ealing Technical College, London, UK (Now Thames Valley University) and Masters Degree (MSc) in Information Science is from Loughborough University, UK.

10

### KAMARUZZAMAN RAZALI

Acting General Manager MASB

Malaysian	Male	Aged 53
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Kamaruzzaman was appointed as the General Manager of Malaysia Airports Sdn. Bhd. (MASB) on 1 January 2018. Prior to this, he held the position of Senior Manager of Operations for MASB, overlooking the operations of all airports in Malaysia except for KLIA and klia2. His previous work experience includes being the Senior Airport Manager for Kota Kinabalu International Airport and also the Airport Manager for Miri Airport, Sultan Ismail Petra Airport, Kota Bharu and Sultan Mahmud Airport, Kuala Terengganu.

Kamaruzzaman started his career with the Department of Civil Aviation (now known as CAAM) in 1984, working with the Engineering Division at the then Sultan Ismail Airport, Johor Bahru. He then moved to join the Kuala Lumpur International Airport team in 2000 as the Operations Executive.

He holds a Degree in Business Administration from MARA University of Technology and a Diploma in Airport Management from National University of Singapore. He is also accredited with the International Airport Professional from International Civil Aviation Organisation.

11

### ZAINOL MOHD ISA

General Manager Planning, Development and Compliance

Malaysian	Male	Aged 58
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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.

He is a certified International Airport Professional and a Member of the Institute of Value Management Malaysia. He began his career with the Public Works Department and was subsequently seconded to the Department of Civil Aviation (now known as CAAM) 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 his current appointment, he was the Head of MA (Sepang) and 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. He was appointed to his current role on 1 January 2018.

## GROUP SENIOR MANAGEMENT PROFILE

04 Strength of Governance



12

### MOHAMED SALLAUDDIN MOHAMED SHAH

General Manager Airline Marketing

Malaysian	Male	Aged 55
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Mohamed Sallauddin is the General Manager of Airline Marketing at MAHB. He was appointed to his current role on 1 February 2008. 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 (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 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 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 in making KLIA the preferred ASEAN hub. He currently serves as a Council Member of the Institute of Marketing Malaysia and is also the Executive Board Member of the Pacific Asia Travel Association (PATA). His current appointment as an Executive Committee Member of PATA Malaysia Chapter too had facilitated his role to encourage passenger traffic growth at Malaysia Airports.

13

### NASREIN FAZAL SULTAN

General Manager Internal Audit

Malaysian	Female	Aged 54
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Nasrein holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants, and a Chartered Member of the Institute of Internal Auditors Malaysia. In 2013, she obtained the Certification in Risk Management Assurance 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. She was appointed as the General Manager of Internal Audit on 1 July 2005.

14

### IR KHAIRIAH SALLEH

General Manager Engineering MAHB

Malaysian	Female	Aged 53
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Ir Khairiah was appointed as General Manager Engineering MAHB on 1 February 2008. She 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, 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

15

### NIK ANIS NIK ZAKARIA

General Manager Corporate  
Communications

Malaysian	Female	Aged 54
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Nik Anis holds a Bachelor of Science Degree in Economics from Northern Illinois University, USA, and has a total 27 years of working experience in various capacities including managing sales and marketing, customer service and operations, and corporate communications. Nik Anis worked at Mesiniaga Berhad, a public-listed IT company prior to joining MAHB as the General Manager Corporate Communications on 1 June 2009. Her corporate communications portfolio includes marketing and brand communication, employee communication, customer satisfaction management, corporate responsibility programmes, public relations and media relations. For the last 13 years, she has developed and implemented strategies and action plans to align corporate communications with the organisation's vision and objectives. She has been instrumental in spearheading the digital communication platforms and has established a dominant presence and branding for Malaysia Airports on the social media platforms. She is a former president of the International Association of Business Communicators Malaysia Chapter, a global association that promotes communication excellence within the industry.

16

### NORNAJIHAH ISMAIL

General Manager Finance Services  
Business Partner

Malaysian	Female	Aged 48
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Nornajihah is a registered Chartered Accountant with Malaysian Institute of Accountants as well as a fellow member of the Association of Chartered Certified Accountants. She holds a Master of Business Administration 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.

Effective 1 January 2018, she was redesignated as the General Manager Finance Business Partner. With the new portfolio, she is responsible to lead and drive the Business Partnering team in providing financial advisory services to all business entities and support their initiatives in line with MAHB's strategic objectives.

17

### VEELAYUDAN KRISHNAN NAIR

General Manager Research and Planning

Malaysian	Male	Aged 60
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Veelayudan was appointed as the General Manager Research and Planning of MAHB on 3 May 2010. He 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 at the Prime Minister's Department in 1983. He later joined the Department of Civil Aviation (now known as CAAM) 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

## GROUP SENIOR MANAGEMENT PROFILE

04 Strength of Governance



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.

18

### ABD MALIK MOHD YUNUS

General Manager Airport Fire & Rescue Service

Malaysian	Male	Aged 57
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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 Service (AFRS) since his first appointment in the Department of Civil Aviation (now known as CAAM). 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. He was appointed as the General Manager Airport Fire & Rescue Service on 7 May 2012.

19

### RANDHILL SINGH

General Manager Land Development

Malaysian	Male	Aged 41
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Randhill joined MAHB in January 2008 and has since undertaken various roles and responsibilities across Transformation Management, Malaysia International Aerospace Centre and Group Corporate Planning.

Randhill has been instrumental in crafting the Runway to Success 2020 (RtS2020), a transformative 5-year business direction centred on enhancing the core airport business and customer experience, as well as driving the Group's expansion and diversification into airport city development and international airport investments. He currently leads the Land Development division, overseeing KLIA Aeropolis' development and real estate development across airports in Malaysia.

He has been responsible for the execution of Malaysia Airports' cross-border joint ventures related to real estate/non-airport development within Malaysia, namely Mitsui Fudosan's 1<sup>st</sup> foray into ASEAN to develop Kuala Lumpur 1<sup>st</sup> premium outlet and most recently, Cainiao Network's 1<sup>st</sup> Electronic World Trade Platform (eWTP) Hub outside China & Regional E-Commerce hub at KLIA Aeropolis DFTZ Park.

He was appointed as the General Manager of Land Development on 10 July 2017. Randhill is a certified International Airport Professional (IAP) and a Master of Business Administration (MBA) holder with a Degree in Civil Engineering from University Malaya.

20

### ZULHIKAM AHMAD

General Manager Malaysia Airports (Niaga) Sdn. Bhd.

Singaporean	Male	Aged 46
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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, Retail Operation, 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. Since joining MAHB on 15 January 2015, he has successfully turned around the business in 2016 and 2017, MA (Niaga) is on track to record a double digit sales growth with the highest monthly sales recorded in the month of December 2017.

## GROUP SENIOR MANAGEMENT PROFILE

21

### **RADIN ASRUL ADZA RADIN SOENARNO** General Manager Information Technology

Malaysian	Male	Aged 51
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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 25 years of 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. He was appointed as General Manager of Information Technology on 10 February 2015.

22

### **ROS LI MOHD ISA** General Manager Aviation Security

Malaysian	Male	Aged 58
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Rosli holds a Bachelor of Science (Hons) degree from Universiti Sains Malaysia and was appointed to his current position on 1 October 2015. He was seconded from Royal Malaysia Police 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. 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.

23

### **NOORAZZUDIN OMAR** General Manager Sama Sama Hotels

Malaysian	Male	Aged 46
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Noorazzudin Omar joined MAHB on 1 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.

24

### **IBRAHIM CHANG BOON TECK** General Manager Procurement and Contract

Malaysian	Male	Aged 52
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Ibrahim was appointed as General Manager Procurement and Contract on 4 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.

## GROUP SENIOR MANAGEMENT PROFILE



25

### AHMAD NAZRI HAMZAH

General Manager Commercial Operations

Malaysian	Male	Aged 51
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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 on 1 November 2016, 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 positions, making him a well-rounded person.

26

### HANI EZRA HUSSIN

General Manager Commercial Business

Malaysian	Female	Aged 43
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Hani Ezra joined MAHB in 2016. She was appointed as General Manager Commercial Business on 7 November 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 approaches 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 of 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.

27

### LEE AI VIN

General Manager Corporate Finance,  
Investor Relations & Treasury

Malaysian	Female	Aged 42
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Ai Vin joined MAHB in 2015 and was appointed as General Manager of Corporate Finance, Investor Relations and Treasury on 1 June 2017. Ai Vin's primary areas of focus are on the corporate funding, investment and corporate structuring strategies for alignment to MAHB's overall business strategy and requirements to enhance shareholders value.

Prior to joining MAHB, Ai Vin worked in Transaction Advisory Services of Ernst & Young London. She has also worked in banking and financial advisory sectors in Malaysia and KPMG Singapore.

She has over 16 years' experience in financial and corporate transaction advisory in Asia and Europe covering business valuation, corporate restructuring, capital market fundraising, financial due diligence, loan portfolio review, merger and acquisition.

Ai Vin holds a Bachelor of Business in Accountancy. She is a member of the Institute of Chartered Accountants of England and Wales, the CPA Australia (Certified Practising Accountant) and the Malaysian Institute of Accountants.

## GROUP SENIOR MANAGEMENT PROFILE

28

### AHMAD RIZAL OMAR

General Manager, Financial Planning and Shared Services

Malaysian	Male	Aged 42
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Ahmad Rizal Omar joined MAHB on 2 January 2018 as General Manager of Financial Planning and Shared Service. He is responsible to oversee and drive the organisation's strategic financial planning, preparation of all financial management reports, budget planning and forecasting, taxation planning and compliance, financial management policy and guideline. Prior to his appointment, he was the Senior Vice President Investments at Khazanah Nasional Berhad. Ahmad Rizal has 17 years of working experience in investments evaluation and management, corporate finance and chartered accountancy experience in Asia Pacific region. He holds a Master of Finance from St Edmund's College, University of Cambridge Judge Business School. He completed his Business Accounting degree from Royal Melbourne Institute of Technology, Australia and is a Chartered Accountant with Malaysian Institute of Accountants and The Chartered Accountants of Australia and New Zealand.

29

### AZNI ARIFFIN

General Manager of Company Secretarial & Legal Services

Malaysian	Female	Aged 48
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Profile is presented on page 104.

30

### MOHD ARIF JAAFAR

General Manager MA Sepang

Malaysian	Male	Aged 53
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Mohd Arif was appointed as General Manager of Operations for Malaysia Airports (Sepang) Sdn Bhd on 1 August 2016. He holds a Diploma in Banking Studies from Universiti Teknologi MARA in 1986 and graduated with a Bachelor of Science Degree in Human Resource Development from Universiti Putra Malaysia in 2003 and a Graduate Diploma in Aviation and Airport Management from the National University of Singapore in 2007. He was accredited under the ACI-ICAO Airport Management Professional Accreditation Program as an International Airport Professional in 2011.

Arif started his service with the Government in 1991 with Polis Diraja Malaysia (PDRM). His career with MAHB started in 1994 and prior to his appointment as the General Manager of MA Sepang, he served in various divisions in MAHB including as the Senior Manager of Penang International Airport, Terminal Manager of Kuala Lumpur International Airport, Airport Manager of Sultan Ismail Petra, Head of Security in Penang International Airport, Airport Manager in Sultan Azlan Shah Airport and Head of Security in Sultan Abdul Halim Airport.

31

### AZHAR ARSHAD

Acting General Manager MAB Agriculture-Horticulture Sdn Bhd

Malaysian	Male	Aged 51
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Azhar Arshad joined MAHB in 1998. Prior to this, he held several positions in Sime Darby Plantations and was posted to estates in Peninsula Malaysia focussing in oil palm and rubber plantations.

He started his career in 1988 in Sime Darby Plantations before joining MAB Agriculture-Horticulture Sdn Bhd as a Manager and was later promoted as Senior Manager till 2016. He was appointed to his current position on 1 September 2017.

He holds a Masters of Business Administration from University of Victoria, Australia. He is also a member of Incorporated Society of Planters (ISP).

32

### DATO' AZMI MURAD

Executive Director ISG & LGM

Malaysian	Male	Aged 66
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Dato' Azmi started his aviation career in 1970 with the Department of Civil Aviation (now known as CAAM) as an Air Traffic Controller. From 1984 to 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



## GROUP SENIOR MANAGEMENT PROFILE

04 Strength of Governance



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 was appointed to his current position on 2 September 2015 and is now based in Istanbul, Turkey. In his current position, he chairs the Business Steering Committee and Management Procurement Committee of ISG and LGM. He is also a member of ISG and LGM's Audit and Risk Committee, Nomination and Remuneration Committee and Procurement Committee. Dato' Azmi holds 8,123 MAHB shares.

33

### AHMAD TARMIZI MOHD HASHIM

Executive Director Malaysia Airports  
Consultancy Services Middle East LLC

Malaysian

Male

Aged 58

With over 30 years of experience in aviation industry, Ahmad Tarmizi has worked in various countries including Canada, United States of America, Zimbabwe, South Africa, Turkey, and Caribbean. He started his career as an Air Traffic Controller with Department Civil of Aviation (now known as CAAM). Opted to join Malaysia Airports Berhad in 1992, Tarmizi was heavily involved in the KLIA project and was instrumental in ensuring smooth operations of the new airport that opened for commercial operations in 1998.

An expert in Operations, Readiness and Airport Transfer (ORAT), in 1998 he left KLIA to pursue international airport consulting jobs in many parts of the world namely Incheon, Istanbul, Sydney, Harare and many more which then brought him to Montreal where he worked with the International Air Transport Association (IATA) as its Head of Airport Development and Design. With IATA, he was involved in more airport projects in America, Europe and Asia. He then returned home and rejoined Malaysia Airports. Before being appointed as the Executive Director of Malaysia Airports Consultancy Services Middle East LLC on 1 February 2016, he has held many positions which include being the Technical Director, Senior Airport Consultant and the General Manager of Malaysia Airports Consulting Services.

His current role allows him to expand his repertoire to include airport IT systems and Facility Management. Throughout his career, Tarmizi has been involved in more than 40 airport projects worldwide. 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, Canada.

34

### ERSEL GÖRAL

Chief Executive Officer ISG & LGM

Turkish

Male

Aged 46

Ersel Göral graduated from Istanbul University's Business Administration School (English) in 1998. He started his career as Operations Supervisor at Celebi Ground Services in 1993 and was the Deputy General Manager at TAV Istanbul Ataturk Airport until 2005. He also served as General Manager at TAV Georgia from 2005 to 2007 and followed by General Manager at TAV Tunisia until 2011. One of his most recent positions was as the General Manager of ICF Airport - the operator of Antalya Airport. Before joining ISG as the Chief Executive Officer on 5 September 2017, Ersel also served as the Chief Integration Officer at IGA (Istanbul Grand Airport) in 2016.

117

#### Additional Information of the Senior Management:

None of the Management has any:

1. Any directorship of public companies and 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 and penalty imposed by relevant regulatory bodies

## MAZU HUSSIN

MANAGER, AIRPORT FIRE &  
RESCUE SERVICE

“My career started in the Department of Civil Aviation (now known as Civil Aviation Authority of Malaysia) and I joined Malaysia Airports when it was corporatised in 1992. From then on, there was no turning back. I have gained so much knowledge and many opportunities from working here. I also feel that we have one of the best employee benefits. I am really proud to be with Malaysia Airports.”





*Trained to respond  
speedily and  
effectively, we've got  
your back*

Responsible for all airport rescue and firefighting measures at our airports, our well-trained and watchful Airport Fire and Rescue Services (AFRS) teams are ever ready to swing into action and save lives when needed.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

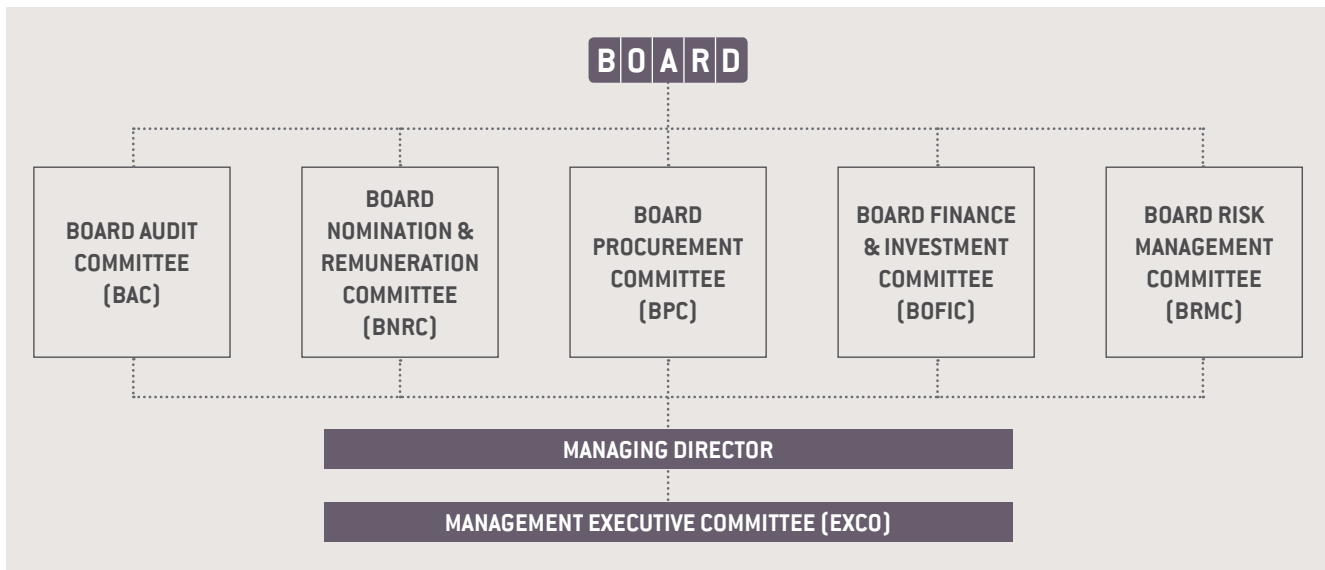


Scan this QR code to view the Corporate Governance section on the Malaysia Airport website.

The Board of Directors (Board) and Management of Malaysia Airports Holdings Berhad (MAHB) strongly uphold to the highest standards of corporate governance and affirm that good corporate governance is vital for the continued success of the Company. The Company remains unreservedly committed in ensuring robust corporate governance practices while striving towards providing excellent level of service and achieving high performance. In achieving this objective, our Corporate Governance Framework creates a business environment of trust, holds a balance between economic and social goals, encourages efficient use of resources while equally requiring accountability for the stewardship of those resources.

## OUR CORPORATE GOVERNANCE FRAMEWORK

We operate with a clear and effective governance structure. With continuous guidance by the Board, the corporate governance system remains robust and effective across the Company. Responsibility for good governance lies with our Board, and in order to ensure the effective discharge of its functions and responsibilities, our Board has delegated its power to the relevant Board Committees and Managing Director. The Board in implementing corporate governance, ensures accountability to the Company's shareholders and stakeholders. This is demonstrated as below:

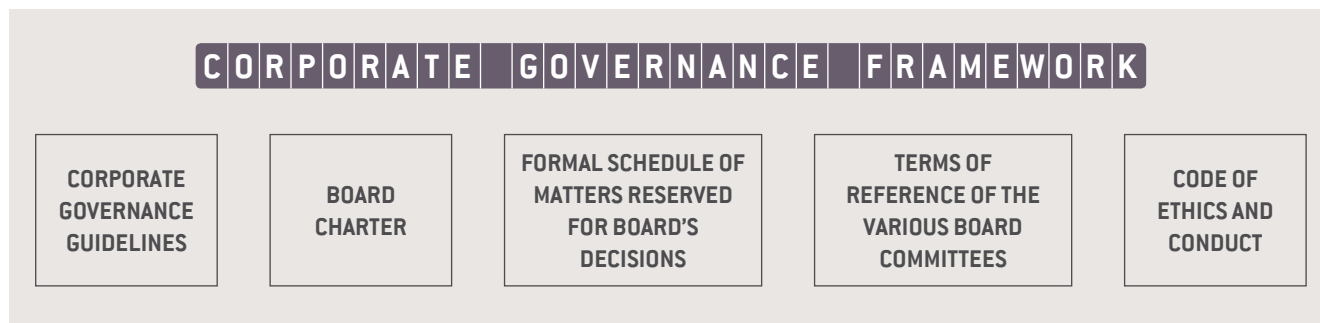


Malaysia Airports Corporate Governance Framework is premised upon the following statutory provisions, best practices and guidelines (Corporate Governance Guidelines):

- Companies Act 2016;
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Listing Requirements of Bursa Malaysia);
- Corporate Governance Guide: issued by Bursa Malaysia Berhad;
- Malaysian Code on Corporate Governance;
- The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies (GLC) High Performance (Green Book); and
- Corporate Disclosure Guide issued by Bursa Malaysia Berhad.



The following are the key components of our Corporate Governance Framework:



The Board reviews the above Corporate Governance Framework periodically. The Board also regularly assesses and enhances its Corporate Governance Framework, practices and principles in light of development in regulatory environment, international best practices, as well as based on Company's needs.

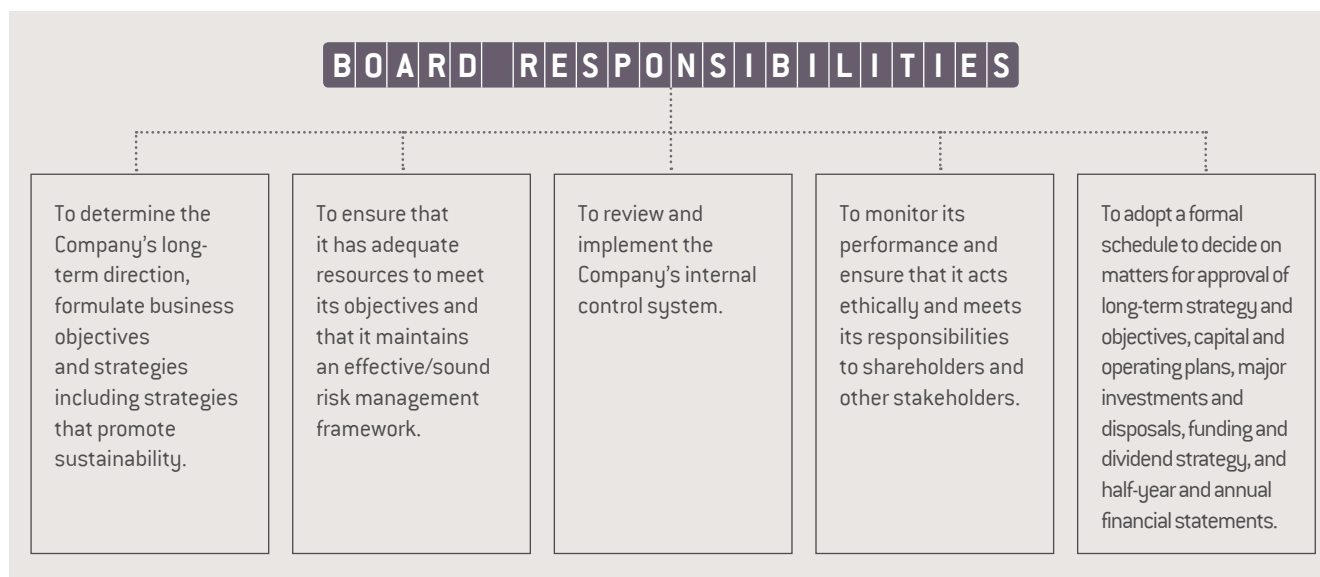
The Corporate Governance Framework serves as a guide for the Board and Management in the performance and fulfilment of their respective obligations to Malaysia Airports and its stakeholders. The key components of our Corporate Governance Framework, ensure:

(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.

#### BOARD AND THEIR RESPONSIBILITIES

The Board is charged with promoting the success of Malaysia Airports by directing and supervising its affairs in a responsible and effective manner. Each Director has a duty to act in good faith in the best interest of the Company. 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:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

A 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:

### FORMAL SCHEDULE OF MATTERS

#### RESERVED FOR THE BOARD

Approval of the overall strategy, vision, values, and governance framework of the Group;

Approval of the Company's Annual Report and Quarterly Financial Statements;

Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;

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;

Approval of the Company's long term financial plan and the annual capital expenditure programme;

Approval of any significant change in the accounting policies and practices;

Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;

Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;

Appointment, re-appointment, retirement 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;

Appointment, retirement or removal of the Managing Director and Company Secretary;

Recommendation to shareholders for the appointment, re-appointment, retirement or removal of the external auditors;

Approval of the division of responsibilities between the Chairman and Managing Director; and

Approval for the establishment of the Board Committees, their terms of reference, review of their activities and where appropriate, ratification of their decisions.



## DIVISION OF ROLES BETWEEN THE CHAIRMAN AND MANAGING DIRECTOR

There is a clear division of the 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 as stated below:

### ROLE OF CHAIRMAN

- Lead the Board in setting the values and standards of the Company;
- Maintain a relationship of trust with and between the Executive and Non-Executive Directors;
- Ensure the provision of accurate, timely and clear information to Directors;
- Ensure effective communication with shareholders and relevant stakeholders;
- Act as facilitator for meetings to ensure:
  - a. adequate notice of meetings;
  - b. adequacy of information for Board meetings;
  - c. no member dominates the discussion;
  - d. full discussion takes place;
  - e. variety of opinion among Board members is drawn out;
  - f. outcome of discussions results in logical and coherent policy to guide the MD/CEO and against which the performance of the Company can be monitored; and
  - g. consensus is obtained in the Board meeting and when necessary, to call for vote;
- Arrange regular evaluation of the performance of the Board and its Committees;
- Facilitate effective contribution of Non-Executive Directors and ensure constructive relations be maintained between Executive and Non-Executive Directors;
- Create the conditions required for the effectiveness of the overall Board and individual Directors, both inside and outside the Boardroom including the appropriate balance of power, level of accountability and independent decision making;
- Lead discussions among Directors;
- Build a cohesive leadership team consisting of the Board and Senior Management; and
- Delegate responsibilities to other Directors, Committees and Management.

### ROLE OF MANAGING DIRECTOR

- Lead the day-to-day management of the Group. The Managing Director (MD) is the Chairman of the Executive Committee (EXCO) and the Management Committee (MC). EXCO meets regularly and MC meets as and when necessary, as determined by the MD to deliberate on all matters pertaining to the running and managing of MAHB and its group of companies;
- Responsible for implementing policies, strategies and decisions adopted/agreed by the Board;
- Provide a structure that facilitates clear reporting to the Board with high quality information and recommendations to enable informed decisions in all aspects of the Company's business and strategy;
- Answerable to the Board for the achievement of the agreed Company's goals within the limitations of authority granted to the MD by the Board;
- Report to the Board at each Board meeting and advise the Board in a timely manner on:
  - all matters that materially affect the Company and its performance including any potential strategic or significant development prospects;
  - any underperforming business/activities of the Company and outline proposals to rectify the situation; and
  - all material matters that affect or could affect shareholders and the markets in which the shareholders' interests are located;
- Regularly review the succession plans for Senior Management with the Chairman and the Non-Executive Directors;
- Operate the business and accountable to and report to the Board on the performance of the business; and
- Represent the Company to major customers, employees, suppliers and professional associations.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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 principles of best corporate governance practices. The Directors are regularly updated by the Company Secretary on changes made to the relevant regulatory requirements, particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors.

### FUNCTION OF COMPANY SECRETARY

1. Responsible for advising the Directors of their duties, 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.
2. Prepare the agenda with the Chairman and notify all Directors of Board Meetings.
3. Attend all Board, Board Committee, and Shareholder meetings and ensure that all meetings are properly convened and proceedings of the Board, Board Committee, and Shareholder meetings and decisions thereof are properly recorded.
4. Communicate decisions of the Board, Board Committee, and Shareholder meetings to the relevant Management for necessary action following-up on proposals or matters tabled at the Board or Board Committee meetings.
5. Provide full access and services to the Board.
6. Assist the Board with interpreting legal and regulatory acts related to the code, Listing Requirements of Bursa Malaysia and other related regulations and developments.
7. Advise the Board on its obligatory requirements to disclose material information to the shareholders and financial markets on a timely basis.
8. Handle Company's share transactions and other duties as prescribed under the relevant legislations.
9. Notify the Chairman of any possible violations of legal and regulatory acts.
10. Ensure the appointment of new Directors, re-appointment and resignation of directors are in accordance with the relevant legislations.

11. Ensure execution of assessment for Directors and the Board/ Board Committees.
12. Brief to new Directors on organisational structure of the Company and procedures that regulate the operations of the Board.
13. Facilitate the orientation of new Directors and provide assistance in Directors' training and development.
14. Ensure availability of information required by new Directors for the proper discharge of their duties.
15. Assist the Board and the Chairman on the implementation of the MCCG.
16. Monitor compliance with the principles and recommendations of MCCG and inform the Board of any breaches.
17. Ensure 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 Non-Executive Directors and the Management.

The Company Secretary constantly keeps herself abreast of the regulatory changes and developments in sustainability and corporate governance through continuous training.

### 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 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 14 days before each meeting. The agenda and the Board papers are circulated at least





seven days from the date of the meeting. In 2018, the Company endeavours to ensure that the board papers are circulated to all Directors five business days in advance to ensure that Directors are provided with sufficient information and time to prepare for board meeting and to facilitate robust discussions. Furthermore, in order to provide an in-depth discussion of the respective matters within a reasonable and sufficient time, the Chairman will decide on the agenda, 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 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, either 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 Director 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.

## 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, terms of references, 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).

## INDEPENDENT DIRECTORS AND ITS TENURE

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.

During 2017, BNRC carried out a detailed review of Directors independence. It concluded that each of the five Independent Non-Executive Directors (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 continuously monitor and review whether there are relationships or circumstances that are likely to affect (or could appear to affect) their independence.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our Board Charter has provided the following clauses to support the objective of independent deliberation, review and decision-making:

- The Board should include a balance of Executive Directors and Non-Executive Directors (including INEDs) such that no individual or small group of individuals can dominate the Board's decision making;
- INEDs provide independent judgment, experience and objectivity without being subordinated to operational considerations; and
- The views of the INEDs should carry significant weight in the Board's decision-making process.

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 2017 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 retire. To date, the INEDs of the Board have served less than nine years.

The Board Charter provides that the tenure of the INEDs shall not exceed a cumulative term of 9 years. To strengthen the process of appointment of the INEDs, the Company will establish the policy on the limitation of Directors' Tenure in due course.

### Senior Independent Non-Executive Director

In line with best practices of Corporate Governance, Datuk Seri Yam Kong Choy has been appointed as Senior Independent Non-Executive Director with effect from 1 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).

## A BALANCED AND SKILLED BOARD

### Board Composition

The Board currently comprises five Non-Independent Non-Executive Directors (NINEDs), five INEDs and one Managing Director. The current Board composition is in compliance with the Company's Constitution and exceeds the minimum one-third (1/3) requirement of INEDs as set out in the Listing Requirements of Bursa Malaysia. The Board endeavours to reach a composition of majority independent directors taking into cognisance the recommended corporate governance practice and a review of the Board Composition to be performed in due course. The Directors' profiles are enclosed from pages 92 to 103 of this Annual Report.

The composition of the Board fairly reflects the interest of the significant shareholder, which is adequately represented by the appointment of its nominee directors without compromising the interest of the minority shareholder. Currently, two of the NINEDs are nominee directors and employees 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 according to their respective skills.

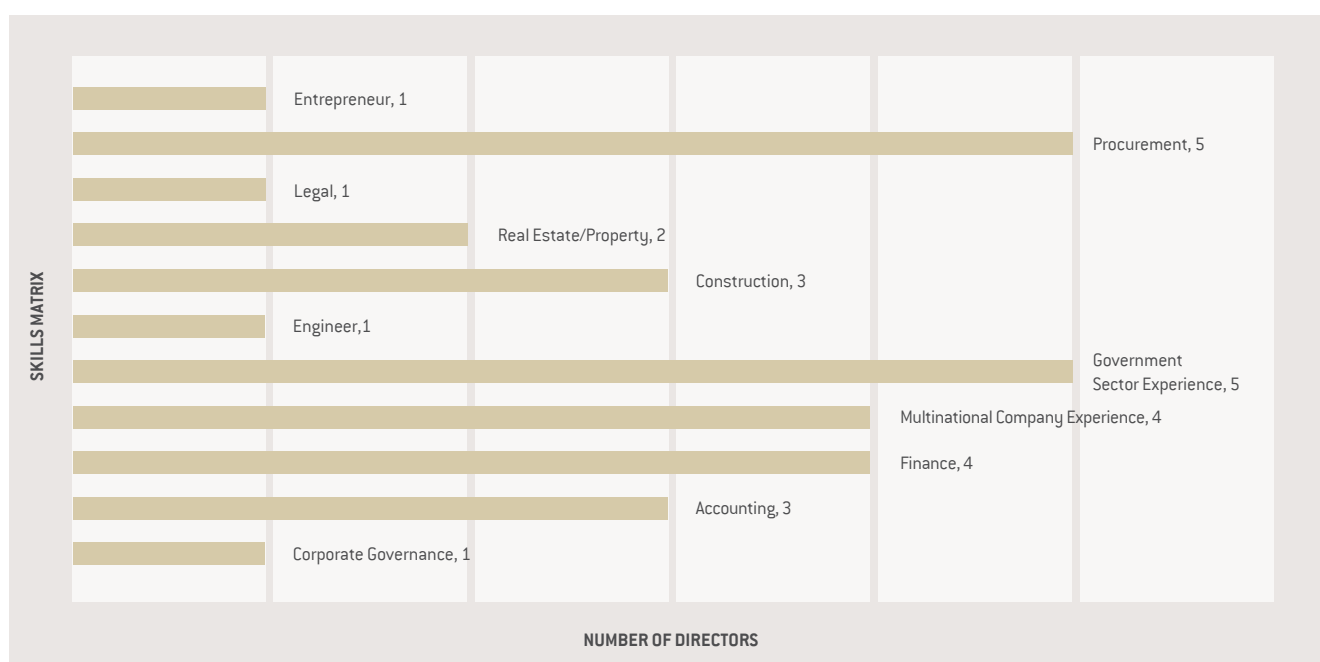
## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



### Balance, Diversity and Skills

The Board continues to recognise that a balance of experiences, competencies, expertise, diversity, professional experience, knowledge and skills on the Board are the key foundation for introducing different perspectives into the Boards' 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. The diversity of the Board in terms of skills, professional experience and knowledge is depicted below:



127

The Board takes into account the diversity in gender, age, race or ethnicity and nationality of the existing Board members 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.

Malaysia Airports has always been supportive of the 30% Women Directors and is currently represented by three women directors who make up 27.3% of the total board composition. For the duration of 10 months in 2017 (from January to October 2017), there was 30% women representation on the Board of MAHB but this percentage has reduced to 27.3% in November 2017 due to resignation of one woman director. The Board will have

regard to gender but diversity is also based on other merits and considerations such as ethnic background, expertise, international and regional exposures and industry experts. The Board aims to achieve the target of 30% women representation on the Board and the Board Gender Diversity Policy will be established in due course.

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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 determine 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:

- a. Skills, knowledge, competencies, expertise and experience;
- b. Professionalism;
- c. Integrity;
- d. Commitment, contribution and performance; and
- e. In the case of candidates for the position of INEDs, the BNRC will also evaluate the candidate's ability to discharge such responsibilities or 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 Annual General Meeting (AGM) and that a Director who is appointed during the year shall be retired at the next following AGM. The Constitution further provides that at least one-third of the Directors for the time being or the number nearest to one-third shall retire from office.

The Board, via BNRC, reviews the Directors who are subject to re-election or 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.

### 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's and Board Committees' performance.

BPE framework and processes for the Board have been developed and adopted in accordance with the principles as enunciated in the Green Book. 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 Board will further deliberate the findings of the BPE and views of each board member, of which the findings would be used as a yardstick to measure the Board's effectiveness, which will form the basis to formulate a 'moving forward initiatives' for the following year. Based on the results of the BPE for year 2017, the moving forward initiatives identified by the Board mainly focus on strategic plans that will support long term value creation, building an effective Human Capital and Talent Management plan as well as management risk and internal control system, which will be monitored by the Board regularly either quarterly or twice a year to determine the progress of the action plans developed by the Management.

The Board is committed in conducting such performance evaluation which includes undertaking independent evaluation on the Board's effectiveness once in every three years starting from 2018, as this enables the Board's performance to be properly gauged and enables the Board to have a continuous improvement process.

### INDUCTION AND PROFESSIONAL DEVELOPMENT

As required by the Listing Requirements of Bursa Malaysia, all Directors have successfully completed the Mandatory Accreditation Programme (MAP) within the stipulated timeframe of four months from their respective date of appointments.

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



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 faced by the Group, Management further strengthens the Directors' continuous professional development plan during the year, ranging from governance to industry trends. The following is a summary of professional development attended by Directors during 2017. In addition to the activities internally organised by Malaysia Airports, Directors also attended in other forms of training organised by third parties with appropriate emphasis on the roles, functions and duties of the Directors.

TRAINING FOCUS	COURSES
HUMAN CAPITAL MANAGEMENT	Update on Human Resource (FIEU Collective Agreement, Blue Ocean, Nestle & I, Racial & Gender of Management Trainee)
	Overview on Diversity Plan (HR)
	Overview on Safety, Health & Environment
STRATEGY	Overview on Company Structure
	Overview on Corporate Purpose & Value
	Khazanah Megatrends Forum 2017 - Cerebrum, Algorithm and Building True Value in a Post-Truth World
	Pemukiman GLIC, GLC, MKD dan Badan Berkanun
	TIDE-MAHB Innovation Garage Prep Workshop
	Budget Discourse and Retreat 2018
	2017 Global Transformation Forum
	Program Latihan Pengarah (PROLAP) Badan-Badan Berkanun
	2 <sup>nd</sup> Annual Aerotropolis Asia – Aerotropolis – Successful City of the Future
	Overview on the Nestle Business Excellence
Overview on the NESPRESSO	
BUSINESS	Overview on Creating Shared Value
	Overview on Marketing Services & Social Media
INFORMATION TECHNOLOGY	Update on Cyber Security
REGULATORY/ LEGAL	Update on the New Process of AGM-E-voting Process
	New Companies Act 2016
	Companies Act 2016 and Its Implications to Directors
	Key Disclosure Obligations of a Listed Company
	Mandatory Accreditation Program for Directors of Public Listed Companies
	The Companies Act 2016: Key Changes and Implications to Directors and Management
AMLATFPUAA 2001 For Directors - Risk, Challenges & Vulnerabilities Towards Regulatory Compliances	

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

TRAINING FOCUS	COURSES
REGULATORY/ LEGAL	Construction Contract Management Conference 2017 (CCM) - Construction Dispute Avoidance: The First Line of Defence in Contractual Dispute Management & Resolution
PROCUREMENT	Overview on Procurement Hub
	Overview on Procurement
	ProcureCon Asia 2017 – IT Spend Focus Day
ACCOUNTING/ AUDIT	Audit Committee Institute (ACI) Breakfast Roundtable 2017
	Overview on Forensic Investigation
	MIA International Accountants Conference 2017
RISK MANAGEMENT	Enterprise Risk Management – Harnessing Disruption
	Cyber Risk Management – A Primer for Directors
AVIATION/ AIRPORT	KLIA: Long Term Traffic Forecast Review, Terminal Capacity and Level of Service (LoS) Assessment
	Airports Council International (ACI) World Annual General Assembly & Conference 2017
	World Routes 2017
	12 <sup>th</sup> ACI Asia-Pacific, Regional Assembly Conference & Exhibition
	Paris International Airshow 2017
	KUL HUB Stakeholders Strategic Alignment Workshop on Seamless Transfer
	Sesi Pembentangan Major Trends Shaping the Civil Aviation – a Knowledge Sharing Session
	Operating Agreement Workshop
Airports Council International Asia-Pacific – The Global Airport Commercial Revenue Conference	
INTERNATIONAL BUSINESS	Invest Asia 2017 Conference
	Astana Expo 2017 (Malaysia-Kazakhstan Energy Business Forum)
	IFSWF Annual Meeting in Astana Kazakhstan
	TFWA Asia Pacific Exhibition & Conference 2017 – The Duty Free & Travel Retail Asia Pacific Summit
	Mobile World Congress 2017: “The Next Element” and Study Trip to Riviera of France
	OPEX Week Europe – Business Transformation Europe Summit
	World Travel Mart

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



TRAINING FOCUS	COURSES
ECONOMY	Exclusive Session with Economic Analyst, Mr Brian Pearce – Chief Economist IATA
	13 <sup>th</sup> World Islamic Economic Forum (WIEF)
	MEA Economics Seminar Series – Revisiting The New Economic Model – Lags & Prospects
	Overview on e-Commerce & Digital Economy
LEADERSHIP	Leadership Programme
	Premier Executive Advanced Development Programme- ‘The Peak’
	Forbes Globes CEO Conference - Theme: The Next Century
FINANCE/ INVESTMENT	Invest Malaysia 2017
	Cambridge Islamic Finance Leadership Programme 2017
	Value-based Intermediation (VBI) Dialogue
	Investment Corporation of Dubai (ICD) Global Investment Forum
CORPORATE GOVERNANCE	Tackling Sustainability Together
	Sustainability Forum for Directors/CEO – The Velocity of Global Change & Sustainability – The New Business Model.
	MIA 50 <sup>th</sup> Anniversary Commemorative Lecture – Integrity : The Game Changer
	21 <sup>st</sup> Century Corporate Governance
	MIA 50 <sup>th</sup> Anniversary Commemorative Lecture by Y. Bhg. Tan Sri Dato’ Azman Mokhtar – Accountability & Sustainability: The Role of Accountants.
REAL ESTATE/ PROPERTY/ CONSTRUCTION/ LAND	Asia Pacific Real Estate Market Outlook. Malaysia. Opportunities in the New Normal. – Trends, Opportunities & Strategies for Competing in the New Soft Market
	Malaysian Annual Real Estate Convention (MAREC ‘17) – Transforming Your Real Estate Business in A Change Era
	Specialised Building Materials Supply Chain Conference 2017. – Local Suppliers Capabilities
	ARENA Asian Real Estate Network Alliance. Theme: Making Friends - Connecting Business – Invest Malaysia – Opportunities in Greater KL
	Rehda Institute CEO Series – Developing Malaysia as an Attractive International Real Estate Investment Destination

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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 Non-Executive Directors (NEDs) and INEDs, as well as service contracts for Executive Directors, contain guidelines on expected time commitment required for the affairs of the Company. Each individual confirms his or her understanding of such time commitment when the appointment is accepted. The Board Charter provides that all Board members shall notify the Chairman of the Board before accepting new directorship which shall include an indication of time that will be spent on the new appointment. 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 2017.

### 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 FY2017, there were 17 Board meetings held, of which, seven were Special Board meetings.

### DIRECTORS

#### Non-Independent Non-Executive

DIRECTORS	NUMBER OF BOARD MEETINGS ATTENDED/ HELD (DURING THE DIRECTORS' TENURE)
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah <sup>1</sup>	10 out of 10
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail <sup>2</sup>	7 out of 7
Dato' Sri Dr Mohmad Isa Hussain	14 out of 17
Norazura Tadzim <sup>3</sup> (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)	-
Mohd Shihabuddin Mukhtar <sup>4</sup> (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)	1 out of 1
Datuk Ruhaizah Mohamed Rashid <sup>5</sup>	9 out of 10
Mohd Khairul Adib Abd Rahman <sup>6</sup>	1 out of 2
Dato' Chua Kok Ching <sup>7</sup> (Alternate Director to Datuk Ruhaizah Mohamed Rashid)	-
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin <sup>8</sup>	4 out of 9
Dato' Mohd Izani Ghani	15 out of 17
Hajah Jamilah Dato' Hashim <sup>9</sup>	7 out of 7



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



DIRECTORS	NUMBER OF BOARD MEETINGS ATTENDED/ HELD (DURING THE DIRECTORS' TENURE)
<b>Senior Independent Non-Executive</b>	
Datuk Seri Yam Kong Choy	17 out of 17
<b>Independent Non-Executive</b>	
Datuk Zalekha Hassan	17 out of 17
Rosli Abdullah	17 out of 17
Dato' Ir Mohamad Husin	17 out of 17
Datuk Azailiza Mohd Ahad	15 out of 17
<b>Non-Independent Executive</b>	
Datuk Mohd Badlisham Ghazali	17 out of 17

## Notes:

<sup>1</sup> Resigned as Chairman with effect from 6 June 2017.<sup>2</sup> Appointed as Chairman with effect from 7 June 2017.<sup>3</sup> Resigned as Alternate Director with effect from 6 February 2017.<sup>4</sup> Appointed as Alternate Director with effect from 6 February 2017.<sup>5</sup> Resigned as Director with effect from 7 July 2017.<sup>6</sup> Appointed as Director with effect from 15 November 2017.<sup>7</sup> Ceased as Alternate Director with effect from 7 July 2017.<sup>8</sup> Retired as Director with effect from 25 May 2017.<sup>9</sup> Appointed as Director with effect from 1 June 2017.

133

### 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

##### 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 with established policies and procedures, transparency in decision-making process and accountability of financial and management information.

Reviews on any related party transactions during each quarter.

#### COMPOSITION

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 Listing Requirements of Bursa Malaysia.

The Chairman of the BAC is not the Chairman of the Board.

The BAC currently comprises a majority of INEDs.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### KEY FUNCTIONS

### COMPOSITION

#### Board Nomination & Remuneration Committee (BNRC)

Reviews, assesses and recommends to the Board, remuneration packages of the Managing Director and Senior Management as well as 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 Boards' or Board Committees' membership, structure, responsibilities and effectiveness, reviews the term of office and performance of BAC, and formulates and reviews policies and procedures on human resource matters with regard to recruitment, appointment, promotion and transfer of Managing Director and Senior Management.

BNRC comprises at least three members, all of whom shall be NEDs with majority being INEDs.

The BNRC currently comprises a majority of INEDs.

#### Board Finance & Investment Committee (BOFIC)

Reviews and monitors the financial investment policy and financial investment portfolio of the Group.

BOFIC comprises no fewer than four members and at least one member must be an INED.

The BOFIC currently comprises a majority of INEDs.

#### Board Risk Management Committee (BRMC)

Formulates 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 approves (whenever applicable) any major risk decisions by the Group.

BRMC comprises at least four members, made up of both INEDs and NINEDs.

The BRMC currently comprises a majority of INEDs.

#### Board Procurement Committee (BPC)

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, ensures efficiency and effectiveness of procurement process, and supports national development objectives.

BPC comprises at least three members, made up of both INEDs and NINEDs.

The BPC currently comprises a majority of INEDs.

The details of the Terms and 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 are set out under the BAC Report from pages 156 to 159 of this Annual Report.

Each Board Committee reviews its TOR at least once in every two years to assess its relevancy and clarity, whilst BAC reviews its TOR on annual basis.

The Chairman and members of each Board Committee shall be appointed by the Board. As a matter of good practice prior to each Board meeting, the Chairman 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



### Board Nomination & Remuneration Committee (BNRC)

The current composition of BNRC consists of NEDs with the majority being INEDs. The BNRC maintains its independence and objectivity in discharging its responsibility of overseeing Directors, Senior Management and specific matters relating to Human Resource issues and employees.

In driving the transformation of Human Capital as the most important element to support the Company's growth towards Runway to Success 2020 (RtS 2020), it would be advantageous for MAHB Chairman to lead the Committee to enable the acceleration of the transformation of Human Capital.

The BNRC carried its duties and responsibilities in accordance with its TOR. During the year, ten BNRC meetings were held and the main activities undertaken by the BNRC were, amongst others, as follows:

- Reviewed and recommended the amendments to TOR of BNRC;
- Approved the appointment of new Senior Management;
- Reviewed the succession plan for Senior Management;
- Approved the policy on the tenure for External Directors in the MAHB's subsidiaries;
- Reviewed and recommended Directors' remuneration for the External Directors and NEDs on the Boards of MAHB's subsidiaries;
- Reviewed and recommended Code of Ethics and Conduct;

- Reviewed the Corporate Scorecard's achievement and the performance of the Senior Management;
- Reviewed and recommended Retirement and Re-election of Directors on the Board of MAHB at 18<sup>th</sup> AGM;
- Reviewed the findings of BPE and determined Boards' initiatives;
- Reviewed the independence of INEDs and their tenure;
- Approved revision on Senior Management's Employment Contract;
- Reviewed and recommended 8<sup>th</sup> Collective Agreement between Malaysia Airports Holdings Berhad and Kesatuan Pekerja-Pekerja Malaysia Airports Holdings Berhad Semenanjung Malaysia (KESMA), Kesatuan Pekerja-Pekerja Malaysia Airports Holdings Berhad Sarawak (KEPEMAB) and Kesatuan Pekerja-Pekerja Malaysia Airports Holdings Berhad Sabah dan Labuan (KEPMAS);
- Approved 2017 Senior Management's Performance Achievements;
- Reviewed the composition of the Board and Board Committees;
- 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; and
- Reviewed and recommended the appointment of Company Secretary.

### Composition of the Board Committees

The current composition of the Board Committees are as per detailed below:

DIRECTOR	BAC	BNRC	BOFIC	BPC	BRMC
<b>NON-INDEPENDENT NON-EXECUTIVE</b>					
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail		C			
Dato' Sri Dr Mohamad Isa Hussain			C	M	
Dato' Mohd Izani Ghani	M	M	M		
Mohd Khairul Adib Abd Rahman					M
Hajah Jamilah Dato' Hashim				M	M
<b>INDEPENDENT NON-EXECUTIVE</b>					
Datuk Seri Yam Kong Choy		M	M		C
Datuk Zalekha Hassan		M		C	M
Rosli Abdullah	C			M	M
Dato' Ir Mohamad Husin	M		M	M	
Datuk Azailiza Mohd Ahad	M	M	M		

Note: C : Chairman, M : Member

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Attendance at the Board Committee Meetings

The attendance of members at the Board Committee meetings held during the FY2017 are as detailed below:

DIRECTOR	BAC	BNRC	BOFIC	BRMC	BPC
<b>NON-INDEPENDENT NON-EXECUTIVE</b>			<b>ATTENDANCE</b>		
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah <sup>1</sup>			2/2	2/2	
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail <sup>2</sup>		-			
Dato' Sri Dr Mohmad Isa Hussain <sup>3</sup>			4/5	-	10/18
Datuk Ruhaizah Mohamed Rashid <sup>4</sup>			2/2	2/2	
Mohd Khairul Adib Abd Rahman <sup>5</sup>				-	
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin <sup>6</sup>			1/2		
Dato' Mohd Izani Ghani	7/8	10/10	5/5		
Hajah Jamilah Dato' Hashim <sup>7</sup>			3/3	-	6/7
Norazura Tadzim <sup>8</sup> (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)			-		-
Mohd Shihabuddin Mukhtar <sup>9</sup> (Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)			1/1		7/7
Dato' Chua Kok Ching <sup>10</sup> (Alternate Director to Datuk Ruhaizah Mohamed Rashid)			-	-	
<b>SENIOR INDEPENDENT NON-EXECUTIVE</b>			<b>ATTENDANCE</b>		
Datuk Seri Yam Kong Choy	8/8		5/5	4/4	
<b>INDEPENDENT NON-EXECUTIVE</b>			<b>ATTENDANCE</b>		
Datuk Zalekha Hassan		10/10		4/4	18/18
Rosli Abdullah	8/8	9/10		4/4	17/18
Dato' Ir Mohamad Husin <sup>11</sup>		5/5			15/18
Datuk Azailiza Mohd Ahad <sup>12</sup>	8/8			2/2	
<b>Number of meetings held in financial year 2017</b>	<b>8</b>	<b>10</b>	<b>5</b>	<b>4</b>	<b>18</b>

**Notes:**

<sup>1</sup> Resigned as the Chairman of the Board Finance & Investment Committee, and Board Risk Management Committee with effect from 1 June 2017.

<sup>2</sup> Appointed as the Chairman of the Board Nomination & Remuneration Committee with effect from 15 December 2017.

<sup>3</sup> Appointed as the Chairman of Board Finance & Investment Committee with effect from 1 June 2017.

<sup>4</sup> Ceased as a Member of the Board Finance & Investment Committee, and Board Risk Management Committee with effect from 7 July 2017.

<sup>5</sup> Appointed as a member of Board Risk management Committee with effect from 26 January 2018.

<sup>6</sup> Ceased as a Member of the Board Finance & Investment Committee with effect from 25 May 2017.

<sup>7</sup> Appointed as a member of Board Procurement Committee, Board Finance & Investment Committee and Board Risk Management Committee respectively with effect from 22 August 2017, 27 July 2017 and 26 January 2018.

<sup>8</sup> Resigned as Alternate Director with effect from 6 February 2017.

<sup>9</sup> Appointed as Alternate Director with effect from 6 February 2017.

<sup>10</sup> Ceased as Alternate Director with effect from 7 July 2017.

<sup>11</sup> Appointed as a member of Board Nomination & Remuneration Committee with effect from 25 May 2017.

<sup>12</sup> Appointed as the Chairman of Board Risk Management Committee with effect from 1 June 2017.



## BOARD REMUNERATION

The Board remuneration structure is reviewed by benchmarking the Chairman's 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.

The Chairman and NEDs received the following fees in respect of FY 2017:

### 1. MAHB

NO.	FEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
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
3.	<b>Senior Independent Director Allowance</b>		Monthly: RM1,000.00 Annually: RM12,000.00

### 2. Subsidiaries of MAHB

NO.	TIER	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	<b>Directors' Fee</b>		
	<b>First Tier</b>		
1.	Malaysia Airports Consultancy Services Sdn Bhd		
2.	Malaysia Airports (Niaga) Sdn Bhd		
3.	K.L. Airport Hotel Sdn Bhd		
4.	KLIA Aeropolis Sdn Bhd	Monthly: RM4,000 Annually: RM48,000	Monthly: RM3,000 Annually: RM36,000
5.	Malaysia Airports International Sdn Bhd		
6.	Istanbul Sabiha Gokcen International Airport and LGM Airport Operations Trade and Tourism Inc.*		

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

NO.	TIER	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	<b>Second Tier</b>		
7.	Malaysia Airports Sdn Bhd	Monthly: RM3,000 Annually: RM36,000	Monthly: RM2,000 Annually: RM24,000
8.	Malaysia Airports (Sepang) Sdn Bhd		
9.	Urusan Teknologi Wawasan Sdn Bhd		
10.	MAB Agriculture-Horticulture Sdn Bhd		
	<b>Meeting Allowance</b>		
	<b>First Tier</b>		
1.	Malaysia Airports Consultancy Services Sdn Bhd	RM1,500 per meeting	RM1,200 per meeting
2.	Malaysia Airports (Niaga) Sdn Bhd		
3.	K.L. Airport Hotel Sdn Bhd		
4.	KLIA Aeropolis Sdn Bhd		
5.	Malaysia Airports International Sdn Bhd		
6.	Istanbul Sabiha Gokcen International Airport (ISG) and LGM Airport Operations Trade and Tourism Inc. (LGM)*		
	<b>Second Tier</b>		
7.	Malaysia Airports Sdn Bhd	RM1,200 per meeting	RM1,000 per meeting
8.	Malaysia Airports (Sepang) Sdn Bhd		
9.	Urusan Teknologi Wawasan Sdn Bhd		
10.	MAB Agriculture-Horticulture Sdn Bhd		
3.	Committee of MAHB's Subsidiaries		
NO.	BOARD COMMITTEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	<b>Meeting Allowance</b>		
1.	ISG and LGM*	RM2,500 per meeting	RM2,000 per meeting
4.	Management Committees of MAHB		
NO.	MANAGEMENT COMMITTEE	CHAIRMAN	NON-EXECUTIVE DIRECTOR
	<b>Meeting Allowance</b>		
1.	Whistleblowing Independent Committee	RM1,500 per meeting	RM1,000 per meeting

\* To be paid to one subsidiary only (i.e. ISG)

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



The details of the total remuneration of Directors for the FY 2017 are summarised below:

CATEGORY	SALARY, BONUS AND OTHER EMOLUMENTS (RM)	DIRECTORS' FEES		DIRECTORS' OTHER EMOLUMENTS <sup>^</sup>		BENEFITS- IN-KIND <sup>^^</sup>		TOTAL (RM)
		MAHB (A) (RM)	SUBSI (B) (RM)	MAHB (C ) (RM)	SUBSI (D) (RM)	MAHB (E) (RM)	SUBSI (F ) (RM)	
<b>Non-Executive Directors</b>								
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail (Appointed with effect from 7 June 2017)	0.00	102,000.00	0.00	60,600.00	0.00	23,348.65	0.00	185,948.65
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah (Resigned with effect from 6 June 2017)	0.00	78,000.00	0.00	134,835.00	56,000.00	15,400.00	0.00	284,235.00
Dato' Sri Dr Mohamad Isa Hussain	0.00	108,000.00	0.00	68,000.00	0.00	0.00	0.00	176,000.00
Datuk Ruhaizah Mohamed Rashid (Resigned with effect from 7 July 2017)	0.00	55,741.90	0.00	38,000.00	0.00	10,000.00	0.00	103,741.90
Mohd Khairul Adib Abd Rahman (Appointed with effect from 15 November 2017)	0.00	13,800.00	0.00	3,000.00	0.00	0.00	0.00	16,800.00
Dato' Mohd Izani Ghani*	0.00	108,000.00	28,000.00	154,480.00	30,000.00	10,000.00	0.00	330,480.00
Tunku Dato' Mahmood Fawzy Tunku Muhiyiddin (Retired with effect from 25 May 2017)	0.00	43,250.00	0.00	15,000.00	0.00	10,970.55	0.00	69,220.55
Hajah Jamilah Dato' Hashim* (Appointed with effect from 7 June 2017)	0.00	63,000.00	21,000.00	32,000.00	3,600.00	9,914.00	0.00	129,514.00
Datuk Seri Yam Kong Choy	0.00	108,000.00	70,000.00	98,931.71	25,000.00	10,000.00	0.00	311,931.71
Datuk Zalekha Hassan	0.00	108,000.00	24,000.00	152,183.75	3,000.00	10,000.00	0.00	297,183.75

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

CATEGORY	SALARY, BONUS AND OTHER EMOLUMENTS (RM)	DIRECTORS' FEES		DIRECTORS' OTHER EMOLUMENTS <sup>^</sup>		BENEFITS- IN-KIND <sup>^^</sup>		TOTAL (RM)
		MAHB (A) (RM)	SUBSI (B) (RM)	MAHB (C) (RM)	SUBSI (D) (RM)	MAHB (E) (RM)	SUBSI (F) (RM)	
Rosli Abdullah	0.00	108,000.00	70,000.00	220,410.00	51,300.00	10,350.00	0.00	460,060.00
Dato' Ir Mohamad Husin	0.00	108,000.00	42,000.00	96,992.00	21,000.00	10,000.00	0.00	277,992.00
Datuk Azailiza Mohd Ahad	0.00	108,000.00	0.00	78,000.00	0.00	10,000.00	0.00	196,000.00
Mohd Shihabuddin Mukhtar	0.00	0.00	14,000.00	21,000.00	3,000.00	6,587.00	0.00	44,587.00
<b>Total</b>	<b>0.00</b>	<b>1,111,791.90</b>	<b>269,000.00</b>	<b>1,173,432.46</b>	<b>192,900.00</b>	<b>136,570.20</b>	<b>0.00</b>	<b>2,883,694.56</b>
<b>Executive Director**</b>								
Datuk Mohd Badlisham Ghazali	1,777,216.82	0.00	0.00	0.00	0.00	44,185.90	0.00	1,821,402.72
<b>Grand Total</b>	<b>1,777,216.82</b>	<b>1,111,791.90</b>	<b>269,000.00</b>	<b>1,173,432.46</b>	<b>192,900.00</b>	<b>180,756.10</b>	<b>0.00</b>	<b>4,705,097.28</b>

*This disclosure is for the payment made to the respective Directors in financial year 2017.*

\* The amount of fee is paid to Khazanah Nasional Berhad, the immediate holding company, in respect of services rendered to the Company by Dato' Mohd Izani Ghani and Hajah Jamilah Dato' Hashim.

\*\* Being the Managing Director.

<sup>^</sup> Directors' Other Emoluments comprises Senior Independent Director allowance, meeting allowance, car allowance<sup>o</sup>, entertainment allowance<sup>oo</sup> and out-of-pocket expenses.

<sup>^^</sup> Benefits-in-kind comprises car<sup>oo</sup>, petrol<sup>oo</sup>, toll<sup>oo</sup>, driver<sup>oo</sup>, telecommunication devices, club<sup>oo</sup> and professional membership, leave passage<sup>o</sup> and Directors' appreciation gift.

<sup>o</sup> for Chairman only

<sup>oo</sup> for Chairman and Managing Director only

<sup>#</sup> for Managing Director only



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



### SENIOR MANAGEMENT REMUNERATION

The Board strives to ensure that the senior management's remuneration is fair and able to attract and retain talent. Currently the top five senior management's remuneration packages (excluding Managing Director) are within the range of RM50,000 to RM70,000 per month.

### 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 Key Performance Indicators (KPIs) 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-Director Management members at Board meetings, NEDs are also invited to attend Company's events. 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.

### 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.

### 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 the issues that require Board's approval and the issues that can be delegated for approval to the Committees established by the Board or the Management, or level of management respectively.

### CODE OF ETHICS AND CONDUCT

Malaysia Airports' Code of Ethics and Conduct (the Code) is to provide clear guidelines on permissible or non-permissible conduct in the business practices of Malaysia Airports. The Code is implemented to ensure that all Employees and its representatives comply with the same standards. It shall also serve as guidelines when making judgment calls on work ethics, including in bridging and fostering close relations between the Company and its customers. The business code of conduct for the Board is subject to the statutory duties of directors under various legislative enactments, and as stipulated under the Companies Act, Listing Requirements of Bursa Malaysia and Securities Commission Act.

The Code applies to all the Company's Employees and representatives including agents, consultants, contractors and suppliers for the Company:

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Employees

All Employees of Malaysia Airports are required to understand and comply with the Code, uphold the integrity of the Company and adhere to all requirements and provisions of the law in force in every country where the Company conducts its business, and conduct their work in a manner consistent with Malaysia Airports' policies, procedures, directives and guidelines as issued from time to time.

### Line Managers

As leaders in the Company, Line Managers have added responsibilities of ensuring his direct reports understand and comply with the Code, promoting compliance and good ethical values via leadership by example, and diligently be on the lookout for indications that unethical or illegal activities, malpractices or other irregularities have occurred and report the matter to the Head or Industrial Relations of Human Resources Division.

### Business Partners and Suppliers

Suppliers are expected to conform to the principles and standards set out in the Code in their relationship and dealings with the Company. Violation of the Code will result in blacklisting by the Company.

Business Partners are encouraged to adopt similar principles and standards of behaviour.

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

### WHISTLEBLOWING POLICY

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 Director 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 with its terms of reference. Subsequently, the WIC will submit a report to the BAC at alternate BAC meeting.

Complaints can be channeled 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 15 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 Corporate Integrity Pledge (CIP) in 2011, by signing the CIP, Malaysia Airports voluntarily and publicly make unilateral declaration against corrupt practices, and express our resolve to work towards creating a highly principled and ethical nation.

In May 2017, Malaysia Airports continues to give utmost commitment in supporting the anti-corruption initiatives by signing the Corruption-Free Pledge or better known as "IBR – Ikrar Bebas Rasuah".

The signing of IBR is a follow through initiative from the previous signing of the CIP. The CIP is an initiative that engages companies in Malaysia to commit and uphold the anti-corruption principles and support the corruption prevention initiatives.

However, the IBR is unique and different from the CIP as it emphasises on the pledge and promise by organisation's leadership and staff on an individual capacity to hold each of them accountable and responsible in carrying out their duties and hindering them from engaging in any form of corruption misconduct throughout their tenure.

Malaysia Airports has from the beginning implemented various policies and guidelines of corporate governance and anti-corruption which aims to eliminate corruption amongst our employees and stakeholders such as, Code of Ethics and Conduct, whistleblowing policy, asset declaration, no gift policy, and vendor integrity pact.

### COMMUNICATION WITH SHAREHOLDERS

#### 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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT



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 press releases/announcements.

Shareholders may raise enquiries to the Board by contacting the Company's Investor 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 Listing Requirements of Bursa Malaysia 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 via the Online Channels

Malaysia Airports utilises its corporate website [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my) 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" in the website and on its social media platforms. 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 52 and 53 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.

### 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 NEDs 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;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- 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 ANNUAL GENERAL MEETING (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. Chairmen of various Board Committees, as provided under their respective terms of references, attend AGM to respond to any shareholders' questions on the activities of those Committees.

The Notice of AGM is circulated 28 days before the date of the meeting to enable shareholders to go through the Annual Report, fulfilling the requirements under the Companies Act 2016, Listing Requirements of Bursa Malaysia as well as the recommendation of MCGG 2017. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

At the commencement of the AGM, the Chairman shall inform the shareholders on the resolutions put forth for shareholders' approval and that all resolutions shall be voted by poll pursuant to the Listing Requirements of Bursa Malaysia.

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 108 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.

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 2017'. 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 FY2017, 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 organised 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 2018.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

04 Strength of Governance



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 Financial Reporting Standards (FRS) approved by the Malaysian Accounting Standards Board, and has adopted the relevant FRS applicable for the Group's FY2017.

The adoption of the FRS has changed a number of the Group's accounting policies. The principal effects of the changes in accounting policies resulting from the above adoption are set out from pages 190 to 221 of this Annual Report.

MAHB Group falls within the definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the Malaysian Financial Reporting Standards (MFRS) Framework in its first MFRS financial statements for the year ending 31 December 2018.

### RISK MANAGEMENT AND 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 133 to 134 of this 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 148 to 155 of this Annual Report.

### INDEMNIFICATION OF DIRECTORS AND OFFICERS

Our Directors and Officers are indemnified under Directors and Officers Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified where there is any negligence, fraud, breach of duty or breach of trust proven against them.

### RELATED PARTY TRANSACTIONS

An internal compliance framework exists to ensure that the Company meets its obligations under the Listing Requirements of Bursa Malaysia, 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.

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

- all recurrent related party transactions which are entered into pursuant to the shareholders' mandate for recurrent related party transactions are recorded by the Company.

There was no Related Party Transactions during the financial year under review.

### 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 page 157. 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 private sessions between BAC and the External Auditors in the absence of Managing Director and the Management were held, to discuss the adequacy of controls and any judgmental 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 services, 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 FY2017 are provided under this Annual Report on page 147.

### 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 163 to 167 and the Audited Financial Statements as set out on pages 163 to 309 of this Annual Report.

### STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTICES LAID DOWN IN MCCG

This Statement of the Company's Corporate Governance practices is made in compliance with Paragraphs 15.25 and 15.08A of the Listing Requirements of Bursa Malaysia. The Board is pleased to report to its shareholders that to the best of its knowledge, the Company is satisfied that in 2017, the Company had applied certain practices laid down in MCCG and will endeavour to continuously adopt the principles set out in MCCG from time to time.

This Statement is made in accordance with a resolution of the Board of Directors and approved at the Board meeting dated 22 March 2018.

On behalf of the Board

**Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**  
Chairman

# ADDITIONAL COMPLIANCE INFORMATION



The following information is provided in compliance with paragraph 9.25 of the Bursa Malaysia Listing Requirements.

## 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 2017.

## 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the External Auditors, Messrs Ernst & Young, during the financial year ended 31 December 2017, are as follows:

	COMPANY (RM)	%	GROUP (RM)	%
Audit Fee	108,000	14.61	1,043,000	60.85
Non-audit Fee	631,000	85.39	671,000	39.15
Total	739,000	100.0	1,714,000	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 2017 or entered into since the end of the previous financial year ended 31 December 2016.

## 4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

There were no recurrent related party transactions of a revenue nature entered into by the Company during the financial year ended 31 December 2017.

## 5. EMPLOYEES SHARE OPTION SCHEME

There were no Employees Share Option Scheme granted by the Company during the financial year ended 31 December 2017.

## 6. CORPORATE SOCIAL RESPONSIBILITY

Please refer to our Sustainability Report 2017.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (The Board) is responsible and accountable for implementing a sound risk management and internal control framework in Malaysia Airports, as an appropriate response to mitigate business challenges in order to achieve the Group's short and long-term objectives.

This is in pursuant to Para 15.26(b) of Bursa Malaysia Securities Berhad (BMSB) Main Market Listing Requirements and Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies.

## RESPONSIBILITY AND ACCOUNTABILITY

The Board has implemented a risk management and internal control system that is integrated with the Group's corporate culture and decision-making process to safeguard its shareholders' investment, Group's assets and stakeholders' interests.

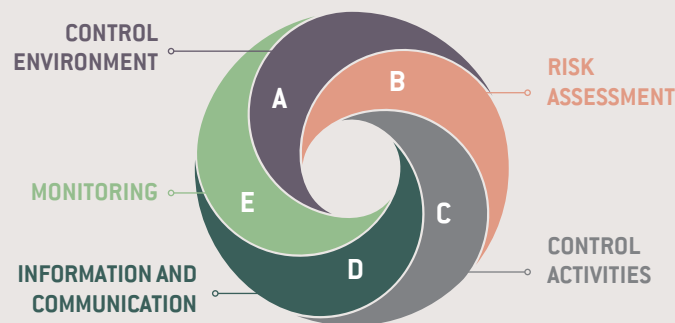
The Board Risk Management Committee (BRMC) and Board Audit Committee (BAC) are in place to promote governance, transparency and accountability towards the establishment of an appropriate control environment in Malaysia Airports, and review its adequacy and integrity on a periodic basis to ensure its effectiveness.

The implementation and execution of the risk management and internal control system are therefore cascaded to the Management. With the establishment of the Corporate Risk Management Committee (CRMC) and Internal Audit Management Committee (IAMC), these key committees are responsible to manage agreed risk treatments and monitor risk controls directed by the respective Board Committees to provide a sustainable business environment in Malaysia Airports.

## RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

Malaysia Airports' Risk Management Policy Framework, is guided by the principles of ISO 31000: Risk Management - Principles and Guidelines and adopts the model of evaluating internal controls per the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) Framework.

The Framework is a composition of five interrelated components as follows:





## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

04 Strength of Governance



### A. CONTROL ENVIRONMENT

- Board Committees are governed by clearly defined Terms of References (TORs), which are published in Malaysia Airports' website.
- Malaysia Airport's five-year Business Plan, "Runway to Success 2020" or Rts2020 is cascaded throughout the Group for alignment of initiatives, which is published in Malaysia Airports' website.
- Malaysia Airport's Brand DNA ("Friendly & Firm", "Business Driven & Responsible" and "Progressive & Practical") is the guiding principle for all Malaysia Airports' employees in carrying out their duties.
- Malaysia Airports' Group Code of Ethics is the standard policy for all Malaysia Airports' employees in their professional conduct with fellow employees, and the Group's representatives including agents, consultants, contractors and suppliers.
- Annual attestation on the overall effectiveness, reliability and adequacy of the risk management and internal controls in Malaysia Airports are provided by the Heads of Business Divisions and Subsidiaries in the Group by the signing of the Assurance Letter.
- Vendors of MAHB are required to abide by provisions under the Malaysia Airports Vendor Code of Ethics (Vendor Code) effective from 19 December 2016.

### B. RISK ASSESSMENT

- Malaysia Airports has been practising risk and control self-assessment (RCSA) whereby divisions, airports and subsidiaries are required to conduct risk reviews on a quarterly basis.
- The Risk Management Division works closely with the Risk Owners and the appointed Risk Coordinators from the divisions, airports and subsidiaries across the Group to ensure that risk management practices are embedded into business processes.
- Group Internal Audit complements the role of the Risk Management Division by independently reviewing risk profiles, risk management strategies and the adequacy and effectiveness of the controls identified and implemented in response to the risks identified at every audit engagement.
- Risk Scorecards are established at all levels of the Group in the web-based risk management information system, Malaysia Airports risk scorecard (MARs) whereby the respective risk scorecards are signed-off digitally upon quarterly review.
- Key management committees e.g. the Technical Committee and Management Procurement Committee enforces documented risk assessments to be produced to facilitate informed decision-making and purchasing for projects undertaken by Malaysia Airports.
- At Group level, the Corporate Risk Profile (CRP) is established to outline the top risks faced by the Group. The Corporate Risk Profile Workshop is conducted at least once a year involving the Management, led by the Managing Director.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### C. CONTROL ACTIVITIES

- The Group Approval Limits of Authority (GALOA) is reviewed and updated once a year to ensure that financial limits and guidelines are current to facilitate effective and efficient decision-making, which covers the following areas:
  - risk management;
  - human resources;
  - procurement & contracts;
  - commercial;
  - investment & business ventures; and
  - finance and accounts.
- Policies and procedures that address accounting policies, value management, procurement limits, and quality management system are approved by the Board and are applicable across the Group.
- Aerodrome Safety Management System (ASMS) has been implemented to enforce airport operations to progressively strategise and enhance their airside safety initiatives to mitigate occurrence of unwarranted or predictable accidents, or incidents. This is spearheaded by the ASMS Office, who reports to the Managing Director.
- The Business Continuity Management Framework is established with the intention to increase business resilience towards major operational crises or disasters across the Group.
- The Whistleblowing Programme, whereby the Corporate Integrity Unit acts as the Secretariat, provide Malaysia Airports' employees and stakeholders with a mechanism to report malpractices and irregularities within the Group and to maintain confidentiality.

### D. INFORMATION AND COMMUNICATION

- Malaysia Airport's Corporate Communication Policy sets the direction for effective information dissemination and coordinated communications across the Group and its stakeholders in order to strategically uphold the reputational needs of the Group.
- Malaysia Airports' Information Security Management System (ISMS) is a systematic and structured approach to managing information and data within the Group's environment so that it remains secure.

### E. MONITORING

- Key risks are tabled to the Corporate Risk Management Committee (CRMC) and are then reported to the Board Risk Management Committee (BRMC) on a quarterly basis.
- Independent assessments are scheduled and conducted accordingly by Internal Audit and reported to the Board Audit Committee on a periodic basis.
- The Corporate Quality Management Division drives ISO 9001, which is the implementation of process improvements in the Group through a documented system of procedures, manuals and work instructions.
- SIRIM Berhad is engaged to independently assess the compliance and comprehensiveness of international standards that include risk and internal control practices in Malaysia Airports.

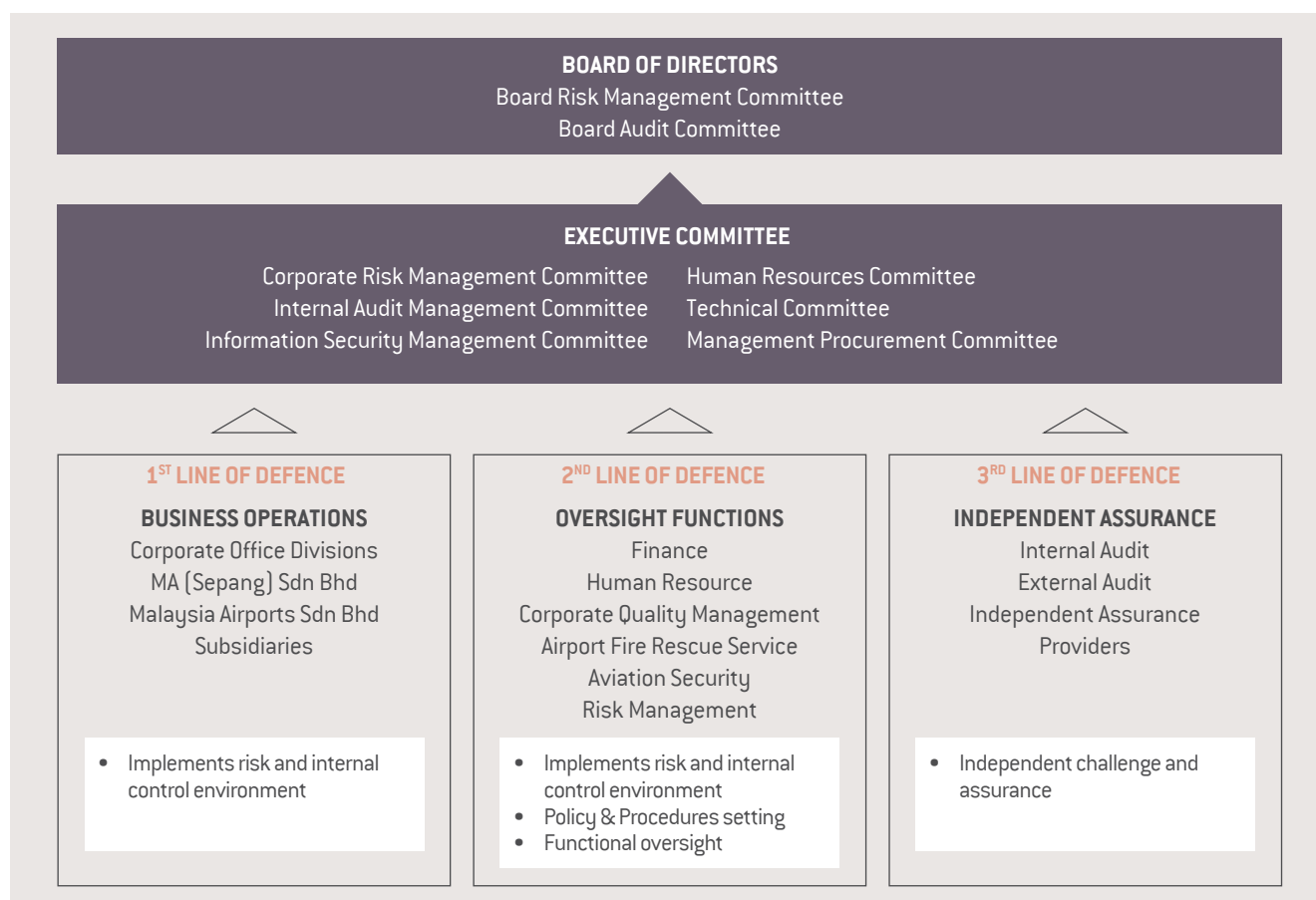
## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

04 Strength of Governance



### THE THREE LINES OF DEFENCE

In implementing this framework and effective risk reporting, Malaysia Airports follows the Three-lines of Defence Model as follows:



151

#### FIRST LINE OF DEFENCE

- The Management and respective Divisional Heads, are the first line of defence and are accountable for all risks assigned under their respective areas of responsibility in their day-to-day business conduct.
- There are also obligated for the continuous development of risk management capabilities across the Group by implementing competency development programmes including on-boarding, on-job training and classroom training.

#### SECOND LINE OF DEFENCE

- The second line of defence is provided by oversight divisions that set directions, define policies, provide assurances either by audits or on-site reviews, or become gatekeepers of established controls on business processes and procedures.
- These corporate divisions are Finance, Human Resources, Corporate Quality Management, Airside Safety Management System (ASMS) Office, Airport Fire Rescue Services (AFRS), Aviation Security (AVSEC) and Risk Management.

#### THIRD LINE OF DEFENCE

- Internal and external audit are the third line of defence, offering independent challenge to the levels of assurance provided by business operations and oversight functions.
- As and when necessary, other independent assurance providers are engaged to perform this service.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### KEY RISKS IN 2017

The management of risks is an integral element of the Group's decision making process in ensuring that shareholders value is improved or maintained whilst minimising potential adverse effects. Taking into account of the business developments in 2017, the key risks faced by Malaysia Airports are outlined as follows:

STRATEGIC RISK	CHALLENGES	MITIGATION MEASURES
	<p><b>Developing Aeropolis</b></p> <ul style="list-style-type: none"> <li>Elevating Malaysia Airports' vision of becoming a global leader in creating airport cities, effective execution of initiatives under the Aeropolis strategic pillars are subjected to the establishment of the optimal organisational structure with the required skill sets, and managing the long lead time and financial commitment, for land and infrastructure development.</li> </ul>	<ul style="list-style-type: none"> <li>In 2017, KLIA Aeropolis Sdn Bhd (KASB) was incorporated to provide greater focus in pursuing initiatives of developing Aeropolis.</li> <li>Individual project proposals underwent stringent financial modelling as well as strict risk assessments.</li> <li>Continuous consultations with the relevant government authorities on the infrastructure development of the identified lands area were also intensified.</li> </ul>
HUMAN CAPITAL RISK	<p><b>Sustaining an ideal workforce</b></p> <ul style="list-style-type: none"> <li>Retention and acquisition of the right talent is essential in manpower planning in order to achieve optimal service delivery and meet business growth demands.</li> </ul>	<ul style="list-style-type: none"> <li>The Human Resource Committee undertakes the review of organisational effectiveness by aligning manpower supply and corresponding competencies towards executing business strategies.</li> <li>Customised leadership and competency development programmes, tailored for different talent groups were carried out in 2017 to streamline behavioural, functional and leadership expectations in Malaysia Airports.</li> <li>The Committee has also embarked on revising the Performance Management System to improve the rating and reward system in Malaysia Airports.</li> </ul>
OPERATIONAL RISK	<p><b>Building operational resilience</b></p> <ul style="list-style-type: none"> <li>Optimal working conditions of critical airport facilities within the Airport Terminal (e.g. the Baggage Handling System, Track Transit System, Security Screening Systems and etc.) and Airside (e.g. Airport Ground Lighting System) is paramount in meeting service quality standards and operational performance for the comfort and convenience of airport users.</li> </ul>	<ul style="list-style-type: none"> <li>Corrective and preventive maintenance programmes are carried out accordingly throughout the year by the Engineering Division.</li> <li>Replacement of facilities and equipment are assessed and deliberated at the Technical Committee to ensure optimal service quality is achieved at the airports.</li> <li>In the event of failure of critical facilities, airports have specific contingencies and where necessary, business continuity plans to ensure that airport operations can be resumed at the shortest time possible.</li> </ul>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

04 Strength of Governance

SAFETY RISK	CHALLENGES	MITIGATION MEASURES
	<p><b>Reinforcing safety practices</b></p> <ul style="list-style-type: none"> <li>Potential lax in preserving regulated safety practices, processes and procedures increases the likelihood of unwarranted or predictable accidents, or incidents that endanger lives.</li> </ul>	<ul style="list-style-type: none"> <li>The airports are subjected to extensive internal and external inspections and audits by internal teams and regulators, who regularly test the effectiveness of its safety measures and related processes to identify improvement opportunities.</li> </ul>
SECURITY RISK	CHALLENGES	MITIGATION MEASURES
	<p><b>Countering events of aggression</b></p> <ul style="list-style-type: none"> <li>With the omnipresent security threats and terrorism attacks in the aviation landscape, Malaysia Airports has always identified and emphasised on the need to continually reinforce its crisis response capabilities to enhance its safety and security profile.</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia Airports has established collaborations with these bodies to solidify crisis management readiness: <ul style="list-style-type: none"> <li>National Security Council (NSC)</li> <li>National Disaster Management Agency (NADMA)</li> <li>Polis DiRaja Malaysia (PDRM)</li> <li>Eastern Sabah Security Command (ESSCOMM)</li> </ul> </li> <li>In 2017, crisis simulation exercises were conducted at klia2 and Sandakan Airport respectively, on various aggression scenarios to enhance crisis management and coordination between with the national emergency agencies and the airport community.</li> </ul>
INFORMATION & TECHNOLOGY RISK	CHALLENGES	MITIGATION MEASURES
	<p><b>Enhancing cybersecurity</b></p> <ul style="list-style-type: none"> <li>With the increase alert on global cyber-attacks in the form of ransomwares and malwares in 2017, Malaysia Airports recognises the need to strengthen its cyber crisis management capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia Airports, in collaboration with Cyber Security Malaysia (CSM), carried out an assessment to measure Malaysia Airports' cyber security capability and maturity state based on the Cybersecurity Framework, as endorsed by the National Institute of Standards and Technology, US Department of Commerce (NIST).</li> <li>Malaysia Airports has also embarked its 2nd year of the implementation of its 5 Year IT Security Roadmap (2016-2020), which includes several cyber security measures.</li> </ul>
FINANCIAL RISK	CHALLENGES	MITIGATION MEASURES
	<p><b>Reaffirming positive credit ratings</b></p> <ul style="list-style-type: none"> <li>Malaysia Airports' rating reaffirmation is premised on its performance, with the expectations that its credit metrics will remain at levels appropriate to meet its business growth demands which would require sizeable capex in the coming years.</li> </ul>	<ul style="list-style-type: none"> <li>Malaysia Airports has been closely monitoring and managing its finances, funding and gearing ratios on a daily basis by applying prudent practices.</li> <li>Consistent communications with investors and other stakeholders are done on a continuous basis to provide confidence in maintaining its AAA / A3 ratings.</li> </ul>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

<b>INVESTMENT RISK</b>	<b>CHALLENGES</b>  <b>Expanding internationally</b> <ul style="list-style-type: none"> <li>• Entry to a potential international market presents the need to assess the following investment exposures:               <ul style="list-style-type: none"> <li>– country and currency risks;</li> <li>– venture structure including local partners;</li> <li>– financial and tax structure;</li> <li>– legal, regulatory frameworks;</li> <li>– socio-economic conditions;</li> <li>– political factors; and</li> <li>– operational feasibility.</li> </ul> </li> </ul>	<b>MITIGATION MEASURES</b> <ul style="list-style-type: none"> <li>• MA International Sdn Bhd (MAI) was incorporated in 2017 with a view to further strengthen the management of Malaysia Airports' existing international assets and activities, while strengthening the foundation for future international growth.</li> <li>• A rigorous due process is carried out by the Management and Board to deliberate and evaluate the feasibility and viability of investments and divestments.</li> </ul>
<b>REGULATORY RISK</b>	<b>CHALLENGES</b>  <b>Preserving compliance on aviation standards and requirements</b> <ul style="list-style-type: none"> <li>• Unintentional lapse in complying with aviation regulations and circulars may trigger unexpected business disruptions which will lead to immediate financial loss, reputational damage and, impairing business returns and long term growth prospects.</li> </ul>	<b>MITIGATION MEASURES</b> <ul style="list-style-type: none"> <li>• Malaysia Airports advocates strict compliance on relevant aviation standards, regulations and circulars that are enforced by aviation regulators.</li> <li>• The airports are subject to annual regulatory audits, whereby findings and remedial actions are deliberated in direct engagement with relevant regulatory authorities.</li> </ul>
<b>REPUTATION RISK</b>	<b>CHALLENGES</b>  <b>Managing perception</b> Timeliness and context of outgoing communications to Malaysia Airports' stakeholders including employees and the general public frames the image and brand of the Group, whereby any misinterpretations can lead to reputational damage, therefore deteriorating shareholder value.	<b>MITIGATION MEASURES</b> <ul style="list-style-type: none"> <li>• Malaysia Airports is proactive and transparent in sharing information in thriving times or during adverse situations to manage stakeholders' perception.</li> <li>• The Management proactively provides consistent corporate messages across the Group of the Group's strategic thrusts and direction, by engaging at town halls, knowledge sharing sessions and strategic workshops.</li> </ul>

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

04 Strength of Governance



### 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 Group's risk management and internal control system is operating adequately and effectively as at 31<sup>st</sup> December 2017.

### CONCLUSION BY THE BOARD OF DIRECTORS

For the financial year under review, the Board considers the system of risk management and internal controls described in this statement to be satisfactory and has not resulted in any material loss, contingency or uncertainty, and risks are reasonably managed 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.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Listing Requirements, the External Auditors have reviewed this Statement for inclusion in the 2017 Annual Report of MAHB Group, and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

# BOARD AUDIT COMMITTEE REPORT

The Board Audit Committee ("BAC") is responsible to provide objective oversight in the areas of financial reporting, related party transactions and conflicts of interest, internal control environment, internal audit and external audit processes.

## MEMBERSHIP

The BAC comprises four (4) Non-Executive Directors of whom three (3) are Independent Directors. All meetings are attended by at least a quorum of three (3) members with a majority of independent members, to ensure an effective BAC whilst independence of BAC is not impeded. The membership of BAC is as follows:

### ROS LI ABDULLAH

(Chairman)

Independent Non-Executive Director

### DATUK SERI YAM KONG CHOY

Senior Independent Non-Executive Director

(resigned as member w.e.f 26 January 2018)

### DATO' MOHD IZANI GHANI

Non-Independent Non-Executive Director

### DATUK AZAILIZA MOHD AHAD

Independent Non-Executive Director

### DATO' IR MOHAMAD HUSIN

Independent Non-Executive Director

(appointed as member w.e.f 26 January 2018)

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.

All members of the BAC are financially literate and have sufficient understanding of the Company's business. Members of the BAC attended related Directors' training and continuous professional development. In addition, the BAC practices a cooling-off period of two (2) years for former audit partner before being appointed as a member of the BAC.

For the financial year under review, the performance and effectiveness of the BAC has been evaluated by the Board Nomination and Remuneration Committee. Having reviewed the BAC's performance, the Board is satisfied that the BAC members had discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the BAC.

## MEETINGS

Whilst the BAC Terms of Reference requires the Committee to meet six (6) times a year, during the year under review, the BAC met 8 times with the following record of attendance:

NAME OF DIRECTOR	ATTENDANCE
Rosli Abdullah	8/8
Datuk Seri Yam Kong Choy	8/8
Dato' Mohd Izani Ghani	7/8
Datuk Azailiza Mohd Ahad	8/8

Aside from the BAC members, attendance during the meetings include the General Manager Internal Audit and the Company Secretary, who is also the Secretary to the BAC. Representatives of Senior Management were invited to deliberate on matters related to their purview. The External Auditors' representatives were invited to attend the meetings as and when required.

The BAC also held private discussions with the External Auditors without the presence of the management in which subsequently BAC informed the management of information shared by the External Auditors for further consideration and action.

The minutes of the BAC meetings were circulated to all members of the MAHB Main Board and material issues were discussed at the MAHB Main 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 (available in the website) during the financial year ended 31 December 2017.

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad, applicable accounting standards in Malaysia, provisions of Companies Act 2016 and other legal and regulatory requirements.

**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 issued by IAD on the effectiveness and adequacy of governance, risk management, operational and compliance processes. 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.
- Reviewed and approved the revised MAHB Internal Audit Charter.

- Reviewed and approved the proposed Quality Assurance Review (QAR) in ensuring the internal audit activity conformance with the Definition of Internal Auditing, the International Standards for the Professional Practice of Internal Auditing (*Standards*) and the Code of Ethics.
- Evaluated the performance of the IAD and recommended improvements.

**External Audit**

- Evaluated the performance of the External Auditors and made recommendations to the MAHB Main Board on the appointment and audit fees including change of engagement partner (rotation every five years).
- 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 responses.

**Related Party Transactions**

- Reviewed the related party transactions and any conflict of interest situations on quarterly basis, if any.

**Annual Reporting**

- Reviewed the Board Audit Committee Report and Statement of Risk Management and Internal Control for publication in the 2017 Annual Report.

**Other Activities**

- Deliberated 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’s announcement to Bursa Malaysia Securities Berhad in compliance with Main Market Listing Requirements (MMLR).
- Reviewed the revised BAC Terms of Reference for approval by MAHB Main Board.

## BOARD AUDIT COMMITTEE REPORT

### SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The BAC is assisted by the IAD in the discharge of their duties and responsibilities. The Internal Audit function of the Group is independent of operations and endeavours to provide independent, objective assurance and consulting services to add value and improve MAHB's operations. IAD assists MAHB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and internal control processes.

IAD uses a risk-based approach to determine the priorities of the internal audit activities, consistent with the strategies of the Group (i.e. Runway to Success 2020). The annual audit plan is reviewed periodically to cater for changes in the risk exposure and operating environment. An Audit Management System is used to enhance the effectiveness and efficiency of the audit process. Audit engagements are guided by the Committee of Sponsoring Organisations (COSO) and Control Objectives for Information and Related Technologies (COBIT) framework in ensuring IAD conforms to the *Standards* and deliver value-added services.

The IAD audit universe includes functions of governance, risk management and review of controls in the areas of, but not limited to Corporate functions, Governance & Compliance, Information Systems, Airports (Operations, Engineering, Revenue Management, Safety and Security) and other Subsidiaries business in aviation services, airport commercial & retail, facilities & infrastructure management, hospitality management, airport consultancy, plantation and aeropolis.

On periodic basis, IAD presented to the BAC the updates on its activities comprising key highlights of areas reviewed, follow-up of outstanding issues, progress of the 2017 Annual Audit Plan and ad hoc assignments. The Internal Audit function of ISG and LGM reports to the General Manager IAD of MAHB, and related updates on activities were presented to the ARC of ISG and LGM.

During the financial year, the Group IAD issued a total of sixty nine (69) reports inclusive of eight (8) from ISG and seven (7) from LGM. There were also three (3) updates to BAC on corrective actions of 47 follow-up audits.

Among the key areas covered during the Financial Year are:

<b>CORPORATE</b>	Corporate Planning, Corporate Communication, International Investment, Human Resources & Administration, Industrial Relations, Aeropolis Project, Procurement & Contracts
<b>GOVERNANCE</b>	Board & Management Committees, Environment Management
<b>FINANCE</b>	Cash Management and surprise cash check at various locations, Business Partnering, Billing Remittance, Inventory Management, Debtors' Management
<b>IT</b>	Wi-Fi, Segregation of Duties at various subsidiaries, Security Operations (CCTV & ACAM), Access Management, Aeronautical Revenue System, KCH IT systems
<b>OPERATIONS</b>	Safety & Security, Domestic Airport Operations (SDK, BTU, TGG, KUA, LDU, LMN), Service Monitoring, Engineering (Baggage Handling System, Electrical Power Supply), Facilities & Amenities, Physical Access, AFRS



<b>COMMERCIAL REVENUES</b>	Food & Beverages, Carpark Management, Point-of-Sale and Commercial Credit Notes.
<b>OTHERS</b>	Related Party Transactions, Investigations and special reviews on specific areas as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme.

IAD also extended audit services to ISG and LGM, conducted review in the area of Human Resources Performance Management and Segregation of Duties.

Out-sourcing arrangement with external service firm was sought to provide specialised service as subject matter experts in complementing the internal audit function.

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.

As at 31 December 2017, IAD had a total of 21 auditors, made up from diverse backgrounds as follows:

DISCIPLINE	NO. OF INTERNAL AUDITORS	PERCENTAGE (%)
Accounting, Finance & Business	15	71
Information Technology	4	19
Engineering	2	10
<b>Total</b>	<b>21</b>	<b>100</b>

All staff are required to disclose any relationship or Conflict of Interest to safeguard against impairment of objectivity and independence.

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 conducted by The IIA Malaysia, the IAD practices generally conforms to the *Standards*. For the financial year 2017, total internal audit expenditure incurred for MAHB is RM 3.49 million whilst for ISG and LGM is TL 360,330 (equivalent to Euro 77,111 or RM 373,217).

From left to right

## MOHD KHIRWAN AMIR

AVSEC ASSISTANT,  
AVIATION SECURITY

"I am utterly grateful to be employed by Malaysia Airports for such a long time. This organisation cares for its employees and I have been blessed with many benefits and opportunities. I am proud to be part of a stable and well-renowned entity. Hoping Malaysia Airports will soar higher in the global arena."



## MOHD ADNAN HAMZAH

AVSEC ASSISTANT,  
AVIATION SECURITY

"I just cannot thank Malaysia Airports enough. I am so proud to be here and will continue to do my best for the organisation and the country as a whole by protecting the good image of Malaysia Airports through my job."



*We're working behind  
the scenes to make  
your journey a  
smooth and safe one*

Safety and security are among our top priorities and our Aviation Security Division (AVSEC) is working quietly behind the scenes to ensure airport users are always kept safe and get to enjoy secure, uninterrupted journeys.



# FINANCIAL STATEMENTS

Directors' Report	163
Statement By Directors	168
Statutory Declaration	169
Independent Auditors' Report	170
Statements of Profit or Loss	176
Statements of Comprehensive Income	177
Consolidated Statement of Financial Position	178
Statement of Financial Position	180
Statements of Changes In Equity	182
Statements of Cash Flows	184
Notes to the Financial Statements	187

# DIRECTORS' REPORT

05 Financial



The directors have the 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 2017.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

Details of the subsidiaries are disclosed 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' Implementation Agreement, including both the obligations and operations are disclosed in Notes 1.2 and 1.3 to the financial statements.

## RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit net of tax	237,098	215,641
Profit attributable to: Owners of the parent	236,486	215,641

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## SHARE CAPITAL

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 2016 were as follows:

	RM'000
In respect of the financial year ended 31 December 2016 as reported in the directors' report of that year:	
Single-tier final dividend of 6 sen, on 1,659,191,829 ordinary shares, declared on 25 May 2017 and paid on 16 June 2017	99,552
In respect of the financial year ended 31 December 2017:	
Single-tier interim dividend of 5 sen, on 1,659,191,829 ordinary shares, declared on 31 July 2017 and paid on 25 August 2017	82,960
	182,512

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2017, of 8 sen on 1,659,191,829 ordinary shares on single-tier basis, with a total quantum of RM132,735,000 will be proposed for shareholders' approval (Proposed Final Dividend).

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

### DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail (appointed on 7 June 2017)  
 Datuk Mohd Badlisham bin Ghazali  
 Dato' Sri Dr. Mohamad Isa bin Hussain  
 Dato' Mohd Izani bin Ghani  
 Datuk Seri Yam Kong Choy  
 Datuk Zalekha binti Hassan  
 Rosli bin Abdullah  
 Dato' Ir. Mohamad bin Husin  
 Datuk Azailiza binti Mohd Ahad  
 Jamilah binti Dato' Hashim (appointed on 1 June 2017)  
 Mohd Khairul Adib bin Abd Rahman (appointed on 15 November 2017)  
 Mohd Shihabuddin bin Mukhtar [alternate director to Dato' Sri Dr. Mohamad Isa bin Hussain] (appointed on 6 February 2017)  
 Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah (resigned on 6 June 2017)  
 Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin (retired on 25 May 2017)  
 Datuk Ruhaizah binti Mohamed Rashid (resigned on 7 July 2017)  
 Dato' Chua Kok Ching [alternate director to Datuk Ruhaizah binti Mohamed Rashid] (ceased on 7 July 2017)  
 Norazura binti Tadzim [alternate director to Dato' Sri Dr. Mohamad Isa bin Hussain] (resigned on 6 February 2017)




**DIRECTORS OF SUBSIDIARIES**

The following is a list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office since the beginning of the financial year to the date of this report:

Ahmad Tarmizi bin Mohd Hashim  
 Azli bin Mohamed (appointed on 20 November 2017)  
 Azrin bin Abdul Majid  
 Azri bin Zaharuddin (appointed on 1 June 2017)  
 Datin Nik Ruziah Nik Mohd Salleh  
 Dato' Abu Bakar bin Mohd Nor  
 Dato' Chua Kok Ching  
 Darwish Abdulla D Al-Darwish  
 Deven Coopoosamy  
 Dr. Sharifuddin bin Abdul Hamid  
 Ir. Khairiah binti Haji Salleh  
 Ir. Suradini binti Abdul Ghani  
 Jayechund Jingree  
 Mansoor bin Wan Abdullah  
 Mohammad Suhaimi bin Abdul Mubin  
 Mohd Nazli bin Abdul Aziz  
 Nornajihah binti Ismail  
 Radin Asrul Adza bin Radin Soenarno  
 Raja Azmi bin Raja Nazuddin (appointed on 29 April 2017)  
 Randhill Singh a/l Amrick Singh  
 Sharmil Shah  
 Sushil Kumar Jogoo  
 Veelayudan a/l Krishnan Nair  
 Vivienne Lee Swee Lian @ Lee Abdullah  
 Zainol bin Mohd Isa  
 Zafer Sonmez  
 Dato' Wan Awang bin Wan Yaacob (resigned on 24 May 2017)  
 Sabarina Laila binti Dato' Mohd Hashim (resigned on 20 November 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.

The Directors and Officers of the Group and of the Company are covered by the Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis and the total premium paid by the Group during the financial year amounted to RM114,000.

### 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 profit or loss, 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.


**OTHER STATUTORY INFORMATION (CONTD.)**

- (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 EVENT DURING THE YEAR**

Significant event during the year is disclosed in Note 39 to the financial statements.

**AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

The remuneration of the auditors of the Group and of the Company is disclosed in Note 7 to the financial statements.

**INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young either during the financial year or since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 March 2018.

**Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed  
Putra Jamalullail**

**Datuk Mohd Badlisham bin Ghazali**

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail 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 176 to 309 are drawn up in accordance with the requirements of the Companies Act, 2016 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 2017 and the financial performance and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 March 2018.



Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed  
Putra Jamalullail



Datuk Mohd Badlisham bin Ghazali

# STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

05 Financial



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 176 to 309 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 1 March 2018.

Raja Azmi bin Raja Nazuddin

169

Before me,



# 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 2017 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 176 to 309.

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 2017, 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, 2016 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. The key audit matters for the audit of the financial statements of the Group are described below and we have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. 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)

05 Financial



**KEY AUDIT MATTERS (CONTD.)**

**IMPAIRMENT OF INTANGIBLE ASSETS**

The intangible assets represent a significant amount on the statement of financial position 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 Havalimanı Yatırım Yapım ve İşletme A.Ş. ("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 (subsidiary's auditor) considered the objectivity, independence and expertise of the firm of independent valuer engaged by the Group. 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.

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 (CONTD.)

#### AMORTISATION OF INTANGIBLE ASSETS

As at 31 December 2017 the net book value of intangible assets of the Group amount to RM17,409,638,000 as disclosed in Note 16 to the financial statements. 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.

##### Malaysia Operations

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.

##### Turkey Operations

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.

#### RECOVERABILITY OF DEFERRED TAX ASSETS

As at 31 December 2017, the Group's deferred tax assets amount to RM236,515,000 as disclosed in Note 24 to the financial statements. We focus on this area as the recognition of these assets involves judgement by management as to the likelihood of the realisation of these deferred tax assets, which is based on a number of factors, including whether there will be sufficient taxable profits in future periods to support recognition of the said deferred tax.

Our procedures in relation to management's assessment on the recoverability of deferred tax assets included:

- Understanding and assessing the identification process of temporary differences and calculating deferred tax assets; and
- Assessing the accuracy of forecasted future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans and forecasts used for impairment testing purposes.



**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MALAYSIA AIRPORTS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

05 Financial



### **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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Group and of the Company and take appropriate action.

### **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, 2016 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALAYSIA AIRPORTS HOLDINGS BERHAD**

(Incorporated in Malaysia)

### **AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)**

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.
- 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
MALAYSIA AIRPORTS HOLDINGS BERHAD**  
(Incorporated in Malaysia)

05 Financial



**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 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  
1 March 2018

**Ahmad Qadri Bin Jahubar Sathik**  
No. 3254/05/18(J)  
Chartered Accountant

# STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	3	4,652,338	4,172,768	254,000	119,711
Cost of inventories sold		(448,977)	(396,917)	-	-
Other income	4	230,935	220,741	378,850	434,828
Employee benefits expense	5	(852,144)	(770,263)	(167,124)	(138,740)
Construction costs		(57,905)	-	-	-
Depreciation and amortisation		(880,824)	(852,540)	(16,105)	(15,875)
Other expenses		(1,613,378)	(1,516,420)	(79,038)	(60,519)
Finance costs	6	(716,185)	(689,769)	(151,023)	(158,038)
Share of results of associates	18	5,801	1,676	-	-
Share of results of joint ventures	19	14,824	14,055	-	-
Profit before tax and zakat	7	334,485	183,331	219,560	181,367
Taxation and zakat	9	(97,387)	(110,157)	(3,919)	2,828
Profit net of tax		237,098	73,174	215,641	184,195
<b>Profit attributable to:</b>					
Owners of the parent		236,486	70,386	215,641	184,195
Non-controlling interests		612	2,788	-	-
		237,098	73,174	215,641	184,195
<b>Earnings per share attributable to owners of the parent</b>					
(sen per share)					
- basic, for profit for the year	11	10.82	0.94		

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 2017

05 Financial



	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit net of tax		237,098	73,174	215,641	184,195
Other comprehensive income:					
Available-for-sale investments					
- Gain/(loss) on fair value changes	20	264,368	2,968	(4,456)	2,925
Foreign currency translation		41,955	1,049	-	-
Unrealised gain/(loss) on derivative financial instruments	33	8,826	(23,926)	-	-
Other comprehensive income/(loss) for the year, net of tax		315,149	(19,909)	(4,456)	2,925
Total comprehensive income for the year		552,247	53,265	211,185	187,120
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		551,635	50,477	211,185	187,120
Non-controlling interests		612	2,788	-	-
		552,247	53,265	211,185	187,120

177

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group	
		2017 RM'000	2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	349,847	381,665
Plantation development expenditure	14	67,236	66,690
Land use rights	15	7,034	7,141
Intangible assets	16	17,409,638	17,230,972
Investments in associates	18	44,962	36,161
Investments in joint ventures	19	92,031	82,720
Available-for-sale investments	20	418,749	234,729
Trade and other receivables	22	438,268	411,111
Employee loans	23	27,711	31,710
Deferred tax assets	24	236,515	215,886
		19,091,991	18,698,785
<b>Current assets</b>			
Inventories	25	140,591	135,235
Trade and other receivables	22	791,900	871,555
Tax recoverable		10,181	10,958
Cash and cash equivalents	26	2,460,980	1,571,876
		3,403,652	2,589,624
Asset of disposal group classified as held for disposal	10	-	151
		3,403,652	2,589,775
<b>Total assets</b>		<b>22,495,643</b>	<b>21,288,560</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

05 Financial



	Note	Group	
		2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	27	5,114,341	1,659,192
Perpetual Sukuk	32	997,842	997,842
Share premium	27	-	3,455,149
Retained earnings	28	2,320,248	2,321,187
Fair value adjustment reserve	29	272,636	8,268
Hedging reserve	33	(28,591)	(37,417)
Other reserves	30(b)	6,891	6,801
Foreign exchange reserve	30(a)	325,790	283,835
		9,009,157	8,694,857
Non-controlling interests		-	2,031
<b>Total equity</b>		9,009,157	8,696,888
<b>Non-current liabilities</b>			
Loans and borrowings	31	5,126,028	5,386,142
Derivative financial instruments	33	37,462	43,393
Trade and other payables	34	5,172,888	4,460,533
Deferred tax liabilities	24	916,457	935,840
		11,252,835	10,825,908
<b>Current liabilities</b>			
Loans and borrowings	31	423,258	193,638
Derivative financial instruments	33	8,644	3,389
Trade and other payables	34	1,752,363	1,538,571
Income tax payable		49,386	30,147
		2,233,651	1,765,745
Liability of disposal group classified as held for disposal	10	-	19
		2,233,651	1,765,764
<b>Total liabilities</b>		13,486,486	12,591,672
<b>Total equity and liabilities</b>		22,495,643	21,288,560

179

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Note	Company	
		2017 RM'000	2016 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	71,467	73,531
Investments in subsidiaries	17	1,962,902	1,943,696
Investments in joint ventures	19	53,718	53,718
Available-for-sale investments	20	107,894	188,416
Other receivables	22	4,611,275	4,998,489
Deferred tax asset	24	1,152	3,361
		6,808,408	7,261,211
<b>Current assets</b>			
Inventories	25	13	13
Other receivables	22	2,560,115	2,340,598
Tax recoverable		1,814	1,622
Cash and cash equivalents	26	525,613	223,614
		3,087,555	2,565,847
<b>Total assets</b>		<b>9,895,963</b>	<b>9,827,058</b>



## STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

05 Financial



	Note	Company	
		2017 RM'000	2016 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	27	5,114,341	1,659,192
Perpetual Sukuk	32	997,842	997,842
Share premium	27	-	3,455,149
Retained earnings	28	109,169	133,540
Fair value adjustment reserve	29	3,713	8,169
<b>Total equity</b>		<b>6,225,065</b>	<b>6,253,892</b>
<b>Non-current liability</b>			
Loans and borrowings	31	3,100,000	3,350,000
<b>Current liabilities</b>			
Loans and borrowings	31	250,000	-
Other payables	34	320,898	223,166
		570,898	223,166
<b>Total liabilities</b>		<b>3,670,898</b>	<b>3,573,166</b>
<b>Total equity and liabilities</b>		<b>9,895,963</b>	<b>9,827,058</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 2017

Group	Note	Attributable to owners of the parent						Total equity RM'000				
		Share capital RM'000	Perpetual Sukuk RM'000	Share premium RM'000	Fair value adjustment RM'000	Foreign exchange reserve RM'000	Hedging reserve RM'000		Other reserves RM'000	Distributable retained earnings RM'000	Total RM'000	Non-controlling interests RM'000
<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	32	-	-	-	-	-	-	-	(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
<b>At 1 January 2017</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
Total comprehensive income		-	-	-	264,368	41,955	8,826	-	236,486	551,635	612	552,247
Legal reserve	30(b)	-	-	-	-	-	-	90	-	90	-	90
Distribution to Perpetual Sukuk holder	32	-	-	-	-	-	-	-	(57,500)	(57,500)	-	(57,500)
<b>Transactions with owners:</b>												
Dividends	12	-	-	-	-	-	-	-	(182,512)	(182,512)	-	(182,512)
Effect arising from acquisition of non-controlling interest	17	-	-	-	-	-	-	-	2,612	2,612	(2,612)	-
Effect arising from liquidation of subsidiary	10	-	-	-	-	-	-	-	(25)	(25)	(31)	(56)
Total transactions with owners		-	-	-	-	-	-	-	(179,925)	(179,925)	(2,643)	(182,568)
Effect of implementation of the Companies Act, 2016		3,455,149	-	(3,455,149)	-	-	-	-	-	-	-	-
<b>At 31 December 2017</b>		5,114,341	997,842	-	272,636	325,790	(28,591)	6,891	2,320,248	9,009,157	-	9,009,157

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF CHANGES IN EQUITY

05 Financial



For the financial year ended 31 December 2017

Company	Note	Attributable to owners of the parent					Total equity RM'000
		Non-distributable		Distributable			
		Share capital RM'000 (Note 27)	Perpetual Sukuk RM'000 (Note 32)	Share premium RM'000 (Note 27)	Fair value adjustment reserve RM'000 (Note 29)	retained earnings RM'000 (Note 28)	
<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	32	-	-	-	-	(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
<b>At 1 January 2017</b>		1,659,192	997,842	3,455,149	8,169	133,540	6,253,892
Total comprehensive income		-	-	-	(4,456)	215,641	211,185
Distribution to Perpetual Sukuk holder	32	-	-	-	-	(57,500)	(57,500)
<b>Transaction with owners:</b>							
Dividends	12	-	-	-	-	(182,512)	(182,512)
Total transaction with owners		-	-	-	-	(182,512)	(182,512)
Effect of implementation of the Companies Act, 2016		3,455,149	-	(3,455,149)	-	-	-
<b>At 31 December 2017</b>		5,114,341	997,842	-	3,713	109,169	6,225,065

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 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax and zakat	334,485	183,331	219,560	181,367
Adjustments for:				
Interest income	(43,736)	(36,831)	(3,591)	(3,173)
Dividend income	-	-	(259,513)	(125,234)
Interest expense	709,642	686,332	151,023	158,038
Loss from derivative instrument	6,543	3,437	-	-
Provision for liabilities	12,461	7,909	1,325	-
Writeback of provision for liabilities	(9,999)	(5,692)	(30)	(150)
Amortisation of:				
- intangible assets	819,000	786,965	-	-
- plantation development expenditure	3,473	3,227	-	-
- land use rights	107	105	-	-
Depreciation of property, plant and equipment	58,256	62,243	16,105	15,875
[Reversal]/impairment of:				
- intangible assets	-	1,305	-	-
- property, plant and equipment	(1,391)	394	-	394
Net allowance/(writeback) for doubtful debts	48,005	13,020	(59)	(240)
Bad debt written off	413	2,120	-	2
Loss/(gain) on disposal of:				
- property, plant and equipment	3	-	-	-
- intangible assets	-	(35)	-	-
- quoted unit trust	-	(2,742)	-	(2,742)
Property, plant and equipment written off	4,020	1,263	-	92
Intangible assets written off	13,507	8,254	-	-
Plantation development expenditure written off	-	54	-	-
Balance carried forward	1,954,789	1,714,659	124,820	224,229

## STATEMENTS OF CASH FLOWS

05 Financial



For the financial year ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities (contd.)</b>				
Adjustments for: (contd.)				
Balance brought forward	1,954,789	1,714,659	124,820	224,229
Inventories written off	3,730	4,987	-	-
Investment income	(41,412)	(27,647)	(5,282)	(6,124)
Share of results of:				
- associates	(5,801)	(1,676)	-	-
- joint ventures	(14,824)	(14,055)	-	-
Operating profit before working capital changes	1,896,482	1,676,268	119,538	218,105
Increase in inventories	(9,780)	(22,550)	-	-
Decrease/(increase) in receivables	37,518	303,313	(128,090)	272,936
Increase/(decrease) in payables	180,905	(76,946)	63,462	(202,735)
Decrease in concession liabilities	(30,070)	(28,465)	-	-
Decrease in provisions for liabilities	(740)	(3,595)	(6)	(15)
Changes in related company balances	-	-	459,958	157,772
Cash generated from operations	2,074,315	1,848,025	514,862	446,063
Taxes and zakat paid	(137,049)	(77,174)	(597)	(500)
Net cash generated from operating activities	1,937,266	1,770,851	514,265	445,563
<b>Cash flows from investing activities</b>				
Purchase of:				
- property, plant and equipment	(28,216)	(62,135)	(14,041)	(23,215)
- intangible assets	(251,405)	(368,379)	-	-
- quoted unit trust	(12,125)	(2,844)	(12,056)	(2,780)
- quoted bonds	(3,000)	-	(3,000)	-
- plantation development expenditure	(4,804)	(6,273)	-	-
Proceeds from disposal of:				
- property, plant and equipment	34	-	-	-
- intangible assets	-	70	-	-
- quoted unit trust	91,122	111,200	91,122	111,200
Balance carried forward	(208,394)	(328,361)	62,025	85,205

## STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cash flows from investing activities (contd.)</b>				
Balance brought forward	(208,394)	(328,361)	62,025	85,205
Additional investment in an associate	(3,000)	-	-	-
Additional investment in subsidiaries	-	-	(19,206)	-
Investment income received	41,412	27,647	5,282	6,124
Interest received	5,428	3,826	962	686
Dividend received from:				
- joint ventures	5,513	3,006	5,513	5,523
- subsidiaries	-	-	124,000	119,711
Net cash (used in)/generated from investing activities	(159,041)	(293,882)	178,576	217,249
<b>Cash flows from financing activities</b>				
Repayment of loan	(72,600)	(342,000)	-	(250,000)
Swap payment	(6,543)	(3,437)	-	-
Concession payment	(451,440)	(423,701)	-	-
Interest paid	(241,105)	(247,474)	(150,830)	(161,908)
Dividends paid to shareholders of the Company	(182,512)	(141,032)	(182,512)	(141,032)
Distribution paid to Perpetual Sukuk holder	(57,500)	(57,658)	(57,500)	(57,658)
Net cash used in financing activities	(1,011,700)	(1,215,302)	(390,842)	(610,598)
<b>Net increase in cash and cash equivalents</b>	766,525	261,667	301,999	52,214
<b>Effects of foreign currency translation</b>	122,428	23,473	-	-
<b>Cash and cash equivalents at beginning of year</b>	1,572,027	1,286,887	223,614	171,400
<b>Cash and cash equivalents at end of year (Note 26)</b>	2,460,980	1,572,027	525,613	223,614

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



## 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 1 March 2018.

### 1.2 Operating Agreements

On 12 February 2009, the Group signed the following:

- Operating Agreement for KLIA - between the Company, Malaysia Airports (Sepang) Sdn. Bhd. (MA (Sepang)) and the Government of Malaysia (GoM); and
- Operating Agreement for Designated Airports - between the Company, Malaysia Airports Sdn. Bhd. (MASB) and the GoM.

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 provided 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 a User Fee. User Fee is equal to a specified percentage of revenue that the Group derives 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 2017

### 1. Corporate information and Operating Agreements (contd.)

#### 1.2 Operating Agreements (contd.)

The Operating Agreements include the following salient terms: (contd.)

- (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. In the previous 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 agencies of GoM are finalising the terms and conditions in relation to the extension of the operating period; and
- (g) Under the Operating Agreements, these rights may be terminated 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 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 Implementation Agreement relating to Istanbul Sabiha Gokcen Uluslararası Havalimani Yatırım Yapım ve İşletme A.S. (ISG)

ISG, via the Implementation Agreement signed with the Undersecretariat for Defence Industries, Turkey (the Administration) has been given the rights to operate Istanbul Sabiha Gokcen International Airport (ISGIA) for a period of 20 years commencing 1 May 2008. On 20 October 2017, ISG has signed an additional agreement with the Administration and gained an additional right to operate Facility for an extended period of 2.5 years until 27 August 2032.

The Implementation Agreement includes 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 1. Corporate information and Operating Agreements (contd.)

#### 1.3 Implementation Agreement relating to Istanbul Sabiha Gokcen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş. (ISG) (contd.)

The Implementation Agreement includes the following salient information: (contd.)

- (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 all airlines with 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 (such as heating, cooling and ventilation).
- (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 Implementation 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 Implementation Agreement, 50% of the difference shall be deducted from the Utilisation Fee.
- (d) In accordance with the Implementation 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 Istanbul Atatürk Airport.
- (e) ISG is responsible for:
  - taking all measures to ensure that the operation continues without interruption during the operation period;
  - providing insurance coverage for the Construction and the ISGIA; and
  - 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 operation 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 Implementation 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 operation period free from any obligation and liability and free of charge in operational condition.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies

#### 2.1 Basis of preparation

These financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards as issued by the Malaysian Accounting Standards Board ('MASB'), and the requirements of the Companies Act, 2016 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 2017 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.

On 15 September 2016, the Companies Act, 2016 was enacted and it replaces the Companies Act, 1965 in Malaysia with effect from 31 January 2017. Amongst the key changes introduced in the Companies Act, 2016 which have affected the financial statements of the Group and of the Company upon the commencement of the Companies Act, 2016 on 31 January 2017 are:

- the removal of authorised share capital;
- the ordinary shares of the Company will cease to have par value or nominal value; and
- the Company's share premium will become part of the share capital.

The adoption of Companies Act, 2016, resulted in the reclassification of the above has no financial impact on the Group and of the Company for the current financial year ended 31 December 2017. The effect of adoption is mainly on the disclosures to the financial statements of the Group and of the Company.

#### 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 2017, 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 2017.

##### **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

The application of the above amendments had no material impact on the financial position or disclosure in the Group's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.3 Malaysian Financial Reporting Standards (MFRS Framework)

The Group falls within the definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

- (i) High level identification of the key differences between Financial Reporting Standards and Accounting Standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
- (ii) Evaluation of any training requirements; and
- (iii) Preparation of a conversion plan.

The Group considers the assessment and planning phase to be complete as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to:

- (i) develop training programs for the staff;
- (ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
- (iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
- (iv) develop disclosures required by the MFRS Framework.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and Accounting Standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2017 could be different if prepared under the MFRS Framework.

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 2017

### 2. Significant accounting policies (contd.)

#### 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 2017. 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; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (a) Subsidiaries and basis of consolidation (contd.)

##### (ii) Basis of consolidation (contd.)

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; and
- 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 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill. The accounting policy of goodwill is stated in Note 2.4(d)(iii).

Goodwill is initially measured 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, not being a subsidiary or joint venture, in 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (c) Investment in associates and joint ventures (contd.)

The Group's investment in associate or joint venture is accounted for using the equity method of accounting. Under the equity method, the investment in associate or joint venture is measured in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. Goodwill relating to associate or joint venture included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Any excess of the Group's share of the net fair value of the associate or joint venture identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate or joint venture profit or loss for the period in which investment is acquired.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (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.

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 Implementation Agreement signed with the Administration has given the rights to operate ISGIA for the period of 20 years commencing 1 May 2008. On 20 October 2017, ISG has signed an additional agreement with the Administration and gained an additional right to operate Facility for an extended period of 2.5 years until 27 August 2032.

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 Implementation 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (d) Intangible assets (contd.)

##### (i) Concession rights (contd.)

##### (b) Airport operations right in Turkey (contd.)

The airport operations right is amortised over the operation 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 operation 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 operation 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 operation period in 2030, which was further extended for an additional 2.5 years ending 2032.

##### (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 operation 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 operation 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (d) Intangible assets (contd.)

##### (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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (e) Fair value measurement (contd.)

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (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;
- (ii) the cost of the asset to the enterprise can be measured reliably; and
- (iii) ready for its intended use.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (f) Property, plant and equipment and depreciation (contd.)

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.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (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 that are not resale and for consumption purpose 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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (k) Financial assets (contd.)

##### (i) Financial assets at fair value through profit or loss (contd.)

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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (k) Financial assets (contd.)

##### (iii) Available-for-sale financial assets (contd.)

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.

##### (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 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (l) Impairment of financial assets (contd.)

##### (ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### (iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

##### (m) 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).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (m) Derivative financial instruments and hedging activities (contd.)

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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (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 statements of cash flows, cash and cash equivalents include cash on hand and at banks and deposits at call.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (q) Income tax and zakat (contd.)

##### (ii) Deferred tax (contd.)

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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (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 a publicly administered Social Security Fund.

##### (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.

**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

**2. Significant accounting policies (contd.)****2.4 Summary of significant accounting policies (contd.)****(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 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (v) Foreign currencies (contd.)

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2017 RM	2016 RM
United States Dollar (USD)	4.05	4.49
Great Britain Pound (GBP)	5.47	5.51
Singapore Dollar (SGD)	3.03	3.10
Euro (EUR)	4.84	4.72
Switzerland Swiss Franc (CHF)	4.15	4.40
China Renminbi (RMB)	0.64	0.64
Hong Kong Dollar (HKD)	0.52	0.58
Qatar Riyal (QAR)	1.11	1.26
Australian Dollar (AUD)	3.16	3.24
Indian Rupee (INR)	0.06	0.07

##### (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 Implementation Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period. During the year, ISG has obtained a second extension of the Implementation Agreement for another 2.5 years to year 2032. The Utilisation Fee liability is discounted to present value, at a rate of 10.3%.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (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 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 every 5 years based on the agreed calculation. The 2nd Tariff Cycle revision became effective on 12 February 2014. MARCS PSC of RM76,325,000 (2016: RM106,216,000) 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 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (y) Revenue recognition (contd.)

##### (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.

##### (vii) Construction revenue

Construction revenue is recognised by reference to the stage of completion of the construction activity at the balance sheet date, as measured by the proportion that contracts costs incurred for work performed to date to the estimated total contracts costs. Where the outcome of the Construction cannot be estimated reliably, revenue is recognised to the extent of Construction costs incurred if it is probable that they will be recoverable. Construction costs are recognised as expenses in the year in which they are incurred.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (aa) Concession contracts (contd.)

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)(i) and (ii). The intangible asset model applies where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the amount recoverable. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service.

Intangible assets resulting from the application of this policy are recorded in the statement of financial position under the heading 'Intangible assets' and are amortised on the method reflecting the asset's usage based on passengers volume 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.4 Summary of significant accounting policies (contd.)

##### (ab) IC Interpretation 12 Service Concession Arrangements (contd.)

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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.5 Significant accounting judgements and estimates (contd.)

##### (a) Critical judgements made in applying accounting policies (contd.)

##### (ii) Amount due from GoM

Management assessed the amount claimable from the GoM together with the future obligations of the Group in respect of User Fee payable to the GoM.

Profit projections are used in determining the future obligations in respect of future User Fee payable for any potential set-off against the amount claimable from GoM as at reporting date. The profit projections by the management are based on various assumptions, amongst others including passenger volume, usage of airports, amortisation of concession asset and projected growth rate.

Further management's key assumptions and judgement on arriving at the initial recognition and the fair value of the amount receivable from the GoM relating to the option of the racing circuit which was recognised as receivables in prior years are as follows:

- The present value of the consideration of the racing circuit option is calculated on the assumption that the amount expected to be received by the Group at the end of the option period in April 2019.
- The consideration of the racing circuit is based on the book value of the circuit as at 31 December 2010 and subsequent to the present value of the amount classified as long-term debts (receivable from the GoM).
- 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 34.

##### (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 3% (2016: 4%) 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.5 Significant accounting judgements and estimates (contd.)

##### (a) Critical judgements made in applying accounting policies (contd.)

###### (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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (contd.)

#### 2.5 Significant accounting judgements and estimates (contd.)

##### (b) Key sources of estimation uncertainty (contd.)

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: (contd.)

##### (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 34(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.

##### (v) Concession contract and percentage of completion

The Group provides construction services in exchange for the right to operate the airport in accordance with the Operating Agreements. As described in Note 2.4 (ab) IC Service Concession Arrangement, the Group recognises the revenues and costs in accordance to FRS 111 Construction Contracts by reference to the stage of completion of the construction activity. The date of completion is measured by reference to the construction costs incurred for work performed to date to the estimated total costs for the contract.

##### (vi) Mark-up rate for the construction

The airport operations right in exchange for the construction services provided is recognised at the fair value of the consideration receivable for the construction services delivered. The fair value of the consideration receivable for the construction services delivered is calculated by including certain mark-up, estimated to reflect a margin consistent with other similar construction work where possible, on the actual costs incurred. Mark-up rates used in calculating the fair value of the consideration receivable estimated by the Group on the prior years construction project are 4.5% and 7.5% for construction projects in Malaysia and 10% for prior years and no mark-up in current year for construction project in ISG as disclosed in Note 16.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 2. Significant accounting policies (contd.)

#### 2.5 Significant accounting judgements and estimates (contd.)

##### (b) Key sources of estimation uncertainty (contd.)

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: (contd.)

##### (vii) Concession liabilities

As disclosed in Notes 2.4(t) and (ab), 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 RM66,000 or lower by RM93,000 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 RM212,000 or lower by RM199,000 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 RM2,009,000 or lower by RM1,984,000 respectively.

##### (viii) 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 Implementation Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period, being the first extension period. During the year, ISG has obtained second extension period of 2.5 years after the first extension period ended. The Utilisation Fee liability is discounted to present value, at a rate of 10.3%.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 3. Revenue

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Airport operations:				
- Airport services:				
- Aeronautical	2,342,651	2,133,877	-	-
Less: Airline incentives	(89,026)	(71,292)	-	-
	2,253,625	2,062,585	-	-
- Non-aeronautical	1,189,516	1,110,220	-	-
- Construction revenue*	57,905	-	-	-
- Duty free and non-dutiable goods	853,679	740,019	-	-
Non-airport operations:				
- Agriculture and horticulture	39,213	34,341	-	-
- Hotel operations	103,151	92,839	-	-
- Project and repair maintenance	155,249	132,764	-	-
Dividend income from subsidiaries	-	-	254,000	119,711
	4,652,338	4,172,768	254,000	119,711

Included in aeronautical revenue is MARCS sum income of RM168,030,000 (2016: RM203,435,000) as disclosed in Note 2.4(y)(iv).

Included in revenue is revenue from overseas operations contributed by ISG and LGM totalling to RM1,085,677,000 (2016: RM958,803,000) and revenue contributed by MACS ME totalling to RM137,555,000 (2016: RM114,666,000).

\* Construction revenue relates to revenue recognised pursuant to IC 12 and in accordance with FRS 111 in respect of the development of ISGIA's New Terminal Building and its Complimentaries.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 4. Other income

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest income:				
- Unquoted investments and employee loans	5,428	3,826	962	686
- Other loans and receivables	38,122	32,701	2,629	2,487
- Gain on financial instruments at fair value through profit or loss	186	304	-	-
Investment income:				
Available-for-sale investments on equity instruments:				
- quoted in Malaysia	21,293	15,219	4,045	5,325
- unquoted in Malaysia	-	6,256	-	-
- unquoted outside Malaysia	10,826	-	-	-
Unquoted short-term investments	9,293	6,172	1,237	799
Rental income:				
- Minimum lease payments	9,940	13,761	-	-
Gain on disposal of:				
- intangible assets	-	35	-	-
- quoted unit trust	-	2,742	-	2,742
Net realised foreign exchange gain/(loss)	3,372	1,838	80	(202)
Management fee charged to subsidiaries	-	-	141,513	188,146
Recoupment of expenses	90,519	92,653	208,475	215,218
Miscellaneous	41,956	45,234	19,909	19,627
	230,935	220,741	378,850	434,828

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 5. Employee benefits expense

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Wages and salaries	488,780	476,404	90,791	85,746
Bonus	113,453	64,652	30,436	12,380
Contributions to defined contribution plans	94,849	81,035	20,485	16,518
Social security contributions	6,413	5,964	894	796
Net additional/(writeback of) provision for short-term accumulating compensated absences	2,560	(619)	1,295	(150)
Other employee benefits	146,089	142,827	23,223	23,450
	852,144	770,263	167,124	138,740

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,777,000 (2016: RM1,627,000) and RM1,777,000 (2016: RM1,627,000) respectively as further disclosed in Note 8.

### 6. Finance costs

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense:				
- concession payables and borrowings	241,105	247,474	150,975	157,818
- financial liabilities	475,080	442,295	48	220
	716,185	689,769	151,023	158,038

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 7. Profit before tax and zakat

The following items have been included in arriving at profit before tax and zakat:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	2,747	2,350	2,285	1,970
Auditors' remuneration:				
- statutory				
- auditors of the Company (Malaysia operations)	608	605	108	111
- auditors of the Company (Overseas operations)	435	496	-	-
- other auditors (other than Ernst & Young)	22	31	22	31
- other services				
- auditors of the Company	671	604	631	599
User Fee expenses	391,780	362,431	-	-
Rental expenses	131,413	114,782	5,419	5,815
Depreciation of property, plant and equipment (Note 13)	58,256	62,243	16,105	15,875
Amortisation of:				
- plantation development expenditure (Note 14)	3,473	3,227	-	-
- land use rights (Note 15)	107	105	-	-
- intangible assets (Note 16)	819,000	786,965	-	-
Property, plant and equipment written off	4,020	1,263	-	92
Intangible assets written off	13,507	8,254	-	-
Plantation development expenditure written off	-	54	-	-
Loss/(gain) on disposal of:				
- intangible assets	-	(35)	-	-
- property, plant and equipment	3	-	-	-
- quoted unit trusts	-	(2,742)	-	(2,742)
(Reversal)/impairment of:				
- intangible assets (Note 16)	-	1,305	-	-
- property, plant and equipment (Note 13)	(1,391)	394	-	394
Net allowance/(writeback) of doubtful debts	48,005	13,020	(59)	(240)
Inventories written off	3,730	4,987	-	-
Bad debts written off	413	2,120	-	2
Utility charges	334,317	343,152	1,327	1,543
Repair and maintenance costs	352,460	343,177	11,254	11,617
Legal and other professional fees	34,625	24,004	21,953	13,137

User Fee expenses amounting to RM391,780,000 (2016: RM362,431,000) relate to payments made to the GoM for operating rights. User Fee rates range from 11.27% to 11.55% (2016: 10.89% to 11.18%) and are calculated on gross revenues of 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 2017

### 8. Directors' remuneration

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive director's remuneration (Note 5):				
- Other emoluments	1,777	1,627	1,777	1,627
Non-executive directors' remuneration (Note 7):				
- Fees	1,381	1,038	1,112	1,038
- Other emoluments	1,366	1,312	1,173	932
	2,747	2,350	2,285	1,970
Total directors' remuneration	4,524	3,977	4,062	3,597
Estimated money value of benefits-in-kind	181	194	181	194
Total directors' remuneration including benefits-in-kind	4,705	4,171	4,243	3,791

The details of remuneration receivable by directors of the Group and of the Company during the year are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive:				
- Salaries and other emoluments	1,125	1,055	1,125	1,055
- Bonus	394	336	394	336
- Defined contribution plans	258	236	258	236
- Estimated money value of benefits-in-kind	44	98	44	98
	1,821	1,725	1,821	1,725
Non-executive:				
- Fees	1,381	1,038	1,112	1,038
- Other emoluments	1,366	1,312	1,173	932
- Estimated money value of benefits-in-kind	137	96	137	96
	4,705	4,171	4,243	3,791

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 8. Directors' remuneration (contd.)

Included in the Group non-executive directors' fees and other emoluments were the subsidiaries directors' fees and other emoluments of RM269,000 (2016: Nil) and RM193,000 (2016: RM380,000) respectively.

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	
	2017	2016
<b>Executive director:</b>		
RM1,700,001 – RM1,750,000	-	1
RM1,750,001 – RM1,850,000	1	-
<b>Non-executive directors:</b>		
Less than RM50,000	4	4
RM50,001 – RM100,000	1	2
RM100,001 – RM150,000	2	-
RM150,001 – RM200,000	3	3
RM200,001 – RM250,000	3	2
RM250,001 – RM300,000	2	2
RM300,001 – RM350,000	1	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	1

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 9. Taxation and zakat

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current income tax:				
- Malaysian income tax	147,770	107,632	407	151
- Foreign tax	4,301	5,558	-	-
- Under/(over) provision of income tax in prior years	544	(28,310)	1,303	(208)
	152,615	84,880	1,710	(57)
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	(32,266)	9,193	1,650	(350)
(Over)/under provision of deferred tax in prior years	(27,412)	11,344	559	(2,745)
	(59,678)	20,537	2,209	(3,095)
	92,937	105,417	3,919	(3,152)
Income tax expense/(credit)	92,937	105,417	3,919	(3,152)
Zakat	4,450	4,740	-	324
Total income tax expense/(credit) and zakat	97,387	110,157	3,919	(2,828)



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 9. Taxation and zakat (contd.)

#### 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 2017 and 2016 are as follows:

	2017 RM'000	2016 RM'000
<b>Group</b>		
Profit before tax and zakat	334,485	183,331
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	80,276	43,999
Different tax rates in other countries	2,605	4,324
Tax effects of share of results of associates and joint ventures	-	(3,775)
Income not subject to tax	36,730	(47,258)
Expenses not deductible for tax purposes	6,819	71,169
Deferred tax asset recognised on investment tax allowances	(16,800)	-
Utilisation of other deductible temporary differences	-	(45,674)
Utilisation of previously unrecognised tax losses	9,761	-
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	414	99,598
Under/(over) provision of income tax in prior years	544	(28,310)
(Over)/under provision of deferred tax in prior years	(27,412)	11,344
Income tax expense for the year	92,937	105,417
<b>Company</b>		
Profit before tax and zakat	219,560	181,367
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	52,694	43,528
Income not subject to tax	(66,886)	(49,171)
Expenses not deductible for tax purposes	6,489	5,444
Deferred tax assets not recognised in respect of current year's unabsorbed capital allowances	9,760	-
Under/(over) provision of income tax in prior years	1,303	(208)
Under/(over) provision of deferred tax in prior years	559	(2,745)
Income tax expense/(credit) for the year	3,919	(3,152)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 9. Taxation and zakat (contd.)

Current income tax is calculated at the statutory tax rate of 24% (2016: 24%) 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 Joint Venture 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. On 6 November 2017, final creditors meeting was held as part of the process to conclude the liquidation process.

As at 30 September 2017, the assets and liabilities of SSHM have been presented on the consolidated statements of financial position as assets and liabilities held for disposal.

The Liquidator has appointed solicitor to apply for/obtain the vesting order from the court. Liquidation will only be completed upon issuance of the vesting order from the court.

The Liquidator has released the final report to solicitor for vesting order application on 10 January 2018. The process may take few months to obtain court order to release Liquidator from the office and close the case.

There were no movements in the statements of profit or loss of the discontinued operation in the financial year.

The classes of asset and liability classified as held for disposal on the consolidated statement of financial position are as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Asset</b>		
Cash and cash equivalents, representing asset of disposal group classified as held for disposal	-	151
<b>Liability</b>		
Trade and other payables, representing liability of disposal group classified as held for disposal	-	19

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 11. Earnings per share

#### (a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017 RM'000	2016 RM'000
Profit attributable to ordinary equity holders of the Company	237,098	73,174
Distribution to Perpetual Sukuk holders	(57,500)	(57,658)
Net profit attributable to owners of the parent	179,598	15,516

	Group	
	2017	2016
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,659,192

	Group	
	2017 sen	2016 sen
Basic earnings per share for:		
- Basic, for profit for the year	10.82	0.94

#### (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 2017

### 12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Recognised during the year:</b>				
Interim dividend for 2017:				
on 1,659,191,829 ordinary shares				
- single-tier 5 sen, per ordinary share	82,960	-	82,960	-
Final dividend for 2016:				
on 1,659,191,829 ordinary shares				
- single-tier 6 sen, per ordinary share	-	99,552	99,552	-
Interim dividend for 2016:				
on 1,659,191,829 ordinary shares				
- single-tier 4 sen, per ordinary share	-	66,368	-	66,368
Final dividend for 2015:				
on 1,659,191,829 ordinary shares				
- single-tier 4.5 sen, per ordinary share	-	-	-	74,664
<b>Proposed for approval at forthcoming Annual General Meeting (not recognised as liability as at 31 December 2017):</b>				
Final dividend for 2017:				
on 1,659,191,829 ordinary shares				
- single-tier 8 sen, per ordinary share	132,735	-	-	-
	215,695	165,920	182,512	141,032

#### Dividend paid during financial year

A single-tier final dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2016 was approved by the Shareholders at its Annual General Meeting held on 25 May 2017. The final dividend amounting to RM99,552,000 was paid on 16 June 2017.

A single-tier interim dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2017 was declared on 31 July 2017. The interim dividend amounting to RM82,960,000 was paid in full on 25 August 2017.

#### Proposed Final Dividend

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2017, of 8 sen on 1,659,191,829 ordinary shares on single-tier basis, with a total quantum of RM132,735,000, will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect these dividends. Such dividends will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial


**13. Property, plant and equipment**

	Property and buildings RM'000	Hotel property RM'000	Safety equipment and motor vehicles RM'000	Office, communication and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group</b>							
<b>At 31 December 2017</b>							
<b>Cost</b>							
At 1 January 2017	196,496	120,724	28,298	437,465	27,202	44,908	855,093
Additions	190	-	547	12,197	12	15,270	28,216
Disposals	-	-	-	(26)	-	-	(26)
Written off	(1,991)	-	(328)	(6,699)	(748)	-	(9,766)
Transfers	361	-	1,705	12,098	2,587	(16,751)	-
Reclassified from plantation development expenditure	-	-	-	785	-	-	785
Foreign currency translation	5	-	(90)	(26)	-	-	(111)
At 31 December 2017	195,061	120,724	30,132	455,794	29,053	43,427	874,191
<b>Accumulated depreciation and impairment</b>							
At 1 January 2017	50,564	60,689	16,309	322,782	20,194	2,890	473,428
Charge for the year (Note 7)	4,521	4,209	1,819	44,946	2,761	-	58,256
Disposals	-	-	-	11	-	-	11
Written off	(506)	-	(90)	(4,672)	(478)	-	(5,746)
Reversal of impairment (Note 7)	(568)	-	(238)	(585)	-	-	(1,391)
Foreign currency translation	3	-	(83)	(134)	-	-	(214)
At 31 December 2017	54,014	64,898	17,717	362,348	22,477	2,890	524,344
Analysed as:							
Accumulated depreciation	52,823	64,898	8,207	340,442	22,477	-	488,847
Accumulated impairment loss	1,191	-	9,510	21,906	-	2,890	35,497
	54,014	64,898	17,717	362,348	22,477	2,890	524,344
<b>Net carrying amount</b>	141,047	55,826	12,415	93,446	6,576	40,537	349,847

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 13. Property, plant and equipment (contd.)

	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</b>							
<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>	145,932	60,035	11,989	114,683	7,008	42,018	381,665

**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial


**13. Property, plant and equipment (contd.)**

	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 2017</b>					
<b>Cost</b>					
At 1 January 2017	32,826	2,200	116,766	16,592	168,384
Additions	-	547	1,906	11,588	14,041
Transfers	-	-	(83)	-	(83)
At 31 December 2017	32,826	2,747	118,589	28,180	182,342
<b>Accumulated depreciation and impairment</b>					
At 1 January 2017	10,093	1,529	82,837	394	94,853
Charge for the year (Note 7)	946	151	15,008	-	16,105
Transfers	-	-	(83)	-	(83)
At 31 December 2017	11,039	1,680	97,762	394	110,875
<b>Net carrying amount</b>	<b>21,787</b>	<b>1,067</b>	<b>20,827</b>	<b>27,786</b>	<b>71,467</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 (Note 7)	-	-	-	394	394
At 31 December 2016	10,093	1,529	82,837	394	94,853
<b>Net carrying amount</b>	<b>22,733</b>	<b>671</b>	<b>33,929</b>	<b>16,198</b>	<b>73,531</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 13. Property, plant and equipment (contd.)

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 RM223,999,000 (2016: RM199,570,000) and RM61,347,000 (2016: RM53,278,000) respectively.

### 14. Plantation development expenditure

	Group	
	2017 RM'000	2016 RM'000
<b>Cost</b>		
At 1 January	102,573	96,401
Additions	4,804	6,273
Written off	-	(101)
Reclassified to property, plant and equipment	(785)	-
At 31 December	106,592	102,573
<b>Accumulated amortisation</b>		
At 1 January	35,883	32,703
Charge for the year (Note 7)	3,473	3,227
Written off	-	(47)
At 31 December	39,356	35,883
<b>Net carrying amount</b>	67,236	66,690

### 15. Land use rights

	Group	
	2017 RM'000	2016 RM'000
<b>Net carrying amount</b>		
At 1 January	7,141	7,246
Amortisation during the year (Note 7)	(107)	(105)
At 31 December	7,034	7,141
<b>Analysed as:</b>		
Short-term land use rights	1,469	1,504
Long-term land use rights	5,565	5,637
	7,034	7,141



**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial


**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 2017</b>				
<b>Cost</b>				
At 1 January 2017	10,620,377	10,669,544	409,898	21,699,819
Additions	530,759	32,670	218,735	782,164
Written off	-	(10,217)	(12,345)	(22,562)
Transfers	-	89,602	(89,602)	-
Foreign currency translation	219,430	56,882	-	276,312
At 31 December 2017	11,370,566	10,838,481	526,686	22,735,733
<b>Accumulated amortisation</b>				
At 1 January 2017	1,711,506	2,757,341	-	4,468,847
Charge for the year (Note 7)	401,875	417,125	-	819,000
Written off	-	(9,055)	-	(9,055)
Foreign currency translation	30,231	17,072	-	47,303
At 31 December 2017	2,143,612	3,182,483	-	5,326,095
<b>Net carrying amount</b>	9,226,954	7,655,998	526,686	17,409,638

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 16. Intangible assets (contd.)

	Concession rights RM'000	Terminal building, plant and infrastructures RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group (contd.)</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
Disposals	-	(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 and impairment</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
Disposals	-	(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
Analysed as:				
Accumulated amortisation	1,711,506	2,724,095	-	4,435,601
Accumulated impairment loss	-	33,246	-	33,246
	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 2017

05 Financial



### 16. Intangible assets (contd.)

Included in the cost of intangible assets of the Group is cost of fully depreciated intangible assets which are still in use amounting to RM546,599,000 (2016: RM420,357,000).

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	
	2017 RM'000	2016 RM'000
Unquoted shares at cost	1,943,696	1,943,696
Additional investment in subsidiaries	19,206	-
	1,962,902	1,943,696

Name of company	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
		2017 %	2016 %	
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 2017

### 17. Investments in subsidiaries (contd.)

Name of company	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
		2017 %	2016 %	
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)				Owner of the hotel known as Sama-Sama Hotel, Sama-Sama Express K.L. International Airport and Sama-Sama Express klia2.
- ordinary shares	10,000,000	100	100	
- preference shares	900,000	100	100	
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.
Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)	750,000	100	100	Provision of mechanical, electrical and civil engineering services.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 17. Investments in subsidiaries (contd.)

Name of company	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
		2017 %	2016 %	
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 Yatirim Yapim ve Isletme A.S. * @ ** (ISG)	€178,741,000	100	100	Operation, management and development and provision of airport related services.
LGM Havalimani Isletmeleri Ticaret ve Turizm A.S. * @ (LGM)	€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.
Istanbul Sabiha Gokcen Uluslararası Havalimani Yer Hizmetleri A.S.^ (ISGGH)	€2,420,582	-	60.8	Provision of ground handling services. Ceased operations.
KLIA Aeropolis Sdn. Bhd. (KASB) (1212392-H)	101	100	100	Investment holding.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 17. Investments in subsidiaries (contd.)

Name of company	Issued and paid-up capital RM	Proportion of ownership interest held		Principal activities
		2017 %	2016 %	
Malaysia Airports International Sdn. Bhd. + [1220825-V]	2	100	-	Investment holding.
MA Elogistics Sdn. Bhd. # [MA Elogistics] [1253685-H]	100	100	-	Investment holding.

@ Audited by a member firm of Ernst & Young Global

\* Effective interest held in each subsidiary through:

	2017	2016
Company	20%	20%
MAMSC	40%	40%
MA Cities	40%	40%
	100%	100%

\*\* Investment in ISG with carrying amount of RM692,085,000 (2016: RM674,983,000) is pledged to financial institutions for credit facilities granted to the subsidiaries as disclosed in Note 31.

^ 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.

^^ On 13 June 2017, the Group acquired the minority interest of 39.2% of ISGGH for total consideration of TL3, therefore owning 100%. On 31 August 2017, ISGGH and LGM merged under LGM.

+ Malaysia Airports International Sdn. Bhd. was incorporated on 6 March 2017 and is a wholly owned subsidiary of MAHB.

# MA Elogistics was incorporated on 31 October 2017 and is a wholly owned subsidiary of MAHB.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 18. Investments in associates

	Group	
	2017 RM'000	2016 RM'000
Unquoted shares at cost:		
- outside Malaysia	34,268	34,268
- in Malaysia	26,640	23,640
	60,908	57,908
Share of post-acquisition reserve	65,723	59,922
Impairment of investment	(81,669)	(81,669)
	44,962	36,161
Analysed as:		
Unquoted shares at cost:		
At 1 January	57,908	57,908
Additional investment	3,000	-
At 31 December	60,908	57,908
Share of post-acquisition reserve:		
At 1 January	59,922	58,246
Share of results	5,801	1,676
At 31 December	65,723	59,922

#### 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 full impairment on this investment in the previous financial years.

**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

**18. Investments in associates (contd.)****GMR Male International Airport Limited (contd.)**

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 USD208,100,000 equivalent to RM865,696,000 as liquidated damages to GMR Male. However, MACL had paid a full amount of USD271,000,000 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 accrual expenses.

The Group has not recognised further losses relating to GMR Male where its share of losses exceeded the Group's interest and that Group has no further 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 2015, 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 representing 30% of its total issued and paid-up share capital was held by MA (Sepang) and the rest by RI One. During the year, MFMA had further increased its share capital to RM86,800,000 of which it was subscribed proportionately by all shareholders based on their current equity interest.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 18. Investments in associates (contd.)

Details of the associates are as follows:

Name of associate	Country of incorporation	Issued and paid-up capital RM	Proportion of ownership interest held		Financial year end	Principal activities
			2017 %	2016 %		
<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	3,000,000	20	20	31 December	Development, management and operation of aviation fuelling system at KLIA.
MFMA Development Sdn. Bhd.* ^^	Malaysia	86,800,000	30	30	31 December	Development, operation and maintenance of a Factory Outlet Centre and its complementary components known as Mitsui Outlet Park KLIA.

\* During the year, the Group had further increased its investment in MFMA amounting to RM3,000,000.

^ Audited by KPMG Maldives

^^ Audited by KPMG KL

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 18. Investments in associates (contd.)

Details of the associates are as follows: (contd.)

(a) The summarised financial statement of KAF is as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Assets and liabilities</b>		
Current assets	24,903	19,175
Non-current assets	192,157	199,190
Current liabilities	(29,954)	(34,832)
Non-current liabilities	(75,267)	(88,030)
<b>Equity</b>	111,839	95,503
<b>Cost of investment</b>	600	600
<b>Results</b>		
Revenue	64,874	59,254
Cost of sales	(23,717)	(24,473)
Other income	1,401	1,898
Administrative expenses	(17,339)	(26,699)
Finance costs	(3,405)	(3,584)
<b>Profit before tax for the year</b>	21,814	6,396
Income tax	(5,477)	(1,991)
<b>Profit for the year</b>	16,337	4,405
<b>Group's share of profit for the year</b>	3,267	881

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 18. Investments in associates (contd.)

Details of the associates are as follows: (contd.)

(b) The summarised financial statement of MFMA is as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Assets and liabilities</b>		
Current assets	29,444	99,219
Non-current assets	228,721	182,760
Current liabilities	(184,516)	(224,661)
<b>Equity</b>	73,649	57,318
<b>Cost of investment</b>	26,040	23,040
<b>Results</b>		
Revenue	54,623	49,079
Cost of sales	(21,731)	(21,410)
Other income	55,384	8,695
Administrative expenses	(77,430)	(33,713)
<b>Profit before tax for the year</b>	10,846	2,651
Income tax	(2,400)	-
<b>Profit for the year</b>	8,446	2,651
<b>Group's share of profit for the year</b>	2,534	795

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 18. Investments in associates (contd.)

Details of the associates are as follows: (contd.)

(c) The summarised financial statement of GMR Male is as follows:

	<b>Group</b>
	<b>2016</b>
	<b>RM'000</b>
<b>Asset and liabilities</b>	
Current assets	166,641
Current liabilities	(235,883)
Non-current liabilities	(23,107)
<b>Equity</b>	<b>(92,349)</b>
<b>Cost of investment</b>	<b>34,268</b>
<b>Results</b>	
Revenue	66,584
Administrative expenses	(82,872)
Finance costs	(23,804)
<b>Loss before tax for the year</b>	<b>(40,092)</b>
Income tax	(5,250)
<b>Loss for the year</b>	<b>(45,342)</b>
<b>Group's share of loss for the year *</b>	<b>-</b>

\* The Group has not recognised further losses relating to GMR Male where its share of losses exceeded the Group's interest and that the Group has no further 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.

As at the reporting date, GMR Male has not prepared its financial statements to be shared with the Group. As such, there is no summarised financial information to be presented. The investment was already fully impaired in prior years.

**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial



**19. Investments in joint ventures**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares at cost:				
- in Malaysia	53,718	53,718	53,718	53,718
Share of post-acquisition reserve	38,313	29,002	-	-
	92,031	82,720	53,718	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	29,002	17,953	-	-
Share of results	14,824	14,055	-	-
Distribution of profits	(5,513)	(3,006)	-	-
At 31 December	38,313	29,002	-	-

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 19. Investments in joint ventures (contd.)

Details of the joint ventures are as follows:

Name of entity	Country of incorporation	Issued and paid-up capital RM	Effective interest held		Financial year end	Principal activities
			2017 %	2016 %		
<b>Held by the Company:</b>						
Segi Astana Sdn. Bhd. (SASB)*	Malaysia	106,060,000	30	30	31 December	Development, management and operations of property.
Airport Cooling Energy Supply Sdn. Bhd (ACES)**^	Malaysia	19,040,000	23	23	31 August	Development, management and operations of chilled water plant.
- redeemable preference shares		761,600				
<b>Held through a subsidiary:</b>						
Cainiao KLIA Aeropolis Sdn. Bhd. ***^^	Malaysia	206,667,000	30	-	31 March	Development of a regional e-Commerce and logistics hub.

\* 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, through SASB.

\*\* 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.

\*\*\* On 2 November 2017, MA Elogistics Sdn. Bhd. has entered into a Shareholders' Agreement with Cainiao Smart Logistics Network (Hong Kong) Ltd. (Cainiao HK), to participate in a joint venture company under the name of Cainiao KLIA Aeropolis Sdn. Bhd.

^ Audited by PWC KL

^^ As at reporting date, Cainiao KLIA Aeropolis Sdn. Bhd. has yet to appoint its auditor.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 19. Investments in joint ventures (contd.)

Details of the joint ventures are as follows: (contd.)

(a) The summarised financial statement of SASB is as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Assets and liabilities</b>		
Current assets	119,619	99,741
Non-current assets	569,621	589,310
Current liabilities	(146,512)	(133,304)
Non-current liabilities	(389,983)	(427,036)
<b>Equity</b>	152,745	128,711
<b>Cost of investment</b>	31,818	31,818
<b>Results</b>		
Revenue	121,613	124,800
Cost of sales	(29,628)	(30,326)
Other income	11,763	13,073
Administrative expenses	(40,218)	(46,346)
Finance costs	(30,206)	(34,442)
<b>Profit before tax for the year</b>	33,324	26,759
Income tax	(9,557)	(6,724)
<b>Profit for the year</b>	23,767	20,035
<b>Group's share of profit for the year</b>	7,130	6,011

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 19. Investments in joint ventures (contd.)

Details of the joint ventures are as follows: (contd.)

(b) The summarised financial statement of ACES is as follows:

	Group	
	2017 RM'000	2016 RM'000
<b>Assets and liabilities</b>		
Current assets	64,658	75,477
Non-current assets	368,122	365,347
Current liabilities	(38,894)	(37,632)
Non-current liabilities	(194,464)	(212,066)
<b>Equity</b>	199,422	191,126
<b>Cost of investment</b>	21,900	21,900
<b>Results</b>		
Revenue	76,455	75,695
Cost of sales	(17,820)	(17,182)
Other income	1,158	1,015
Administrative expenses	(2,391)	(1,210)
Finance costs	(11,187)	(12,876)
<b>Profit before tax for the year</b>	46,215	45,442
Income tax	(12,764)	(10,467)
<b>Profit for the year</b>	33,451	34,975
<b>Group's share of profit for the year</b>	7,694	8,044



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 20. Available-for-sale investments (AFS)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Quoted bonds in Malaysia at fair value	8,000	5,000	8,000	5,000
Quoted unit trust in Malaysia at fair value	102,533	185,958	99,894	183,416
Unquoted shares outside Malaysia**	307,692	-	-	-
AFS at fair value	418,495	190,958	107,894	188,416
Unquoted shares at cost in Malaysia, representing AFS at cost*	254	254	-	-
Unquoted shares outside Malaysia**	-	43,517	-	-
AFS at cost	254	43,771	-	-
Total AFS investments	418,749	234,729	107,894	188,416

Movement in AFS investments is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	234,729	335,344	188,416	291,169
Additions	15,125	2,844	15,056	2,780
Fair value adjustment	264,368	2,968	(4,456)	2,925
Disposals	(91,122)	(108,458)	(91,122)	(108,458)
Foreign currency translation	(4,351)	2,031	-	-
At 31 December	418,749	234,729	107,894	188,416

Unquoted shares of RM213,852,000 (2016: RM29,996,000) 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.

\*\* On 2 February 2018, the Group has entered into a Share Purchase Agreement (SPA) with GMR Airports Limited (Purchaser), for the disposal of all the 41,580,000 equity shares of INR10 each which represents 11% of the total issued and paid-up share capital GMR Hyderabad International Airport Limited (GHIAL) to GMR Airports, for a cash consideration of USD76,050,000, equivalent to RM295,340,000 subject to the terms and conditions contained in the SPA.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 21. Fair value measurement

Fair value measurement hierarchy for assets:

Group	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 2017</b>				
<b>Available-for-sale financial investment (Note 20)</b>				
Quoted bond	8,000	-	8,000	-
Quoted unit trust	102,533	-	102,533	-
Unquoted equity shares	308,216	-	-	308,216
	418,749	-	110,533	308,216
<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
	234,729	-	190,958	43,771

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 21. Fair value measurement (contd.)

Fair value measurement hierarchy for assets: (contd.)

Company	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 2017</b>				
<b>Available-for-sale financial investment (Note 20)</b>				
Quoted bond	8,000	-	8,000	-
Quoted unit trust	99,894	-	99,894	-
	107,894	-	107,894	-
<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	183,416	-	183,416	-
	188,416	-	188,416	-

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 2017

### 22. Trade and other receivables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	465,751	499,813	-	-
Due from GoM	148,252	167,720	-	-
Accrued revenue	131,431	158,264	-	-
	745,434	825,797	-	-
Less: Allowance for doubtful debts				
Third parties	(127,748)	(86,432)	-	-
Trade receivables, net	617,686	739,365	-	-
<b>Other receivables</b>				
Due from GoM	77,736	37,736	31,559	15,320
Amounts due from subsidiaries	-	-	2,519,332	2,314,203
Employee loans (Note 23)	3,600	3,572	-	-
Deposits	13,798	10,536	68	124
Prepayments	29,580	27,489	2,111	3,319
Sundry receivables	67,873	64,516	12,908	13,554
	192,587	143,849	2,565,978	2,346,520
Less: Allowance for doubtful debts	(18,373)	(11,659)	(5,863)	(5,922)
Other receivables, net	174,214	132,190	2,560,115	2,340,598
	791,900	871,555	2,560,115	2,340,598

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 22. Trade and other receivables (contd.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current Trade receivable</b>				
Third parties	48,536	205	-	-
<b>Other receivables</b>				
Due from GoM	328,654	349,191	14,886	28,496
Amounts due from a subsidiary	-	-	4,596,389	4,969,993
Sundry receivables	61,078	61,715	-	-
	389,732	410,906	4,611,275	4,998,489
	438,268	411,111	4,611,275	4,998,489
Total trade and other receivables [current and non-current]	1,230,168	1,282,666	7,171,390	7,339,087
Add: Cash and cash equivalents (Note 26)	2,460,980	1,571,876	525,613	223,614
Less: Prepayments	[29,580]	[27,489]	[2,111]	[3,319]
Total loans and receivables	3,661,568	2,827,053	7,694,892	7,559,382

#### Ageing analysis of trade receivables

The ageing analysis of the Group's total trade receivables, but excluding accrued revenue is as follows:

	Group	
	2017 RM'000	2016 RM'000
Neither past due nor impaired	458,258	376,899
1 to 30 days past due not impaired	22,121	67,229
31 to 60 days past due not impaired	5,373	17,740
61 to 90 days past due not impaired	14,965	21,237
91 to 120 days past due not impaired	10,861	23,017
More than 121 days past due not impaired	16,214	62,258
	69,534	191,481
Impaired	134,747	99,358
	662,539	667,738

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 22. Trade and other receivables (contd.)

#### 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 71% (2016: 68%) 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:

	Note	Individually impaired	
		2017 RM'000	2016 RM'000
<b>Group</b>			
Trade receivables - nominal amounts		134,747	99,358
Less: Allowance for doubtful debts		(127,748)	(86,432)
	(i)	6,999	12,926

#### (i) Receivables that are past due but not impaired

- (a) Receivables amounting to RM6,704,000 (2016: RM8,623,000) are mainly due from an associate company, which is expected to be recoverable.
- (b) Receivables amounting to RM295,000 (2016: RM4,303,000) are expected to be settled by installment arrangement plan.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 22. Trade and other receivables (contd.)

Movement in allowance for doubtful debts:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Trade receivables</b>				
At 1 January	86,432	74,256	-	-
Net allowance of doubtful debts (Note 7)	41,291	12,160	-	-
Foreign currency translation	25	16	-	-
At 31 December	127,748	86,432	-	-
<b>Other receivables</b>				
At 1 January	11,659	10,799	5,922	6,162
Net allowance/(writeback) of doubtful debts (Note 7)	6,714	860	(59)	(240)
At 31 December	18,373	11,659	5,863	5,922

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 monitor the Group's credit risk. Overdue balances are reviewed regularly by senior management and bears interest at 1% [2016: 1%] per month on overdue balances. As at reporting date, the concentration of credit risk in the form of outstanding balances is mainly due to six [2016: five] customers representing approximately 54% [2016: 49%] of the total trade receivables.

#### (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 4.79% per annum.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 22. Trade and other receivables (contd.)

#### (c) Sundry receivables (Non-current)

Included in sundry receivables is Value Added Tax (VAT) receivable of RM55,844,000 (2016: RM55,710,000) classified as long-term receivables. These amounts arose from the Utilisation Fee liability to the Administration, and will not be refunded in cash or allowed to 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 RM12,618,000 (2016: RM15,001,000) are in respect of leasing equipment for klia2.

#### (e) Due from GoM

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>				
<b>Trade receivable</b>				
MARCS (Note 2.4(y)(iv))	148,252	167,720	-	-
<b>Other receivable</b>				
Debts assumed from a former subsidiary	77,736	37,736	31,559	15,320
<b>Non-current</b>				
<b>Other receivables</b>				
Debts assumed from a former subsidiary	36,668	70,192	14,886	28,496
Receivable on call option (Note 2.5(a)(ii))	291,986	278,999	-	-
	328,654	349,191	14,886	28,496
Total amount due from GoM	554,642	554,647	46,445	43,816

Other information on financial risks of trade and other receivables are disclosed in Note 40.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 23. Employee loans

	Group	
	2017 RM'000	2016 RM'000
Employee loans	31,311	35,282
Less: Current portion (Note 22)	(3,600)	(3,572)
Non-current portion	27,711	31,710
Analysed as:		
Current	3,600	3,572
Non-current:		
Later than 1 year but not later than 2 years	2,628	2,919
Later than 2 years but not later than 5 years	6,398	6,922
Later than 5 years	18,685	21,869
	27,711	31,710
	31,311	35,282

The employee loans attract interest rate at 4% (2016: 4%) per annum.

### 24. Deferred tax (assets)/liabilities

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	719,954	703,375	(3,361)	(266)
Recognised in the statement of profit or loss (Note 9)	(59,678)	20,537	2,209	(3,095)
Recognised in equity	(103)	(5,806)	-	-
Foreign currency translation	19,769	1,848	-	-
At 31 December	679,942	719,954	(1,152)	(3,361)
Presented in the statements of financial position as follows:				
Deferred tax assets	(236,515)	(215,886)	(14,237)	(18,041)
Deferred tax liabilities	916,457	935,840	13,085	14,680
	679,942	719,954	(1,152)	(3,361)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 24. Deferred tax (assets)/liabilities (contd.)

The component and movement of deferred tax liabilities and assets during the financial year are as follows:

#### Deferred tax liabilities of the Group:

	Property, plant and equipment and intangibles RM'000	Borrowings RM'000	Total RM'000
At 1 January 2017	1,799,138	7,562	1,806,700
Recognised in the statement of profit or loss	100,272	3,291	103,563
Foreign currency translation	772	(192)	580
At 31 December 2017	1,900,182	10,661	1,910,843
Less: Offset against deferred tax assets			(994,386)
			916,457
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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 24. Deferred tax (assets)/liabilities (contd.)

#### 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 2017	(29,520)	(9,355)	(321,332)	(33,005)	(42)	(693,492)	(1,086,746)
Recognised in the statement of profit or loss	(16,800)	-	27,124	(11,169)	(127)	(162,269)	(163,241)
Recognised in equity	-	(103)	-	-	-	-	(103)
Foreign currency translation	-	237	2,073	(141)	1	17,019	19,189
At 31 December 2017	(46,320)	(9,221)	(292,135)	(44,315)	(168)	(838,742)	(1,230,901)
Less: Offset against deferred tax liabilities							994,386
							(236,515)
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)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 24. Deferred tax (assets)/liabilities (contd.)

#### Deferred tax liability of the Company:

	Property, plant and equipment RM'000
At 1 January 2017	14,680
Recognised in the statement of profit or loss	(1,595)
At 31 December 2017	13,085
At 1 January 2016	11,682
Recognised in the statement of profit or loss	2,998
At 31 December 2016	14,680

#### Deferred tax asset of the Company:

	Payables RM'000
At 1 January 2017	(18,041)
Recognised in the statement of profit or loss	3,804
At 31 December 2017	(14,237)
At 1 January 2016	(11,948)
Recognised in the statement of profit or loss	(6,093)
At 31 December 2016	(18,041)

Deferred tax assets of the Group has not been recognised in respect of the following items:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unutilised tax losses	415	549,464	-	-
Unabsorbed capital allowances	9,761	43	9,761	-
Other deductible temporary differences	-	23	-	-
	10,176	549,530	9,761	-

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 2017

05 Financial



### 24. Deferred tax (assets)/liabilities (contd.)

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Cost</b>				
Spares and consumables	31,304	33,847	13	13
Merchandise goods	108,266	99,623	-	-
Food and beverages	1,021	1,765	-	-
	140,591	135,235	13	13

The cost of inventories relating to merchandise goods, food and beverages recognised as an expense during the financial year amounted to RM448,977,000 (2016: RM396,917,000).

### 26. Cash and cash equivalents

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at banks	378,100	272,265	64,241	12,378
Deposits with licensed banks	2,018,954	1,255,412	428,546	198,703
Money on call with licensed banks	63,926	44,199	32,826	12,533
Cash and bank balances	2,460,980	1,571,876	525,613	223,614

Other information on financial risks of cash and cash equivalents are disclosed in Note 40.

For the purpose of consolidated statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances:				
- Continuing operations	2,460,980	1,571,876	525,613	223,614
- Discontinued operation (Note 10)	-	151	-	-
Cash and cash equivalents	2,460,980	1,572,027	525,613	223,614

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 27. Share capital

	Number of shares	
	2017	2016
<b>Issued and fully paid:</b>		
Special Rights Redeemable Preference Share	1	1
Ordinary shares	1,659,191,828	1,659,191,828
	1,659,191,829	1,659,191,829

	Group/Company	
	2017 RM'000	2016 RM'000
<b>Issued and fully paid:</b>		
<u>Ordinary Shares</u>		
At the beginning of financial year	1,659,192	1,659,192
Effect of implementation of the Companies Act, 2016*	3,455,149	-
At the end of financial year	5,114,341	1,659,192

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.

\* The Companies Act, 2016 which came into effect on 31 January 2017 has abolished the concept of authorised share capital.

#### Share premium

	Group/Company	
	2017 RM'000	2016 RM'000
<b>Issued and fully paid:</b>		
At the beginning of financial year	3,455,149	3,455,149
Effect of implementation of the Companies Act, 2016	(3,455,149)	-
At the end of financial year	-	3,455,149

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value. With the Act coming into effect on 31 January 2017, the credit standing in the share premium account of RM3,455,148,713 has been transferred to the share capital account. Pursuant to subsection 618(3) of the Act, the Company may exercise its right to use the credit amount being transferred from share premium within 24 months after the commencement of the Act.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 27. Share capital (contd.)

#### Share premium (contd.)

The Company may pay/provide for:

- (a) the premium payable on redemption of debentures or redeemable preference shares issued before 31 January 2017;
- (b) writing off the preliminary expenses incurred before 31 January 2017, or expenses incurred, commissions or brokerage paid or discounts allowed, before or on 31 January 2017, for any duty, fee or tax payable on or in connection with any issue of shares of the Company;
- (c) unissued shares before 31 January 2017 as fully paid up bonus shares;
- (d) in whole or in part the balance unpaid on shares issued before 31 January 2017; or
- (e) dividends-in-specie declared before 31 January 2017.

#### Special Rights Redeemable Preference Share

- (a) The Special Rights Redeemable Preference Share (Special Share) of RM1 enables the GoM, through the Minister of Finance, to ensure that certain major decisions affecting the operations of the Company are consistent with GoM policies. The Special Shareholder, which may only be the GoM or any representative or person acting on its behalf, is entitled to receive notices of meetings but not entitled to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings. The Special Shareholder has the right to appoint any person, but not more than six at any time, to be directors.
- (b) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.
- (c) The Special Shareholder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member.
- (d) The Special Shareholder does not have any right to participate in the capital or profits of the Company.
- (e) Certain matters which vary the rights attached to the Special Share can only be effective with the written consent of the Special Shareholder, in particular matters relating to the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 28. Retained earnings

The Company may distribute dividends out of its entire retained earnings under the single-tier system.

### 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

	Note	Group	
		2017 RM'000	2016 RM'000
<b>Reserve arising from acquisition of non-controlling interest</b>			
As at 1 January/31 December	(i)	2,546	2,546
<b>Legal reserve</b>			
As at 1 January		4,255	2,537
Created during the year		-	1,694
Foreign currency translation		90	24
As at 31 December	(ii)	4,345	4,255
		6,891	6,801

#### (i) Reserve arising from acquisition of non-controlling interest

This relates to the discount on acquisition of non-controlling interest in prior years.



**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial

**30. Other reserves and foreign exchange reserve (contd.)****(b) Other reserves (contd.)****(ii) Legal reserve**

- (1) 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.
- (2) According to Turkish Commercial Code (TCC), legal reserve comprise first and second legal reserves. The first legal reserve is generated by annual appropriations amounting to 5% of income disclosed in the LGM's statutory accounts until it reaches 20% of paid-in share capital. If the dividend distribution is made in accordance with Dividend Distribution Communiqué 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 reserve. 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 reserve. 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 2017, total legal reserves in LGM amounts to EUR874,000, equivalent to RM4,230,000 (2016: EUR874,000, equivalent to RM4,125,000).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 31. Loans and borrowings

	Maturity	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>					
Unsecured:					
4.15% p.a. fixed rate RM Senior Sukuk	2018	250,000	-	250,000	-
Secured:					
Euribor + 2.5% p.a. Senior Term Facility	2017	-	193,638	-	-
Euribor + 2.5% p.a. Senior Term Facility	2018	173,258	-	-	-
		423,258	193,638	250,000	-
<b>Non-current</b>					
Unsecured:					
4.55% p.a. fixed rate RM IMTN	2021	1,000,000	1,000,000	1,000,000	1,000,000
4.68% p.a. fixed rate RM IMTN	2023	1,500,000	1,500,000	1,500,000	1,500,000
4.15% p.a. fixed rate RM IMTN	2025	600,000	600,000	600,000	600,000
4.15% p.a. fixed rate RM Senior Sukuk	2018	-	250,000	-	250,000
Secured:					
Euribor + 2.5% p.a. Senior Term Facility	2018 - 2021	-	2,036,142	-	-
Euribor + 2.5% p.a. Senior Term Facility	2018 - 2023	2,026,028	-	-	-
		5,126,028	5,386,142	3,100,000	3,350,000
<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
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		2,199,286	2,229,780	-	-
		5,549,286	5,579,780	3,350,000	3,350,000

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 31. Loans and borrowings (contd.)

The remaining maturities of the loans and borrowings as at 31 December 2017 are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
On demand or within one year	423,258	193,638	250,000	-
More than 1 year and less than 2 years	210,637	568,137	-	250,000
More than 2 years and less than 5 years	2,175,302	2,718,005	1,000,000	1,000,000
5 years or more	2,740,089	2,100,000	2,100,000	2,100,000
	5,549,286	5,579,780	3,350,000	3,350,000

#### (a) 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, 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 31. Loans and borrowings (contd.)

#### (a) ICP Programme and IMTN Programme (collectively referred to as the Sukuk Programmes) (contd.)

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

#### (b) 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 years, RM250,000,000 tranche and a five 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 Notes 2.4(ac) and 32).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 31. Loans and borrowings (contd.)

#### (b) Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme (collectively referred to as the Sukuk Musharakah Programmes) (contd.)

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 tenure 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.

#### (c) Senior Term Facility

ISG has signed a facility agreement on 21 December 2014 with three financial institutions which provided a total credit line of EUR500,000,000, equivalent to RM2,125,000,000 to refinance the Project Loan, Subordinated Loan, Trigen Loan, Term Loan and all subordinated shareholder loans and payables.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 31. Loans and borrowings (contd.)

#### (c) Senior Term Facility (contd.)

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 Debt Service Reserve Account (DSRA) corresponding to the interest payable in the next interest period amounting to EUR6,585,000, equivalent to RM31,871,000 (2016: EUR6,585,000, equivalent to RM31,081,000).

As of 23 June 2017, ISG has signed an amendment and restatement agreement relating to the facility agreement dated 21 December 2014. With the new agreement, repayment schedule has been revised and there has been extension of facility maturity by two years. In addition, the financial covenants of the current Senior Term Loan beginning from 30 June 2017, have been changed as below.

The financial covenants of the current Senior Term Loan are as follows:

Historic debt service coverage ratio	Minimum of 1.05:1 (December 2016 – 1.10:1)
Projected debt service coverage ratio	Removed (December 2016 – 1.10:1)
Loan life cover ratio	Minimum of 1.05:1 (December 2016 – 1.15:1)

In addition, 80% of the shares, MAMSC and MA Cities shares, are pledged for the benefit of the Senior Term Loan creditors and MAHB has provided a 100% Corporate Guarantee for the Senior Term Loan.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 31. Loans and borrowings (contd.)

#### (c) Senior Term Facility (contd.)

These Senior Term Facility with total face value of EUR500,000,000, equivalent to RM2,420,000,000 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.	454,398 *	2,199,285	24.12.2014	75,557	26.06.2018
				97,701	27.12.2018
				94,903	26.06.2019
				115,733	27.12.2019
				112,563	26.06.2020
				132,213	29.12.2020
				171,692	28.06.2021
				231,206	24.12.2021
				267,416	24.06.2022
				260,213	24.12.2022
				293,913	24.06.2023
346,175	24.12.2023				
				2,199,285	

\* The proceeds received is after netting off the transaction cost.

Other information on financial risks of borrowings are disclosed in Note 40.

### 32. Perpetual Sukuk

	Group/Company	
	2017 RM'000	2016 RM'000
Nominal value	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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 32. Perpetual Sukuk (contd.)

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 2017, a periodic distribution for Perpetual Sukuk payable was RM57,500,000 (2016: RM57,658,000);
- (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;
  - [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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 33. 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.

Amendment of interest rate swap with BNP Paribas which covers 50% of outstanding loan amount has been completed by rescheduling cash flow structure of swap in line with the loan and four period zero floor protection has been set as of 23 June 2017. The details 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 2018	1,089,000	0.3000	1,125,300	0.2500
27 December 2018	1,016,400	0.3000	1,101,100	0.2500
26 June 2019	943,800	0.3000	1,064,800	0.2500
27 December 2019	810,700	1.3025	1,028,500	1.1800
26 June 2020	677,600	1.3025	980,100	1.1800
29 December 2020	520,300	1.3025	931,700	1.1800
28 June 2021	363,000	1.3025	871,200	1.1800
24 December 2021	193,600	1.3025	786,500	1.1800
24 June 2022	-	-	665,500	1.1800
26 December 2022	-	-	520,300	1.1800
26 June 2023	-	-	375,100	1.1800
26 December 2023	-	-	205,700	1.1800

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 33. Derivative financial instruments (contd.)

As of 31 December 2017, fair value of the above mentioned contracts are EUR9,526,000, equivalent to RM46,106,000 (2016: EUR9,911,000, equivalent to RM46,782,000). Fair value of cash outflows with respect to the derivative that fall within one year from the financial position date, amounting to EUR1,786,000, equivalent to RM8,644,000 (2016: EUR718,000, equivalent to RM3,389,000) is classified under current liabilities whereas the remaining amount of EUR7,740,000, equivalent to RM37,462,000 (2016: EUR9,193,000, equivalent to RM43,393,000) 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 2017 are as follows:

	Group	
	2017 RM'000	2016 RM'000
Recognised in other comprehensive income	(8,826)	23,926
Recognised in profit or loss	6,543	3,437
Foreign currency translation	3,558	113
	1,275	27,476

**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial


**34. Trade and other payables**

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	404,902	330,672	-	-
Utilisation Fee Liability (Note 34(f))	462,588	451,119	-	-
	867,490	781,791	-	-
<b>Other payables</b>				
Amounts due to subsidiaries	-	-	107,056	75,573
Accruals (Note 34(d))	178,387	197,817	64,063	80,891
Provisions for liabilities	26,435	24,713	6,284	4,995
Sundry payables	420,931	283,795	128,441	45,891
Deferred income (Note 34(c))	109,595	111,129	-	-
Distribution to Perpetual Sukuk holder	2,572	2,572	2,572	2,572
Deposits	115,187	106,684	12,482	13,244
Concession liabilities (Note 34(e))	31,766	30,070	-	-
	884,873	756,780	320,898	223,166
	1,752,363	1,538,571	320,898	223,166
<b>Non-current</b>				
<b>Trade payables</b>				
Third parties	100,120	44,876	-	-
Utilisation Fee Liability (Note 34(f))	4,505,176	3,917,230	-	-
	4,605,296	3,962,106	-	-
<b>Other payables</b>				
Sundry payables	2,363	1,817	-	-
Deferred income (Note 34(c))	156,678	56,574	-	-
Retirement benefit obligations	3,868	3,309	-	-
Concession liabilities (Note 34(e))	404,683	436,727	-	-
	567,592	498,427	-	-
	5,172,888	4,460,533	-	-
Total trade and other payables (current and non-current)	6,925,251	5,999,104	320,898	223,166
Add: Loans and borrowings (Note 31)	5,549,286	5,579,780	3,350,000	3,350,000
Less: Provisions for liabilities	(26,435)	(24,713)	(6,284)	(4,995)
Deferred income	(266,273)	(167,703)	-	-
Total financial liabilities carried at amortised cost	12,181,829	11,386,468	3,664,614	3,568,171

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 34. Trade and other payables (contd.)

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 2017</b>			
At 1 January 2017	22,455	2,258	24,713
Additional provision during the year	7,850	4,611	12,461
Writeback of provision during the year	(5,290)	(4,709)	(9,999)
Utilised during the year	(39)	(701)	(740)
At 31 December 2017	24,976	1,459	26,435
<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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 34. Trade and other payables (contd.)

Movement of provisions for liabilities during the year is as follows: (contd.)

	<b>Short-term accumulating compensated absences RM'000</b>
<b>Company</b>	
<b>At 31 December 2017</b>	
At 1 January 2017	4,995
Additional provision during the year	1,325
Writeback of provision during the year	(30)
Utilised during the year	(6)
<b>At 31 December 2017</b>	<b>6,284</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)
<b>At 31 December 2016</b>	<b>4,995</b>

Movement of retirement benefit obligations during the year is as follows:

	<b>Retirement benefit obligations RM'000</b>
<b>Group</b>	
<b>At 31 December 2017</b>	
At 1 January 2017	3,309
Recognised in the statement of profit or loss	1,121
Utilised during the year	(425)
Foreign currency translation	(137)
<b>At 31 December 2017</b>	<b>3,868</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
<b>At 31 December 2016</b>	<b>3,309</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 34. Trade and other payables (contd.)

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 (2016: 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.

#### (c) Deferred income

Deferred income is analysed as follows:

	Group	
	2017 RM'000	2016 RM'000
Analysed as:		
Current	109,595	111,129
Non-current:		
Later than 1 year but not later than 2 years	23,888	5,696
Later than 2 years but not later than 5 years	47,352	12,788
Later than 5 years	85,438	38,090
	156,678	56,574
	266,273	167,703

Deferred income is in respect of customer loyalty programme on airline incentives and deferred lease rental from commercial activities.

#### (d) Accruals

Included in accruals is RM24,618,000 (2016: RM47,995,000) amount accrued in relation to klia2 construction cost.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 34. Trade and other payables (contd.)

#### (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 KLLA; and
- (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.

Concession liabilities are analysed as follows:

	Group			
	Lease rental payable to GoM		Airport Facility Arrangements (AFA)	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Analysed as:				
Current	-	-	31,766	30,070
Non-current:				
Later than 1 year but not later than 2 years	294	277	15,182	31,766
Later than 2 years but not later than 5 years	992	936	50,879	48,162
Later than 5 years	89,618	89,970	247,718	265,616
	90,904	91,183	313,779	345,544
Total minimum lease payment	90,904	91,183	345,545	375,614

	Group	
	2017 RM'000	2016 RM'000
Current	31,766	30,070
Non-current	404,683	436,727
Total concession liabilities	436,449	466,797

The AFA obligation is arrived at after discounting the future estimated finance charge of RM155,953,000 (2016: RM175,862,000).

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 40.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 34. Trade and other payables (contd.)

#### (f) Utilisation Fee Liability

The Utilisation Fee Liability represents the present value of amounts payable to the Administration in accordance with the Implementation Agreement for the operation of the ISGIA for 20 years plus 22 months of extension period, being the first extension period. During the year, ISG has obtained second extension period of 2.5 years after the first extension. The Utilisation Fee Liability is discounted to present value, at a rate of 10.3%.

	Group	
	2017 RM'000	2016 RM'000
Analysed as:		
Current	462,588	451,119
Non-current:		
Later than 1 year but not later than 2 years	498,555	386,691
Later than 2 years but not later than 5 years	1,298,330	1,149,780
Later than 5 years	2,708,291	2,380,759
	4,505,176	3,917,230
	4,967,764	4,368,349

### 35. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Future minimum rental payments:				
Not later than 1 year	39,661	48,535	7,615	9,727
Later than 1 year but not later than 5 years	101,842	108,460	9,620	16,521
Later than 5 years	3,113	18,479	-	-
	144,616	175,474	17,235	26,248



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 36. Commitments

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
<b>Group</b>			
<b>31 December 2017</b>			
(i) Approved but not contracted for:			
Capital expenditure	1,120,657	-	1,120,657
(ii) Other investments:			
Investment in ISG <sup>(a)</sup>	58,080	138,085	196,165
Investment in MFMA <sup>(b)</sup>	45,056	-	45,056
	103,136	138,085	241,221
	1,223,793	138,085	1,361,878
<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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 36. Commitments (contd.)

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
<b>Company</b>			
<b>31 December 2017</b>			
(i) Approved but not contracted for:			
Capital expenditure	63,150	-	63,150
(ii) Other investment:			
Investment in ISG <sup>(a)</sup>	58,080	138,085	196,165
	121,230	138,085	259,315
<b>31 December 2016</b>			
(i) Approved but not contracted for:			
Capital expenditure	35,133	-	35,133
(ii) Other investment:			
Investment in ISG <sup>(a)</sup>	-	49,588	49,588
	35,133	49,588	84,721
	<b>Group</b>	<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Analysed as:			
Not later than 1 year	1,223,793	660,262	121,230
Later than 1 year but not later than 5 years	138,085	306,671	138,085
	1,361,878	966,933	259,315
			84,721

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 36. Commitments (contd.)

- (a) Prior to the refinancing of ISG as stated in Note 31(c), 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 EUR52,530,000, equivalent to RM254,245,000 (2016: EUR52,530,000, equivalent to RM247,942,000). 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 2017, 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 USD60,000,000, 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 USD42,000,000, equivalent to RM180,180,000 and USD18,000,000, equivalent to RM77,220,000, respectively for 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 USD43,600,000, equivalent to RM145,428,000, out of total loan facility of USD60,000,000, equivalent to RM257,400,000. On 15 September 2017, MFMA has further drawdown USD2,340,000, equivalent to RM9,840,000. On 16 November 2017, the loan has been extended for additional six months to 14 May 2018. Total outstanding loan amount as at 31 December 2017 is RM155,268,000. The commitments by MAHB is in respect of the Facility B amounted to RM46,580,000 (2016: RM58,729,000).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 37. Financial guarantees and contingencies

#### (a) Guarantees

- (i) As of 31 December 2017, ISG has given five (2016: three) letters of guarantee, one amounting to EUR80,341,000, equivalent to RM388,850,000 (2016: EUR86,079,000, equivalent to RM406,293,000), one amounting to EUR13,009,000, equivalent to RM62,964,000 (2016: EUR13,009,000, equivalent to RM61,402,000), and another amounting to EUR1,629,000, equivalent to RM7,884,000 (2016: EUR1,629,000, equivalent to RM7,689,000) and two additional EUR20,118,000, equivalent to RM97,371,000 and EUR315,000, equivalent to RM1,525,000 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 Implementation Agreement).
- (ii) As of 31 December 2017, LGM has given a letter of guarantee to Havaalani Isletme ve Havacilik Endustrileri A.S. (HEAS) amounting to EUR418,000, equivalent to RM2,023,000 (2016: EUR474,000, equivalent to RM2,237,000) 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 QAR39,700,000, equivalent to RM50,022,000 (2016: QAR39,700,000, equivalent to RM50,022,000).
  - (b) Advance Payment Guarantee totalling to QAR22,000,000, equivalent to RM27,720,000 (2016: QAR22,000,000, equivalent to RM27,720,000).
  - (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 2017.

#### (b) Contingent liabilities

- (i) ISG is involved in, and may from time to time be involved in a number of legal proceedings. There are 213 (2016: 239) employee lawsuits filed against ISG either directly or indirectly via sub-contractors. The total amount of claims against ISG is EUR923,000, equivalent to RM4,467,000 (2016: EUR1,104,000, equivalent to RM5,211,000). ISG recognised a provision for these claims of EUR923,000, equivalent to RM4,467,000 (2016: EUR1,041,000, equivalent to RM4,914,000) 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 Authorities of Turkey had informed ISG to revise the Value Added Tax (VAT) refund request in respect of the VAT Circular number 60 dated 8 August 2011 for the periods from 1 July 2012 to 31 May 2013. ISG has submitted the revised refund request amounting to EUR3,066,000, equivalent to RM14,839,000. ISG has contested the claim arising out of the revised refund request in the designated Courts of Turkey as the management of ISG is of the opinion that the initial refund request for the said period is valid as it is in line with the refund requests already accepted by the tax authorities for the periods from 1 August 2011 to 30 June 2012 amounting to EUR3,858,000, equivalent to RM18,673,000. ISG booked the EUR3,066,000, equivalent to RM14,839,000 as VAT receivables and tax payable in the consolidated financial statements as of 31 December 2013. EUR989,000, equivalent to RM4,787,000 was paid to the tax office in January 2014 leaving a payable of EUR2,084,000, equivalent to RM10,087,000 as of 31 December 2014. ISG has won the lawsuit and therefore no longer has a payable of EUR2,084,000, equivalent to RM10,087,000 in the statutory books. The amount paid of EUR989,000, equivalent to RM4,787,000 has been offset against VAT payable to the government.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 37. Financial guarantees and contingencies (contd.)

#### (b) Contingent liabilities (contd.)

- (ii) In the meantime, the Tax Authorities of Turkey has requested ISG to revise the VAT refund requests and apply a different methodology for the periods from 1 July 2012 to 30 September 2014. Since ISG has won the court case for the periods from 1 July 2012 to 31 May 2013 no further action is required. For the periods from 1 June 2013 to 30 September 2014 ISG has submitted the revised refund request amounting to EUR674,000, equivalent to RM3,262,000. ISG booked the EUR674,000, equivalent to RM3,262,000 as VAT receivables and tax payable in the consolidated financial statements. ISG has paid EUR674,000, equivalent to RM3,262,000 to the government and file the court case contesting the claim arising out of the revised refund request in the designated Courts of Turkey as the management of ISG is of the opinion that the initial refund request for the said period is valid as also shown in the court case for the periods 1 July 2012 to 31 May 2013. The tax office has initiated a tax audit on 23 December 2016 in respect of the period 1 July 2012 to 31 May 2013 and on 13 April 2017 in respect of the period 1 January 2014 to 31 December 2014 for the VAT referred to above. The tax auditor initially accepted the method applied by ISG and did not raise a criticism and wrote a clean report. However, the report of the auditor was evaluated by the Report Reading Committee and the Committee did not agree with the auditor and asked him to rewrite his report and apply the method the tax office has asked ISG to adopt. ISG received the final report on 24 November 2017.

ISG has booked a provision of late payment interest calculated TL5,500,000, equivalent to EUR1,177,000 or RM5,697,000 for that tax issue mentioned above. The tax charge of principle is not an expense since it will increase VAT receivables carried forward.

In addition to that, on 23 December 2016, a Special Consumption Tax (SCT) audit has been started for the periods 2011, 2012 and 2013 against the ISG about jet fuel sales. ISG is not a SCT payer since jet fuel is exempt from SCT. ISG did not therefore expect any issues to arise from this tax audit. The tax auditor initially did not raise a criticism and wrote a clean report, as expected. However, the report of the auditor was evaluated by the Report Reading Committee and the Committee did not agree with the auditor and asked to rewrite the report. ISG has experienced cases of jet fuel theft in 2012 and was challenged by the tax authorities that stolen jet fuel shall be regarded as a SCT base fuel. As a result of that, Special Consumption Tax exposure inclusive of tax charge, late payment interest charges and tax penalties amount to TL700,000, equivalent to EUR149,800 or RM725,000 has been booked as a provision in the ISG's accounts.

- (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 AFA dated 26 September 2007. Both parties have appointed an arbitrator. The hearing session for the arbitration has been conducted from 2 to 6 October 2017. The arbitrator has further instructed the parties to file the closing submission by 8 December 2017. Oral hearing which was fixed on 11 January 2018 was rescheduled to 22 January 2018. The hearing was concluded on 22 January 2018 and decision is expected within three to four months.
- (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. However, KAF refused to withdraw the arbitration notice and grants MAP on the extension until 30 May 2017 to facilitate further negotiations on the matter. MAP requested from KAF for further extension to 30 December 2017. On 9 August 2017, KAF agreed to withhold the arbitration proceedings until 30 June 2018 pending the negotiations between MAHB and Government.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 37. Financial guarantees and contingencies (contd.)

#### (b) Contingent liabilities (contd.)

- (v) Syarikat Pembinaan Anggerik Sdn. Bhd. (SPASB) via a Writ of Summons claims from MAHB for the sum of RM44,000,000 for damages and other claims and interest in respect of the alleged losses and damages pertaining to the works carried out by SPASB for the 'Proposed Development and Upgrading Works at Penang International Airport, Bayan Lepas, Pulau Pinang' and the 'Proposed Construction and Completion of Site Office, Central Utilities Building and Airside Drainage Works at Penang International Airport'.

MAHB has filed an application for stay of proceedings in light of the arbitration provisions in the contract. The court has fixed the hearing for the 'Stay Application' on 2 August 2017. On 23 August 2017, the court had allowed MAHB's 'Stay Application' with cost of RM10,000 to be paid by SPASB to MAHB. In light of the court's order, SPASB now has 2 options, namely:

- (a) Appeal to the Court of Appeal on the decision within 30 days from 23 August 2017, or
- (b) Initiate an action via arbitration if they wish to continue making claims against MAHB under the contract.

On 15 September 2017, SPASB had served upon MAHB a Letter of Demand under the Construction Industry Payment and Adjudication Act 2012 (CIPAA 2012) for its payment claim. MAHB has responded to this demand on 29 September 2017.

On 21 September 2017, SPASB filed its Notice of Appeal in respect of the court's decision on the 'Stay Application'. The first case management was done on 30 October 2017. The court fixed the next case management date on 27 November 2017.

On 24 October 2017, SPASB has served upon MAHB its second Letter of Demand under CIPAA 2012 for its payment claim. MAHB has responded to this via letter dated 7 November 2017.

On 21 November 2017, MAHB received another four claims from SPASB. MAHB has responded to these claims via letter dated 6 December 2017.

In respect of the Notice of Appeal, the hearing has been fixed on 30 March 2018. In respect of the payment claim, there has been no response to date to our reply letter dated 7 November 2017.

On 5 February 2018, MAHB has further received two payment claims from SPASB, each in the sum of RM1,800,000 and RM700,000 respectively. On 20 February 2018, MAHB has responded to the two payment claims dated 5 February 2018. On 20 February 2018, SPASB has served upon MAHB three payment claims amount to RM1,573,000, RM2,939,000 and RM317,000. On 26 February 2018, MAHB has been served with six Notice of Adjudication from SPASB in relation to their payment claims amount to RM4,572,000, RM1,100,000, RM1,200,000, RM677,000, RM284,000 and RM319,000.

- (vi) Termination of contract between MAHB and SPAZ Sdn. Bhd. (SPAZ) for Proposed Development of Malaysia Airports Academy (MAA) due to the termination, compensation had to be made to the contractors.

MAHB had on 6 July 2017 received a claim made under the CIPAA 2012 from SPAZ's appointed solicitor for the amount of RM9,240,000 claimed by SPAZ against MAHB.

**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial

**37. Financial guarantees and contingencies (contd.)****(b) Contingent liabilities (contd.)**

- (vi) On 20 July 2017, MAHB's solicitor had submitted the response to the payment claim, stating that MAHB denies that the amount under the alleged payment claim are due and payable to SPAZ by MAHB, SPAZ has yet to serve the Notice of Adjudication. Adjudicator has been appointed by Kuala Lumpur Regional Centre for Arbitration (KLRCA). Parties are in the midst of agreeing to the terms of appointment.

The adjudication decision was delivered on 26 December 2017 and SPAZ's claim was rejected. The Adjudicator made the following determination:

- (a) MAHB shall pay to SPAZ the sum of RM3,600,000 as the adjudicated sum;
- (b) The adjudicated sum shall be paid within 10 workings days from 26 December 2017;
- (c) The rate of interest payable is the simple interest of 5% per annum on yearly rest from 2 August 2016 on the adjudicated sum until the full payment of the adjudicated sum; and
- (d) MAHB shall bear the costs of RM61,000 being the cost of adjudication to SPAZ within 10 workings days from 26 December 2017.

MAHB has made the above payments on 5 January 2018.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 38. 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	
	2017 RM'000	2016 RM'000
<b>Related party balances:</b>		
Amounts owing by associated companies	1,857	1,577
Amounts owing to joint ventures	14,013	6,986
Amount owing to other related party	450	500
<b>Related party transactions:</b>		
<b>Revenue:</b>		
<u>Associates:</u>		
Lease rental		
- Kuala Lumpur Aviation Fuelling System Sdn. Bhd.	6,118	6,036
- MFMA Development Sdn. Bhd.	3,044	3,044
Concession fee		
- MFMA Development Sdn. Bhd.	568	568
Recoupment of water, electricity & sewerage		
- MFMA Development Sdn. Bhd.	6,263	5,933
<u>Joint ventures:</u>		
Lease rental		
- Segi Astana Sdn. Bhd.	1,273	1,273
- Airport Cooling Energy Supply Sdn. Bhd.	888	888



**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial


**38. Related party disclosures (contd.)**

	Group	
	2017 RM'000	2016 RM'000
<b>Related party transactions (contd.):</b>		
<b>Expenses:</b>		
<u>Joint ventures:</u>		
Airport Cooling Energy Supply Sdn. Bhd.		
- Utilities (fixed)	32,125	32,125
- Utilities (variable)	14,404	14,371
- Less: Rebate	(4,414)	(3,233)
- Interest on concession payable	21,362	21,362
Segi Astana Sdn. Bhd.		
- Rental of shops and warehouse	447	1,421
- Water and electricity	46	133
- Car park	10	35
<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	815	635

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 38. Related party disclosures (contd.)

	Company	
	2017 RM'000	2016 RM'000
<b>Other transactions:</b>		
<u>Subsidiaries:</u>		
Malaysia Airports (Sepang) Sdn. Bhd.		
- Utilities charges	1,304	1,327
MAB Agriculture-Horticulture Sdn. Bhd.		
- Landscape services	400	386
Malaysia Airports (Niaga) Sdn. Bhd.		
- Catering services	911	581
K.L Airport Hotel Sdn. Bhd.		
- Event management	1,452	939
Urusan Teknologi Wawasan Sdn. Bhd.		
- Repair and maintenance of building	782	793
Malaysia Airports Consultancy Services Sdn. Bhd.		
- Consultancy service from subsidiary	83	-

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 38. Related party disclosures (contd.)

#### Compensation of key management personnel

The remuneration of other members of key management during the year was as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	15,205	15,268	12,183	11,636
Post-employment benefit:				
Defined contribution plans	2,352	2,394	1,890	1,854
	17,557	17,662	14,073	13,490

Remuneration of directors is as disclosed in Note 8.

### 39. Significant event during the year

On 31 October 2017, MAHB had incorporated a wholly-owned subsidiary, MA Elogistics. On 2 November 2017, MA Elogistics has entered into a Shareholders' Agreement (the SA) with Cainiao Smart Logistics Network (Hong Kong) Ltd. (Cainiao HK), to participate in a joint venture company under the name of Cainiao KLIA Aeropolis Sdn. Bhd. (JV Company) for the purpose of implementing and carrying out the development of a regional e-Commerce and logistics hub, comprising the development of cargo terminals, sorting centres, warehouses and fulfillment centres and other facilities for e-commerce industry, in the KLIA Aeropolis as part of the Digital Free Trade Zone (DFTZ) initiative in Malaysia. The issued share capital of the JV Company amounting to RM206,667,000 in which 30% is held by MA Elogistics and 70% for Cainiao HK.

### 40. Financial instruments

#### (a) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 40. Financial instruments (contd.)

#### (b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

The Group has minimal exposure to interest rate risk at the 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 2017</b>							
<b>Group</b>							
Loans and borrowings	31	3.77	423,258	210,637	2,175,302	2,740,089	5,549,286
Cash and cash equivalents	26	2.88	2,082,880	-	-	-	2,082,880
<b>Company</b>							
Loans and borrowings	31	4.51	250,000	-	1,000,000	2,100,000	3,350,000
Cash and cash equivalents	26	3.59	461,372	-	-	-	461,372
<b>At 31 December 2016</b>							
<b>Group</b>							
Loans and borrowings	31	3.72	193,638	568,137	2,718,005	2,100,000	5,579,780
Cash and cash equivalents	26	2.78	1,299,611	-	-	-	1,299,611
<b>Company</b>							
Loans and borrowings	31	4.51	-	250,000	1,000,000	2,100,000	3,350,000
Cash and cash equivalents	26	3.93	211,236	-	-	-	211,236

The average maturity of financial instruments at the reporting date is 58 days (2016: 22 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 2017

05 Financial

### 40. Financial instruments (contd.)

#### (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, Australian Dollar and Indian Rupee. 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:

Group	Net financial assets/(liabilities) held in non-functional currencies										Total	
	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	Indian Rupee INR RM'000		
<b>At 31 December 2017</b>												
Ringgit Malaysia	40,936	(138)	409	(1,206)	(324)	36	15	17,860	(125)	(161)	57,302	
<b>At 31 December 2016</b>												
Ringgit Malaysia	46,679	2	889	798	20	60	-	20,260	(2)	-	68,706	
<b>Company</b>												
<b>At 31 December 2017</b>												
Ringgit Malaysia	40,970	6,115	11,687	(851)	-	(24)	-	-	(125)	(161)	57,611	
<b>At 31 December 2016</b>												
Ringgit Malaysia	46,634	6,198	11,824	(4)	-	-	-	-	(2)	-	64,650	

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 40. Financial instruments (contd.)

#### (c) Foreign currency risk (contd.)

##### 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, QAR, AUD and INR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	Company
		2017 RM'000	2017 RM'000
		Profit, net of tax	Profit, net of tax
USD/RM	- strengthened 5%	2,047	2,048
	- weakened 5%	(2,047)	(2,048)
GBP/RM	- strengthened 5%	(7)	306
	- weakened 5%	7	(306)
EUR/RM	- strengthened 5%	20	585
	- weakened 5%	(20)	(585)
SGD/RM	- strengthened 5%	(60)	(42)
	- weakened 5%	60	42
RMB/RM	- strengthened 5%	2	(1)
	- weakened 5%	(2)	1
CHF/RM	- strengthened 5%	(16)	-
	- weakened 5%	16	-
QAR/RM	- strengthened 5%	893	-
	- weakened 5%	(893)	-
AUD/RM	- strengthened 5%	(6)	(6)
	- weakened 5%	6	6
INR/RM	- strengthened 5%	(8)	(8)
	- weakened 5%	8	8

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 40. Financial instruments (contd.)

#### (d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

#### 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 2017</b>				
<b>Financial liabilities:</b>				
Trade and other payables	1,616,660	3,288,524	4,505,692	9,410,876
Loans and borrowings	494,726	3,701,405	2,124,764	6,320,895
Total undiscounted financial liabilities	2,111,386	6,989,929	6,630,456	15,731,771
<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
Total undiscounted financial liabilities	1,771,896	7,582,640	7,085,370	16,439,906

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 40. Financial instruments (contd.)

#### (d) Liquidity risk (contd.)

##### Analysis of financial instrument by remaining contractual maturities (contd.)

	On demand within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Company</b>				
<b>31 December 2017</b>				
<b>Financial liabilities:</b>				
Other payables	314,613	-	-	314,613
Loans and borrowings	150,975	1,724,853	2,124,764	4,000,592
Total undiscounted financial liabilities	465,588	1,724,853	2,124,764	4,315,205
<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
Total undiscounted financial liabilities	369,146	1,850,928	2,149,664	4,369,738

#### (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.



**NOTES TO THE  
FINANCIAL STATEMENTS**

31 December 2017

05 Financial

**40. Financial instruments (contd.)****(e) Credit risk (contd.)**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, Malindo Airways, Hamad International Airport and Setur Servis Turistik A.S, 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 54% (2016: 49%) of the Group's trade receivables were due from six (2016: five) major customers who are reputable and located in Malaysia, Turkey and Qatar.

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 maintaining 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 2017

### 40. Financial instruments (contd.)

#### (f) Fair values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	22
Trade and other payables	34

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 by discounting the future cash flows expected to receive or pay. 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 its market price.

### 41. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group actively manages its capital structure and makes adjustments to it in light of changes in, amongst others, its operating environment and economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 2016.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 41. Capital management (contd.)

Gearing ratio is not a standardised term under the Financial Reporting Standards and its determination may vary from one Company to another. 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.

	Note	Group	
		2017 RM'000	2016 RM'000
Loans and borrowings	31	5,549,286	5,579,780
Equity attributable to the owners of the parent		9,009,157	8,694,857
Gearing ratio		62%	64%

### 42. Segment information

#### (a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 42. Segment information (contd.)

#### (a) Reporting format (contd.)

For management purposes, the Group is organised into business units and has the following reportable operating segments: (contd.)

#### Malaysia operations: (contd.)

##### (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, Sama-Sama Express K.L. International Airport, and Sama-Sama Express klia2.

##### (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.

#### 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.

Other business segments include investment holding and other activities, none of which are of a sufficient size to be reported separately.

#### (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 2017

05 Financial

## 42. Segment information (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Continuing operations										Total operation RM'000		
	Malaysia Operations					Overseas Operations							
	Airport operations	Agriculture and horticulture	Hotel RM'000	Project and repair maintenance RM'000	Others RM'000	Airport services RM'000	Non-airport operations	Project and repair maintenance RM'000	Consolidation adjustments RM'000	Notes		Total RM'000	
Duty free and non-dutiable goods RM'000	Airport services RM'000	Airport services RM'000	Project and repair maintenance 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 2017</b>													
<b>Revenue</b>													
External sales													
Airport operations:													
Aeronautical	-	1,689,426	-	-	-	-	564,199	-	-	-	2,253,625	-	2,253,625
Non-aeronautical:													
Retail	853,679	-	-	-	-	-	-	-	-	-	853,679	-	853,679
Others	1,531	733,106	-	-	-	-	454,879	-	-	-	1,189,516	-	1,189,516
Construction	-	-	-	-	-	-	57,905	-	-	-	57,905	-	57,905
Non-airport operations	-	-	39,213	94,457	-	17,694	8,694	137,555	-	-	297,613	-	297,613
Inter-segment sales	1,119	272,142	6,430	1,828	-	71,235	73,139	-	(425,893)	A	-	-	-
Inter-segment dividends	-	-	-	-	-	-	-	-	(254,000)	A	-	-	-
<b>Total revenue</b>	<b>856,329</b>	<b>2,694,674</b>	<b>45,643</b>	<b>96,285</b>	<b>254,000</b>	<b>88,929</b>	<b>1,158,816</b>	<b>137,555</b>	<b>(679,893)</b>		<b>4,652,338</b>	<b>-</b>	<b>4,652,338</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 42. Segment information (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Continuing operations												
	Malaysia Operations					Overseas Operations							
	Airport operations		Non-airport operations			Airport operations		Non-airport operations					
Duty free and non-durable goods	Airport services	Agriculture and horticulture	Hotel	Project and repair maintenance	Others	Airport services	Project and repair maintenance	Consolidation adjustments	Notes	Total	Discontinued operation	Total operation	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
<b>31 December 2017 (contd.)</b>													
<b>Results</b>													
Segment results	5,1616	1,077,901	12,209	25,405	31,179	397,234	770,666	6,121	(461,462)	B	1,910,869	-	1,910,869
Depreciation and amortisation	(10,204)	(302,172)	(4,291)	(15,119)	(401)	(16,104)	(337,537)	(37,48)	(191,248)	C	(880,824)	-	(880,824)
Finance costs	14	(233,942)	7	5	(1)	(151,022)	(508,458)	-	177,212	D	(716,185)	-	(716,185)
Share of results of associates	-	5801	-	-	-	-	-	-	-	-	5801	-	5801
Share of results of joint ventures	-	-	-	-	-	14,824	-	-	-	-	14,824	-	14,824
Profit/(loss) before tax	41,426	547,588	7,925	10,291	30,777	244,932	(753,229)	2,373	(475,498)		334,485	-	334,485
Taxation and zakat	(11,144)	(142,621)	(1,837)	(2,767)	(5017)	(3,923)	24,711	(147)	45,388	C	(97,387)	-	(97,387)
Profit/(loss) for the year	30,282	404,967	6,088	7,524	25,760	241,009	(506,618)	2,226	(430,140)		237,098	-	237,098
<b>Assets</b>													
Segment assets	215,703	10,420,279	89,612	127,782	145,298	12,399,084	7,331,637	91,773	(87,409,943)	E	22,074,225	-	22,074,225
Additions to non-current assets	3,429	168,320	4,887	1,337	642	14,095	89,204	2,570	-		284,424	-	284,424
Investments in associates	-	44,963	-	-	-	-	-	-	-		44,963	-	44,963
Investments in joint ventures	-	-	-	-	-	92,031	-	-	-		92,031	-	92,031
Total assets	219,132	10,633,562	94,499	129,119	145,940	12,499,150	7,420,841	94,343	(87,409,943)		22,495,643	-	22,495,643
<b>Liabilities</b>													
Segment liabilities, representing total liabilities	149,344	6,416,496	21,169	36,409	55,096	5,949,442	8,559,426	88,912	(7,789,748)	F	13,486,486	-	13,486,486

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial

### 42. Segment information (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Continuing operations										Total operation RM'000			
	Malaysia Operations					Overseas Operations								
	Airport operations	Agriculture and horticulture	Hotel maintenance	Project and repair	Others	Airport operations	Non-airport operations	Airport services	Project and repair	Consolidation adjustments		Discontinued operation		
Duty free and non-durable goods	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Notes	RM'000	RM'000	RM'000	
Revenue														
Externalsales														
Airportoperations:														
Aeronautical	-	1,563,879	-	-	-	498,706	-	-	-	-	2,062,585	-	-	2,062,585
Non-aeronautical:														
Retail	740,019	-	-	-	-	-	-	-	-	-	740,019	-	-	740,019
Others	917	659,161	-	-	-	450,142	-	-	-	-	1,110,220	-	-	1,110,220
Non-airport operations	-	-	34,341	82,884	18,098	9,955	114,666	-	-	-	259,944	-	-	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	-	-	-	-
Total revenue	741,662	2,465,653	40,282	83,863	82,769	1,030,087	114,666	-	(526,454)		4,172,768	-	-	4,172,768

### 31 December 2016

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 42. Segment information (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Continuing operations										Total operation RM'000		
	Malaysia Operations					Overseas Operations							
	Airport operations		Non-airport operations			Airport operations		Non-airport operations					
Duty free and non-durable goods RM'000	Airport services RM'000	Agriculture and horticulture RM'000	Hotel maintenance 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 operation RM'000	Discontinued operation RM'000		
<b>31 December 2016 (contd.)</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	-	1,709,909
Depreciation and amortisation	(11,104)	(288,196)	(4,086)	(15,975)	(385)	(1,5892)	(308,576)	(4,551)	(203,775)	C	(852,540)	-	(852,540)
Finance costs	21	(256,998)	(6)	(82)	74	(157,891)	(469,110)	-	184,223	D	(689,769)	-	(689,769)
Share of results of associates	-	1,676	-	-	-	-	-	-	-	-	1,676	-	1,676
Share of results of joint ventures	-	-	-	-	-	14,055	-	-	-	-	14,055	-	14,055
Profit/(loss) before tax	25,552	366,018	5,826	1,393	38,191	206,084	(56,747)	(1,3695)	(389,291)		183,331	-	183,331
Taxation and zakat	(6,687)	(78,273)	(327)	(811)	(4,471)	2,598	(66,257)	-	44,071	C	(110,157)	-	(110,157)
Profit/(loss) for the year	18,865	287,745	5,499	582	33,720	208,682	(123,004)	(1,3695)	(345,220)		73,174	-	73,174
<b>Assets</b>													
Segment assets	240,573	10,437,792	84,234	142,667	102,940	11,981,849	6,507,923	83,733	(8,655,403)	E	20,926,308	151	20,926,459
Additions to non-current assets	2,119	159,046	6,296	5,996	257	23,215	33,807	12,484	-		243,220	-	243,220
Investments in associates	-	36,161	-	-	-	-	-	-	-		36,161	-	36,161
Investments in joint ventures	-	-	-	-	-	82,720	-	-	-		82,720	-	82,720
Total assets	242,692	10,632,999	90,530	148,663	103,197	12,087,784	6,541,730	96,217	(8,655,403)		21,288,409	151	21,288,560
<b>Liabilities</b>													
Segment liabilities, representing total liabilities	204,624	6,551,118	19,287	63,476	45,950	5,785,809	7,704,801	72,480	(7,865,892)	F	12,591,653	19	12,591,672



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

05 Financial



### 42. Segment information (contd.)

**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:

	2017 RM'000	2016 RM'000
Investment in subsidiaries	(1,886,883)	(1,886,883)
Inter-segment assets	(6,854,060)	(6,768,520)
	(8,740,943)	(8,655,403)

- (F) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017 RM'000	2016 RM'000
Inter-segment liabilities	7,789,748	7,865,892

# TOTAL MAHB GROUP TRAFFIC 2017

PASSENGER MOVEMENTS		2017	2016	+/-
MY passengers	[international]	49,453,634	43,292,838	14.2%
	[domestic]	47,183,188	45,684,093	3.3%
	<b>[Total]</b>	<b>96,636,822</b>	<b>88,976,931</b>	<b>8.6%</b>
ISG passengers	[international]	10,338,816	9,533,214	8.5%
	[domestic]	20,977,293	20,118,329	4.3%
	<b>[Total]</b>	<b>31,316,109</b>	<b>29,651,543</b>	<b>5.6%</b>
<b>Total MAHB Group</b>		<b>127,952,931</b>	<b>118,628,474</b>	<b>7.9%</b>

AIRCRAFT MOVEMENTS		2017	2016	+/-
MY commercial aircraft	[international]	331,108	298,114	11.1%
	[domestic]	517,004	513,470	0.7%
	<b>[Total]</b>	<b>848,112</b>	<b>811,584</b>	<b>4.5%</b>
ISG commercial aircraft	[international]	76,353	79,982	-4.5%
	[domestic]	134,571	140,308	-4.1%
	<b>[Total]</b>	<b>210,924</b>	<b>220,290</b>	<b>-4.3%</b>
<b>Total commercial aircraft</b>		<b>1,059,036</b>	<b>1,031,874</b>	<b>2.6%</b>
MY All other aircraft		136,772	122,164	12.0%
ISG All other aircraft		8,742	10,196	-14.3%
<b>Total MAHB Group</b>		<b>1,204,550</b>	<b>1,164,234</b>	<b>3.5%</b>

CARGO MOVEMENTS [tonnes]		2017	2016	+/-
MY cargo movements	[international]	771,161	699,145	10.3%
	[domestic]	185,455	186,528	-0.6%
	<b>[Total]</b>	<b>956,616</b>	<b>885,673</b>	<b>8.0%</b>
ISG cargo movements	[international]	59,652	54,922	8.6%
	[domestic]	7,742	8,019	-3.5%
	<b>[Total]</b>	<b>67,395</b>	<b>62,941</b>	<b>7.1%</b>
<b>Total MAHB Group</b>		<b>1,024,011</b>	<b>948,614</b>	<b>7.9%</b>

Note : MY - MAHB Airports  
ISG - Istanbul Sabiha Gokcen International Airport, Turkey

# TRAFFIC 2017 MALAYSIA OPERATIONS

06 Airports Statistics



PASSENGER MOVEMENTS		2017	2016	+/-
Terminal passengers	[international]	49,335,866	43,059,342	14.6%
Terminal passengers	[domestic]	47,063,125	45,569,118	3.3%
Transit passengers		237,831	348,471	-31.8%
<b>Total passenger movements</b>		<b>96,636,822</b>	<b>88,976,931</b>	<b>8.6%</b>
AIRCRAFT MOVEMENTS		2017	2016	+/-
Commercial aircraft	[international]	331,108	298,114	11.1%
Commercial aircraft	[domestic]	517,004	513,470	0.7%
<b>Total commercial aircraft</b>		<b>848,112</b>	<b>811,584</b>	<b>4.5%</b>
All other aircraft		136,772	122,164	12.0%
<b>Total aircraft movements</b>		<b>984,884</b>	<b>933,748</b>	<b>5.5%</b>
CARGO MOVEMENTS [tonnes]		2017	2016	+/-
Cargo movements	[international]	757,256	682,948	10.9%
Cargo movements	[domestic]	183,321	184,242	-0.5%
Transit cargo		16,039	18,483	-13.2%
<b>Total cargo movements</b>		<b>956,616</b>	<b>885,673</b>	<b>8.0%</b>
MAIL MOVEMENTS [tonnes]		2017	2016	+/-
Mail movements	[international]	27,026	28,559	-5.4%
Mail movements	[domestic]	5,782	6,766	-14.6%
Transit mail		153	400	-61.7%
<b>Total mail movements</b>		<b>32,961</b>	<b>35,725</b>	<b>-7.7%</b>

# PASSENGER MOVEMENTS 2017

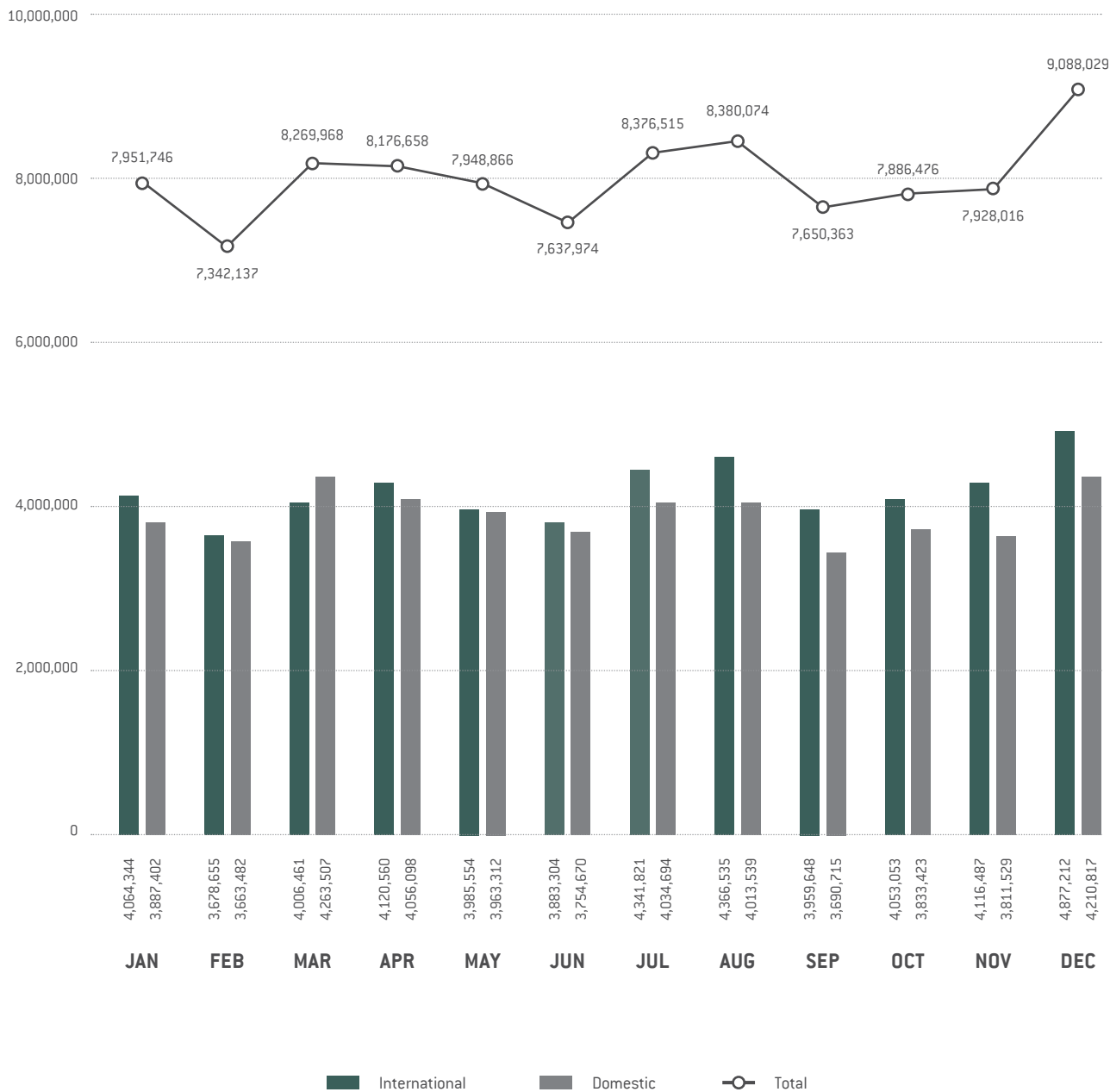
## MALAYSIA OPERATIONS

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2017*	2016*	% +/-	Domestic	Int'l	Total
KLIA	8,104,417	8,008,253	16,112,670	20,907,646	21,443,027	42,350,673	58,554,627	52,643,511	11.2%	0	91,284	91,284
Penang	2,029,830	2,041,447	4,071,277	1,546,741	1,570,220	3,116,961	7,232,097	6,684,026	8.2%	22,047	21,812	43,859
Kota Kinabalu	2,714,486	2,720,973	5,435,459	1,274,043	1,296,944	2,570,987	8,006,446	7,263,339	10.2%	0	0	0
Kuching	2,356,220	2,358,815	4,715,035	182,252	188,921	371,173	5,095,193	4,919,677	3.6%	4,363	4,622	8,985
Langkawi	1,232,984	1,250,770	2,483,754	141,913	142,040	283,953	2,767,707	2,655,271	4.2%	0	0	0
Kota Bharu	984,212	1,004,000	1,988,212	0	0	0	1,988,212	2,062,248	-3.6%	0	0	0
Ipoh	22,080	21,928	44,008	113,746	116,392	230,138	274,146	269,696	1.7%	0	0	0
Kuala Terengganu	467,346	474,599	941,945	0	1,715	1,715	943,660	900,218	4.8%	0	0	0
Alor Setar	398,208	401,513	799,721	16	2,567	2,583	802,304	787,706	1.9%	0	0	0
Melaka	12,236	12,626	24,862	19,167	18,047	37,214	62,076	58,703	5.7%	0	0	0
Subang	1,327,128	1,304,315	2,631,443	122,470	126,623	249,093	2,880,586	2,834,836	1.6%	0	50	50
Kuantan	105,273	103,786	209,059	15,746	16,509	32,255	241,314	247,757	-10.5%	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	280,084	273,408	553,492	162	118	280	577,459	595,290	-3.0%	23,687	0	23,687
Lahad Datu	62,733	64,918	127,651	0	0	0	127,651	140,077	-8.9%	0	0	0
Sandakan	436,408	441,489	877,897	141	166	307	896,347	882,811	1.5%	18,143	0	18,143
Tawau	675,668	682,997	1,358,665	7,436	8,780	16,216	1,374,893	1,271,915	8.1%	12	0	12
Bintulu	411,431	414,426	825,857	325	319	644	849,596	805,206	5.5%	23,095	0	23,095
Miri	1,050,103	1,058,022	2,108,125	34,278	37,396	71,674	2,188,048	2,200,546	-0.6%	8,249	0	8,249
Sibu	739,535	745,850	1,485,385	0	0	0	1,497,412	1,469,341	1.9%	12,027	0	12,027
Mulu	32,282	30,374	62,656	0	0	0	62,656	60,074	4.3%	0	0	0
Limbang	24,417	25,044	49,461	0	0	0	49,461	55,437	-10.8%	0	0	0
STOL Sabah	2,214	2,328	4,542	0	0	0	6,190	7,064	-12.4%	1,648	0	1,648
STOL Sarawak	73,998	77,951	151,949	0	0	0	158,741	162,182	-2.1%	6,792	0	6,792
Peninsular												
Malaysia	14,683,714	14,623,237	29,306,951	22,867,445	23,437,140	46,304,585	75,746,729	69,143,972	9.5%	22,047	113,146	135,193
Sabah	4,171,593	4,186,113	8,357,706	1,281,782	1,306,008	2,587,790	10,988,986	10,160,496	8.2%	43,490	0	43,490
Sarawak	4,687,986	4,710,482	9,398,468	216,855	226,636	443,491	9,901,107	9,672,463	2.4%	54,526	4,622	59,148
<b>Total 2017</b>	<b>23,543,293</b>	<b>23,519,832</b>	<b>47,063,125</b>	<b>24,366,082</b>	<b>24,969,784</b>	<b>49,335,866</b>	<b>96,636,822</b>	<b>88,976,931</b>	<b>8.6%</b>	<b>120,063</b>	<b>117,768</b>	<b>237,831</b>
Total 2016	22,792,655	22,776,463	45,569,118	21,247,612	21,811,730	43,059,342	88,976,931			114,975	233,496	348,471
% change	3.3%	3.3%	3.3%	14.7%	14.5%	14.6%	8.6%			4.4%	-49.6%	-31.8%

Note : \* Including transit passengers

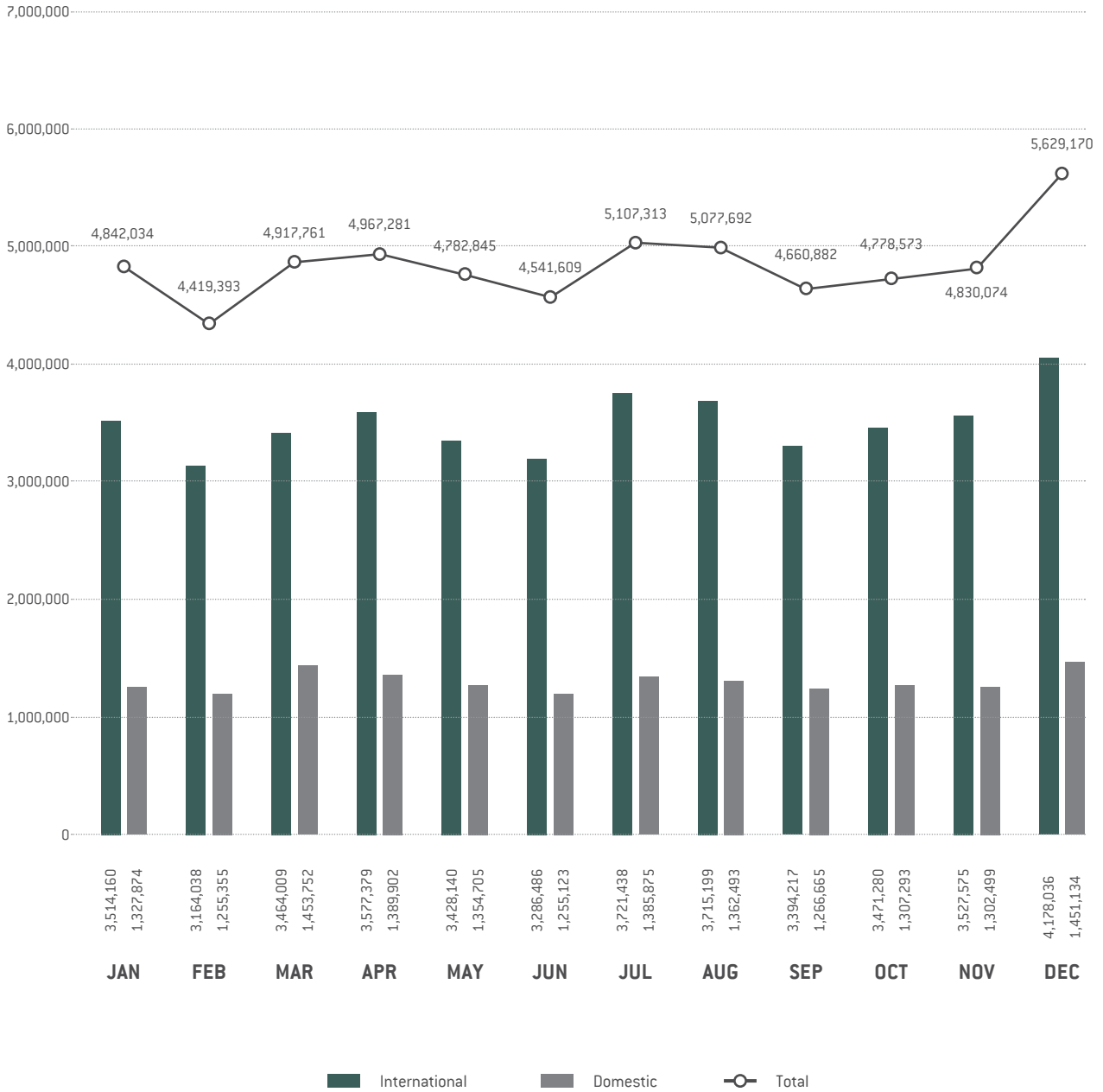
# PASSENGER MOVEMENTS 2017 MALAYSIA OPERATIONS

### PASSENGER MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2017



**PASSENGER MOVEMENTS 2017  
MALAYSIA OPERATIONS**

**PASSENGER MOVEMENTS AT KL INTERNATIONAL AIRPORT 2017**



# PASSENGER MOVEMENTS 2008 - 2017 MALAYSIA OPERATIONS

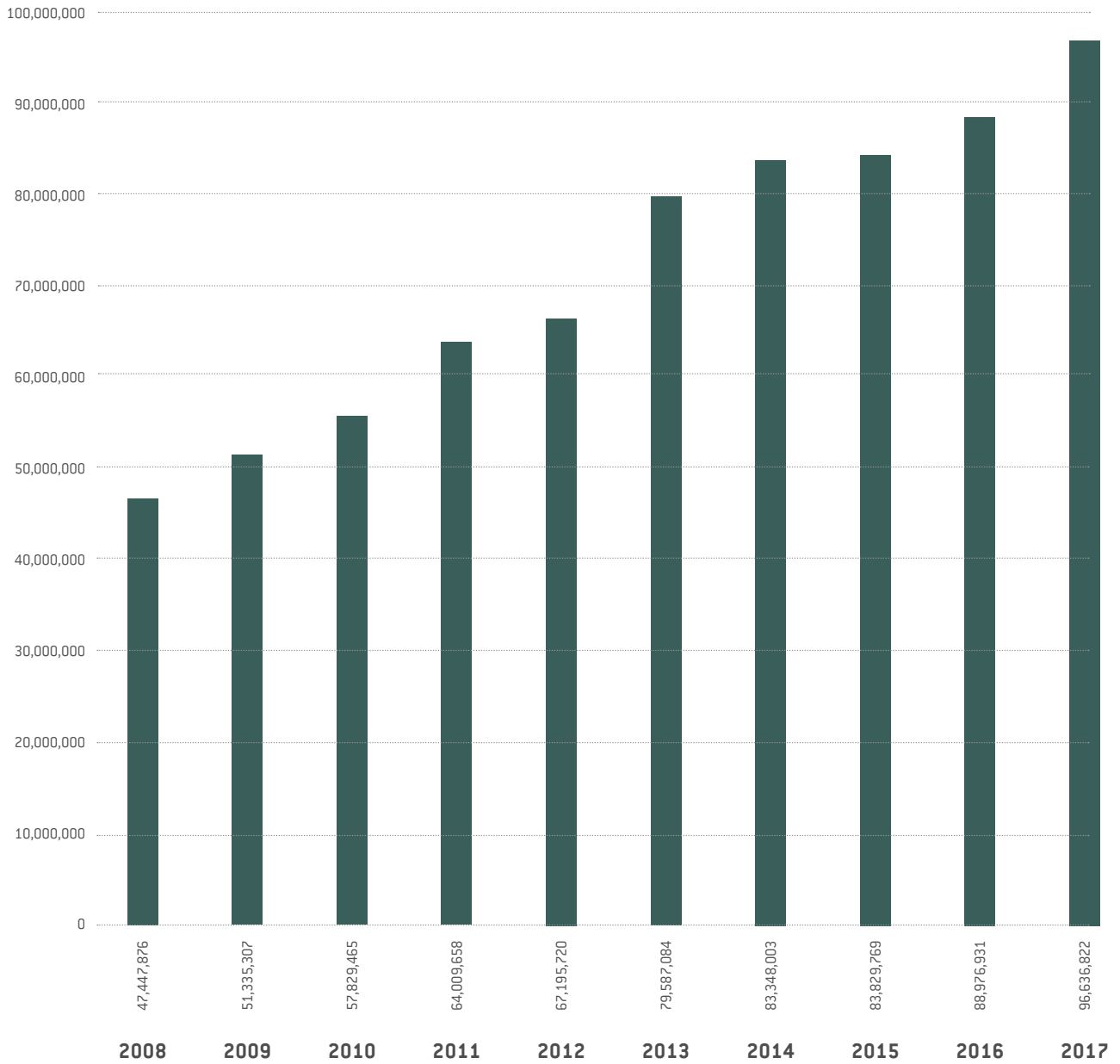
06 Airports Statistics



AIRPORTS	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	% +/-
KLIA	27,529,355	29,682,093	34,087,636	37,704,510	39,887,866	47,498,157	48,930,409	48,938,424	52,643,511	58,554,627	11.2%
Penang	3,405,762	3,325,423	4,166,969	4,600,274	4,767,815	5,487,751	6,041,583	6,258,756	6,684,026	7,232,097	8.2%
Kota Kinabalu	4,689,164	4,868,526	5,223,454	5,808,639	5,848,135	6,935,797	6,792,968	6,573,461	7,263,339	8,006,446	10.2%
Kuching	3,238,614	3,574,632	3,684,517	4,286,722	4,186,523	4,871,036	4,852,822	4,772,453	4,919,677	5,095,193	3.6%
Langkawi	1,196,956	1,359,271	1,374,729	1,504,697	1,594,106	1,946,440	2,221,997	2,336,177	2,655,271	2,767,707	4.2%
Kota Bharu	836,060	1,003,162	1,047,755	1,132,345	1,259,205	1,585,238	1,800,836	2,063,747	2,062,248	1,988,212	-3.6%
Ipoh	5,376	21,937	48,508	71,169	73,354	74,320	98,768	222,606	269,696	274,146	1.7%
Kuala Terengganu	487,495	523,619	520,611	502,966	550,831	699,310	842,651	857,239	900,218	943,660	4.8%
Alor Setar	307,564	421,314	400,997	407,717	433,644	535,073	660,264	719,029	787,706	802,304	1.9%
Melaka	23,751	18,576	21,687	21,322	34,355	21,637	14,178	69,710	58,703	62,076	5.7%
Subang	307,747	819,840	1,118,309	1,320,227	1,442,514	1,859,020	2,762,556	3,059,144	2,834,836	2,880,586	1.6%
Kuantan	259,529	226,912	220,878	248,846	280,074	317,440	314,130	292,109	247,757	241,314	-2.6%
Tioman	48,767	49,057	54,056	62,010	60,141	56,054	9,217	0	0	0	-
Pangkor	8,132	7,617	2,588	547	4,068	5,791	205	0	0	0	-
Redang	34,957	28,246	48,610	46,159	35,960	35,982	11,087	0	0	0	-
Labuan	550,859	476,876	505,903	567,928	617,130	738,769	789,494	684,108	595,290	577,459	-3.0%
Lahad Datu	99,983	98,558	113,442	131,054	142,733	145,930	161,230	143,654	140,077	127,651	-8.9%
Sandakan	618,927	672,469	741,674	788,515	834,626	911,855	900,016	853,411	882,811	896,347	1.5%
Tawau	768,967	866,601	897,848	922,452	982,153	1,202,344	1,218,616	1,203,792	1,271,915	1,374,893	8.1%
Bintulu	417,918	487,060	557,459	590,253	661,553	779,774	832,440	800,008	805,206	849,596	5.5%
Miri	1,537,840	1,620,345	1,694,915	1,856,626	2,018,415	2,223,172	2,363,080	2,249,206	2,200,546	2,188,048	-0.6%
Sibu	831,772	939,732	1,009,002	1,133,093	1,204,267	1,383,887	1,440,935	1,454,360	1,469,341	1,497,412	1.9%
Mulu	43,652	49,255	66,575	67,041	49,670	49,432	60,761	51,387	60,074	62,656	4.3%
Limbang	49,181	45,512	50,044	56,211	57,852	61,074	63,870	58,300	55,437	49,461	-10.8%
STOL Sabah	3,741	0	793	5,046	5,970	5,174	4,590	5,309	7,064	6,190	-12.4%
STOL Sarawak	145,807	148,674	170,506	173,289	162,760	156,627	159,300	163,379	162,182	158,741	-2.1%
Peninsular Malaysia	34,451,451	37,487,067	43,113,333	47,622,789	50,423,933	60,122,213	63,707,881	64,816,941	69,143,972	75,746,729	9.5%
Sabah	6,731,641	6,983,030	7,483,114	8,223,634	8,430,747	9,939,869	9,866,914	9,463,735	10,160,496	10,988,986	8.2%
Sarawak	6,264,784	6,865,210	7,233,018	8,163,235	8,341,040	9,525,002	9,773,208	9,549,093	9,672,463	9,901,107	2.4%
<b>Grand Total</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>96,636,822</b>	<b>8.6%</b>
% change	5.0%	8.2%	12.7%	10.7%	5.0%	18.4%	4.7%	0.6%	6.1%	8.6%	

## PASSENGER MOVEMENTS 2008 - 2017 MALAYSIA OPERATIONS

PASSENGER MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2008 - 2017





# INTERNATIONAL PASSENGER MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

06 Airports Statistics



	ARRIVAL		DEPARTURE		TOTAL*		%+/-
	2017	2016	2017	2016	2017	2016	
<b>SOUTH EAST ASIA</b>							
Balikpapan	0	13,436	0	12,021	0	25,457	-
Banda Aceh	73,608	71,668	73,933	72,702	147,541	144,370	2.2%
Bandar Seri Begawan	196,478	176,642	202,124	181,831	398,602	358,473	11.2%
Bandung	191,204	166,429	195,489	163,531	386,693	329,960	17.2%
Bangkok	535,242	460,642	570,314	464,217	1,105,556	924,859	19.5%
Cam Ranh	10,942	0	11,519	0	22,461	0	-
Cebu	38,709	23,456	38,127	23,550	76,836	47,006	63.5%
Chiang Mai	120,948	112,547	120,995	114,332	241,943	226,879	6.6%
Clark Field	0	5,128	0	4,290	0	9,418	-
Da Nang	60,526	31,538	59,377	32,771	119,903	64,309	86.4%
Davao	882	0	915	0	1,797	0	-
Denpasar Bali	723,742	545,388	728,355	553,277	1,452,097	1,098,665	32.2%
Don Mueang	742,916	651,372	761,520	688,320	1,504,436	1,339,692	12.3%
Hanoi	211,978	161,205	241,115	184,182	453,093	345,387	31.2%
Hat Yai	66,831	56,812	69,743	60,623	136,574	117,435	16.3%
Ho Chi Minh City	608,879	534,445	620,555	545,736	1,229,434	1,080,181	13.8%
Jakarta Halim	0	0	806	0	806	0	-
Jakarta Soekarno-Hatta	1,267,506	1,069,641	1,263,067	1,066,716	2,530,573	2,136,357	18.5%
Kalibo	27,838	32,579	27,723	31,689	55,561	64,268	-13.5%
Koh Samui	34,954	36,194	31,018	29,194	65,972	65,388	0.9%
Krabi	155,834	146,784	152,986	144,343	308,820	291,127	6.1%
Kuala Namu	411,065	337,936	421,607	341,470	832,672	679,406	22.6%
Lombok	123,967	103,021	135,667	115,602	259,634	218,623	18.8%
Luang Prabang	25,412	2,208	23,252	2,227	48,664	4,435	997.3%
Manila	386,248	315,948	387,364	318,521	773,612	634,469	21.9%
Padang	105,512	101,388	106,734	102,498	212,246	203,886	4.1%
Palembang	53,634	51,662	49,487	46,879	103,121	98,541	4.7%
Pekanbaru	89,083	68,936	89,493	68,184	178,576	137,120	30.2%
Phnom Penh	212,880	176,209	210,948	173,499	423,828	349,708	21.2%
Phuket	393,155	343,501	398,317	346,390	791,472	689,891	14.7%
Pontianak	37,663	30,171	37,613	28,097	75,276	58,268	29.2%
Semarang	43,557	30,416	41,856	31,594	85,413	62,010	37.7%
Siem Reap	121,972	107,091	120,331	108,292	242,303	215,383	12.5%
Sihanoukville	12,606	0	13,690	0	26,296	0	-
Singapore	2,017,886	1,905,245	2,066,669	1,935,123	4,084,555	3,840,368	6.4%
Solo City	19,511	11,382	20,154	11,703	39,665	23,085	71.8%
Surabaya	324,126	296,013	345,919	324,486	670,045	620,499	8.0%
Surat Thani	28,640	31,993	26,895	30,410	55,535	62,403	-11.0%
Tanjung Pandan	248	0	253	0	501	0	-
Ujung Pandang	32,328	30,642	32,247	31,886	64,575	62,528	3.3%
Utapao	29,436	26,113	30,092	30,394	59,528	56,507	5.3%
Vientiane	22,801	21,892	22,309	21,903	45,110	43,795	3.0%
Yangon	157,439	164,356	184,335	171,786	341,774	336,142	1.7%
Yogyakarta	143,802	107,351	154,782	116,880	298,584	224,231	33.2%
<b>Total</b>	<b>9,861,988</b>	<b>8,559,380</b>	<b>10,089,695</b>	<b>8,731,149</b>	<b>19,951,683</b>	<b>17,290,529</b>	<b>15.4%</b>

## INTERNATIONAL PASSENGER MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL*		%+/-
	2017	2016	2017	2016	2017	2016	
<b>NORTH EAST ASIA</b>							
Beijing	338,983	257,519	339,110	252,694	678,093	510,213	32.9%
Busan	66,736	58,611	72,294	64,471	139,030	123,082	13.0%
Changsha	88,952	76,935	91,040	78,241	179,992	155,176	16.0%
Changsha Huanghua	0	140	0	0	0	140	-
Chengdu	111,216	101,802	117,198	107,316	228,414	209,118	9.2%
Chongqing	61,130	53,927	72,805	60,019	133,935	113,946	17.5%
Dalian	5,728	4,517	6,589	4,629	12,317	9,146	34.7%
Fuzhou	38,956	36,683	40,880	33,765	79,836	70,448	13.3%
Guangzhou	365,622	322,673	380,090	334,488	745,712	657,161	13.5%
Guilin	30,364	28,955	30,792	30,321	61,156	59,276	3.2%
Guiyang	5,072	559	5,426	523	10,498	1,082	870.2%
Haikou	17,094	4,683	16,169	2,851	33,263	7,534	341.5%
Hangzhou	75,956	66,874	78,926	69,178	154,882	136,052	13.8%
Harbin	1,341	0	1,171	0	2,512	0	-
Hong Kong	771,540	752,544	813,946	788,523	1,585,486	1,541,067	2.9%
Jeju	3,072	0	3,285	0	6,357	0	-
Jinan	0	4,206	0	4,508	0	8,714	-
Jinjiang	578	0	320	0	898	0	-
Kaohsiung	42,234	22,054	44,464	23,989	86,698	46,043	88.3%
Kunming	75,613	51,861	85,857	59,296	161,470	111,157	45.3%
Lanzhou	631	1,104	2,942	3,664	3,573	4,768	-25.1%
Lijiang	527	0	485	0	1,012	0	-
Macau	112,008	111,258	113,438	116,856	225,446	228,114	-1.2%
Nagoya	0	0	711	742	711	742	-4.2%
Nanjing	8,722	0	8,752	0	17,474	0	-
Nanning	51,775	49,487	54,934	52,196	106,709	101,683	4.9%
Okinawa	630	0	630	0	1,260	0	-
Osaka	230,331	184,632	238,621	198,029	468,952	382,661	22.6%
Qingdao	10,145	1,412	9,274	1,507	19,419	2,919	565.3%
Sanya	1,958	3,753	2,429	4,997	4,387	8,750	-49.9%
Sapporo Chitose	64,295	62,988	66,150	65,517	130,445	128,505	1.5%
Seoul	413,597	389,168	426,327	392,259	839,924	781,427	7.5%
Shanghai Pu Dong	341,446	267,565	346,477	270,423	687,923	537,988	27.9%
Shantou	37,211	21,663	39,195	22,818	76,406	44,481	71.8%
Shenzhen	206,330	141,293	207,374	144,238	413,704	285,531	44.9%
Taipei	568,264	460,901	571,237	455,774	1,139,501	916,675	24.3%
Tianjin	329	4,384	502	4,490	831	8,874	-90.6%
Tokyo Haneda	188,191	124,993	173,561	117,798	361,752	242,791	49.0%
Tokyo Narita	258,803	256,855	266,744	263,234	525,547	520,089	1.0%
Urumqi	1,230	240	1,213	285	2,443	525	365.3%
Wenzhou	0	0	156	0	156	0	-
Wuhan	87,747	12,719	91,456	12,496	179,203	25,215	610.7%
Xi An Xianyang	64,768	59,284	72,778	65,659	137,546	124,943	10.1%
Xiamen	94,495	69,681	89,877	68,618	184,372	138,299	33.3%
Xining	2,267	1,326	1,949	1,529	4,216	2,855	47.7%
Yinchuan	24	23	1,282	1,645	1,306	1,668	-21.7%
Zhengzhou	6,687	4,363	8,501	4,886	15,188	9,249	64.2%
<b>Total</b>	<b>4,852,598</b>	<b>4,073,635</b>	<b>4,997,357</b>	<b>4,184,472</b>	<b>9,849,955</b>	<b>8,258,107</b>	<b>19.3%</b>

## INTERNATIONAL PASSENGER MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

06 Airports Statistics



	ARRIVAL		DEPARTURE		TOTAL*		%+/-
	2017	2016	2017	2016	2017	2016	
<b>SOUTHWEST PACIFIC</b>							
Adelaide	47,372	44,330	51,945	46,921	99,317	91,251	8.8%
Auckland	128,345	113,554	140,189	123,237	268,534	236,791	13.4%
Brisbane	4,254	0	3,258	0	7,512	0	-
Christmas Island	27	0	35	0	62	0	-
Darwin	6,287	12,627	7,917	11,980	14,204	24,607	-42.3%
Gold Coast	111,803	91,448	120,195	102,383	231,998	193,831	19.7%
Melbourne	395,728	393,575	416,313	420,484	812,041	814,059	-0.2%
Perth	317,231	292,395	347,301	319,129	664,532	611,524	8.7%
Sydney	356,507	313,971	380,645	335,557	737,152	649,528	13.5%
<b>Total</b>	<b>1,367,554</b>	<b>1,261,900</b>	<b>1,467,798</b>	<b>1,359,691</b>	<b>2,835,352</b>	<b>2,621,591</b>	<b>8.2%</b>
<b>SOUTH ASIA</b>							
Amritsar	38,562	32,139	31,831	28,114	70,393	60,253	16.8%
Bangalore	115,225	108,833	117,806	112,360	233,031	221,193	5.4%
Begumpet	0	0	0	2	0	2	-
Bhubaneswar	20,294	0	19,973	0	40,267	0	-
Chennai	239,778	230,305	233,839	224,715	473,617	455,020	4.1%
Chittagong	945	0	1,456	0	2,401	0	-
Colombo	314,252	264,095	320,595	270,443	634,847	534,538	18.8%
Delhi	246,822	221,368	235,820	212,433	482,642	433,801	11.3%
Dhaka	438,249	382,855	397,481	357,221	835,730	740,076	12.9%
Goa	0	9,529	0	8,900	0	18,429	-
Hyderabad	108,144	93,430	104,713	92,905	212,857	186,335	14.2%
Islamabad	2,726	1,441	2,306	1,851	5,032	3,292	52.9%
Karachi	38,807	16,448	36,636	17,651	75,443	34,099	121.2%
Kathmandu	222,097	170,543	251,485	237,724	473,582	408,267	16.0%
Kochi	169,869	142,462	168,222	145,609	338,091	288,071	17.4%
Kolkata	56,855	49,739	58,908	53,042	115,763	102,781	12.6%
Lahore	38,319	44,959	41,949	48,912	80,268	93,871	-14.5%
Male	50,303	35,341	51,960	31,606	102,263	66,947	52.8%
Mumbai	167,612	142,088	165,252	145,909	332,864	287,997	15.6%
Paro	355	0	355	0	710	0	-
Peshawar	7,744	15,979	9,486	18,693	17,230	34,672	-50.3%
Thiruvananthapuram	20,048	18,644	21,627	21,236	41,675	39,880	4.5%
Tiruchirapally	308,322	242,933	323,575	258,922	631,897	501,855	25.9%
Vishakhapatnam	21,206	21,875	22,238	23,005	43,444	44,880	-3.2%
<b>Total</b>	<b>2,626,534</b>	<b>2,245,006</b>	<b>2,617,513</b>	<b>2,311,253</b>	<b>5,244,047</b>	<b>4,556,259</b>	<b>15.1%</b>
<b>CENTRAL ASIA</b>							
Almaty	21,677	17,318	22,994	18,028	44,671	35,346	26.4%
Tashkent	14,582	14,893	15,477	16,476	30,059	31,369	-4.2%
<b>Total</b>	<b>36,259</b>	<b>32,211</b>	<b>38,471</b>	<b>34,504</b>	<b>74,730</b>	<b>66,715</b>	<b>12.0%</b>

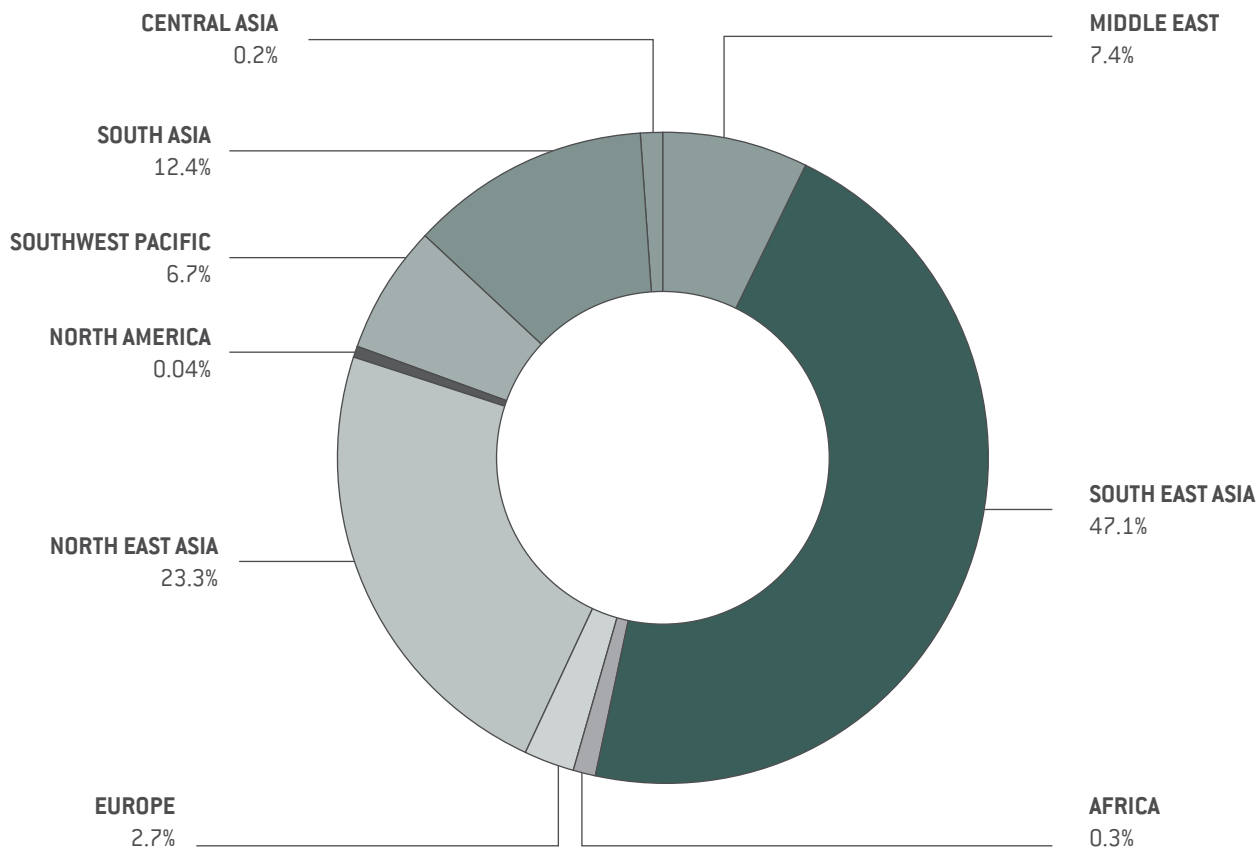
## INTERNATIONAL PASSENGER MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

	ARRIVAL		DEPARTURE		TOTAL*		%+/-
	2017	2016	2017	2016	2017	2016	
<b>MIDDLE EAST</b>							
Abu Dhabi	141,219	142,411	143,071	147,160	284,290	289,571	-1.8%
Amman	15,657	18,613	16,098	19,222	31,755	37,835	-16.1%
Baghdad	6,728	7,717	8,071	8,564	14,799	16,281	-9.1%
Beirut	0	0	0	9	0	9	-
Doha	282,941	325,266	274,436	323,078	557,377	648,344	-14.0%
Dubai	424,318	403,578	423,893	404,077	848,211	807,655	5.0%
Jeddah	304,637	279,036	273,698	288,765	578,335	567,801	1.9%
Kuwait	0	2,838	0	4,698	0	7,536	-
Madinah	116,552	64,204	210,770	113,147	327,322	177,351	84.6%
Muscat	103,029	59,362	108,041	58,760	211,070	118,122	78.7%
Ras Al Khaimah	120	499	0	3	120	502	-76.1%
Riyadh	53,647	54,452	23,391	31,818	77,038	86,270	-10.7%
Tehran Imam Khomeini	90,726	77,148	98,725	81,114	189,451	158,262	19.7%
<b>Total</b>	<b>1,539,574</b>	<b>1,435,124</b>	<b>1,580,194</b>	<b>1,480,415</b>	<b>3,119,768</b>	<b>2,915,539</b>	<b>7.0%</b>
<b>EUROPE</b>							
Amsterdam	119,204	113,368	124,559	120,233	243,763	233,601	4.4%
Frankfurt	0	5,313	0	6,025	0	11,338	-
Istanbul	104,912	129,312	109,798	132,343	214,710	261,655	-17.9%
London	340,482	298,220	351,687	324,549	692,169	622,769	11.1%
Paris	0	5,411	0	4,450	0	9,861	-
<b>Total</b>	<b>564,598</b>	<b>551,624</b>	<b>586,044</b>	<b>587,600</b>	<b>1,150,642</b>	<b>1,139,224</b>	<b>1.0%</b>
<b>NORTH AMERICA</b>							
Honolulu	7,979	0	7,256	0	15,235	0	-
<b>Total</b>	<b>7,979</b>	<b>0</b>	<b>7,256</b>	<b>0</b>	<b>15,235</b>	<b>0</b>	<b>-</b>
<b>AFRICA</b>							
Addis Ababa	20,076	16,877	21,900	16,230	41,976	33,107	26.8%
Cairo	0	5,409	0	4,984	0	10,393	-
Mauritius	30,486	35,798	36,799	35,560	67,285	71,358	-5.7%
<b>Total</b>	<b>50,562</b>	<b>58,084</b>	<b>58,699</b>	<b>56,774</b>	<b>109,261</b>	<b>114,858</b>	<b>-4.9%</b>
<b>Grand Total</b>	<b>20,907,646</b>	<b>18,216,964</b>	<b>21,443,027</b>	<b>18,745,858</b>	<b>42,350,673</b>	<b>36,962,822</b>	<b>14.6%</b>

Note: \* Excluding transit passengers

# INTERNATIONAL PASSENGER MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

**TOTAL INTERNATIONAL MOVEMENTS: 42,350,673\***



Note: \* Excluding transit passengers

# INTERNATIONAL PASSENGER MOVEMENTS 2017 BY AIRLINES AT KLIA INTERNATIONAL AIRPORT

## AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA Main Terminal/klia2

AIRLINES	PASSENGER MOVEMENTS 2017	MARKET SHARE
AIRASIA	11,167,628	26.3%
MALAYSIA AIRLINES	8,748,156	20.6%
AIRASIA X	5,455,965	12.9%
MALINDO AIR	3,469,229	8.2%
INDONESIA AIRASIA	1,129,200	2.7%
EMIRATES	848,328	2.0%
INDONESIA AIRASIA X	702,918	1.7%
THAI AIRASIA	607,380	1.4%
QATAR AIRWAYS	557,415	1.3%
HONG KONG DRAGON AIRLINES	552,109	1.3%
SILK AIR	539,707	1.3%
SAUDI ARABIAN AIRLINES	509,710	1.2%
LION AIR	495,439	1.2%
KLM-ROYAL DUTCH	470,993	1.1%
JETSTAR ASIA	459,858	1.1%

## 10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA Main Terminal/klia2

AIRLINES	PASSENGER MOVEMENTS 2017	GROWTH
SHENZHEN AIRLINES	89,548	1239.1%
AIRASIA ZEST	294,413	124.5%
VIETJET AIR	104,482	104.1%
ALL NIPPON AIRWAYS	273,186	60.3%
REGENT AIRWAYS	89,248	54.4%
THAI AIRASIA	607,380	44.9%
MALINDO AIR	3,469,229	41.8%
INDONESIA AIRASIA X	702,918	38.5%
XIAMEN AIRLINES	269,952	37.6%
LION AIR	495,439	33.9%

## DOMESTIC TRAFFIC AT KLIA Main Terminal/klia2

AIRLINES	PASSENGER MOVEMENTS 2017	GROWTH
MALAYSIA AIRLINES	4,881,623	-9.7%
AIRASIA	9,953,175	15.2%
MALINDO AIR	1,277,872	-5.2%

# TRAFFIC 2017

## ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT

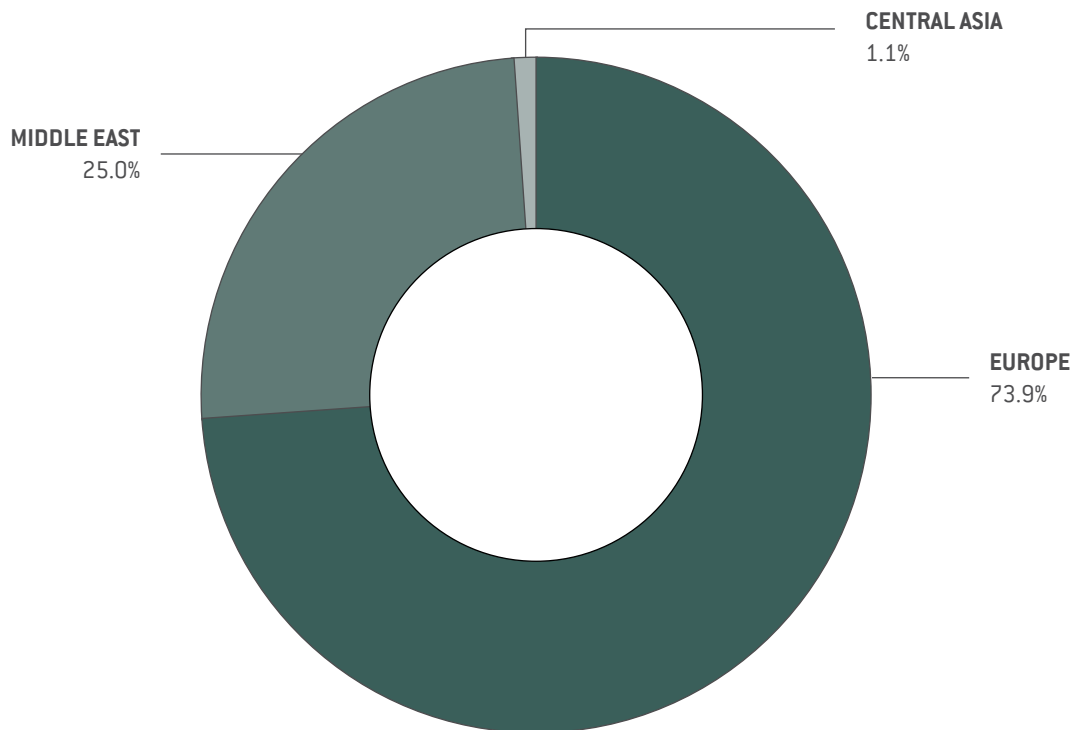
06 Airports Statistics



PASSENGER MOVEMENTS	2017	2016	+/-
International passengers	10,338,816	9,533,214	8.5%
Domestic passengers	20,977,293	20,118,329	4.3%
<b>Total passenger movements</b>	<b>31,316,109</b>	<b>29,651,543</b>	<b>5.6%</b>
AIRCRAFT MOVEMENTS	2017	2016	+/-
International aircraft	76,353	79,982	-4.5%
Domestic aircraft	134,571	140,308	-4.1%
<b>Total commercial aircraft</b>	<b>210,924</b>	<b>220,290</b>	<b>-4.3%</b>
All other aircraft	8,742	10,196	-14.3%
<b>Total aircraft movements</b>	<b>219,666</b>	<b>230,486</b>	<b>-4.7%</b>
CARGO MOVEMENTS [tonnes]	2017	2016	+/-
International Cargo	59,652	54,922	8.6%
Domestic Cargo	7,742	8,019	-3.5%
<b>Total cargo movements</b>	<b>67,395</b>	<b>62,941</b>	<b>7.1%</b>

# INTERNATIONAL PASSENGER MOVEMENTS 2017 BY SECTORS AT ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT

TOTAL INTERNATIONAL MOVEMENTS : 10,338,816



324

REGION	TOTAL INTERNATIONAL PASSENGER 2017	MARKET SHARE
Central Asia	114,131	1.1%
Europe	7,636,298	73.9%
Middle East	2,588,387	25.0%
<b>Total</b>	<b>10,338,816</b>	<b>100.0%</b>



# TOP 5 AIRLINES 2017 BY INTERNATIONAL PASSENGERS AT ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT

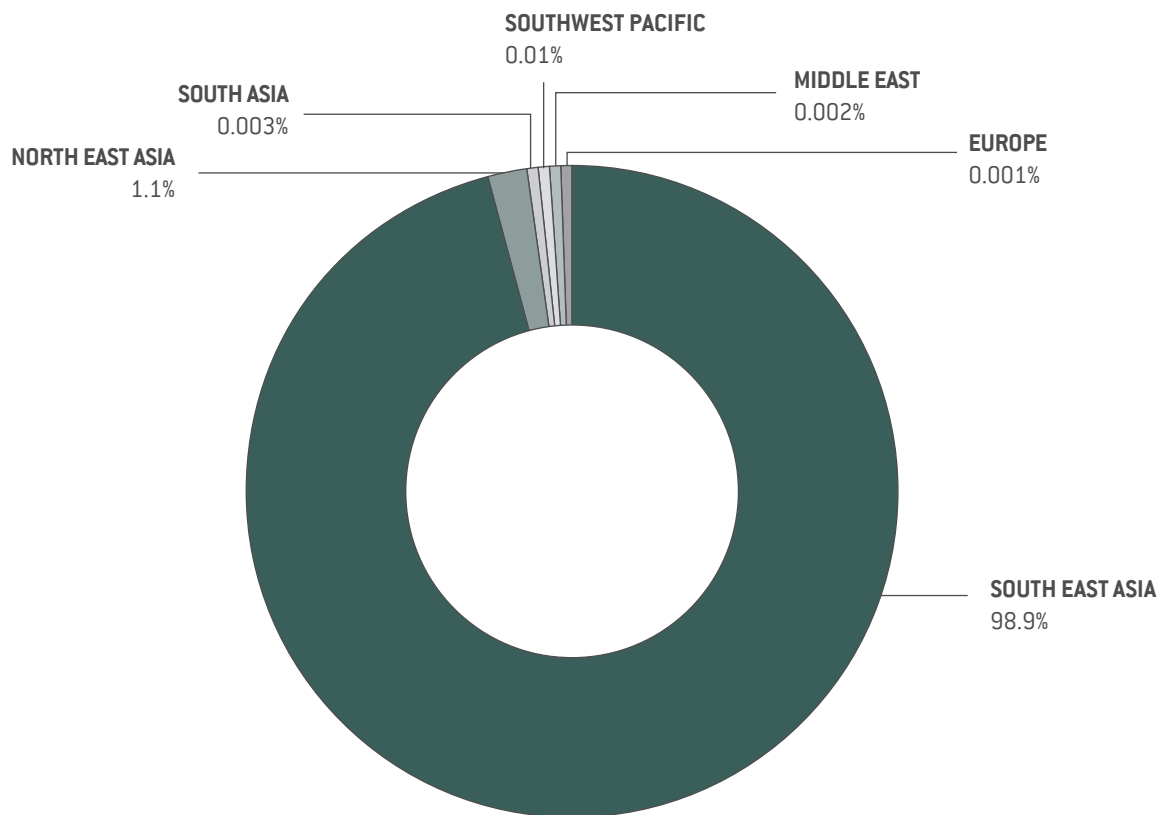
06 Airports Statistics



AIRLINES	TOTAL INTERNATIONAL PASSENGER MOVEMENTS
PEGASUS AIRLINES	7,522,010
TURKISH AIRLINES	1,551,100
AIR ARABIA	187,528
QATAR AIRWAYS	179,706
FLYNAS	157,585

# INTERNATIONAL PASSENGER MOVEMENTS 2017 BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA

**KUCHING INTERNATIONAL AIRPORT**  
**TOTAL INTERNATIONAL MOVEMENTS: 375,795**



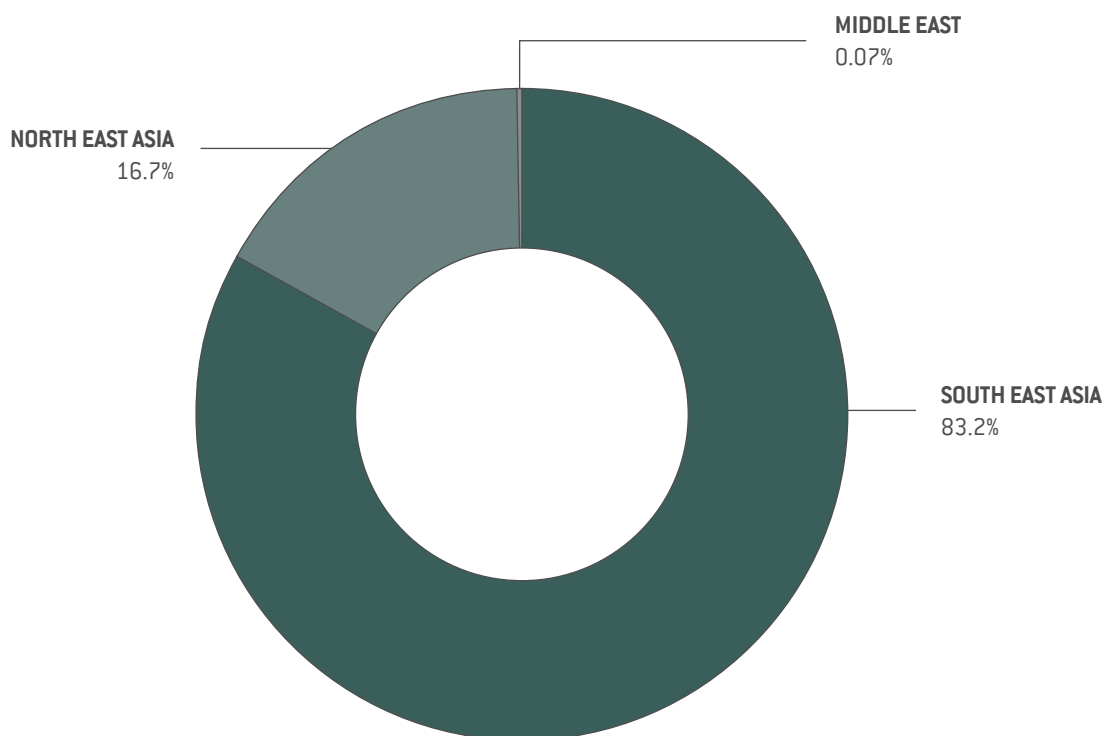
KUCHING SECTORS	TOTAL INTERNATIONAL PASSENGERS	MARKET SHARE
SOUTH EAST ASIA	371,679	98.9%
NORTH EAST ASIA	4,062	1.1%
SOUTH ASIA	12	0.003%
SOUTHWEST PACIFIC	30	0.01%
MIDDLE EAST	8	0.002%
EUROPE	4	0.001%
<b>Total</b>	<b>375,795</b>	<b>100.0%</b>

## INTERNATIONAL PASSENGER MOVEMENTS 2017 BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA

06 Airports Statistics



### PENANG INTERNATIONAL AIRPORT TOTAL INTERNATIONAL MOVEMENTS: 3,138,773

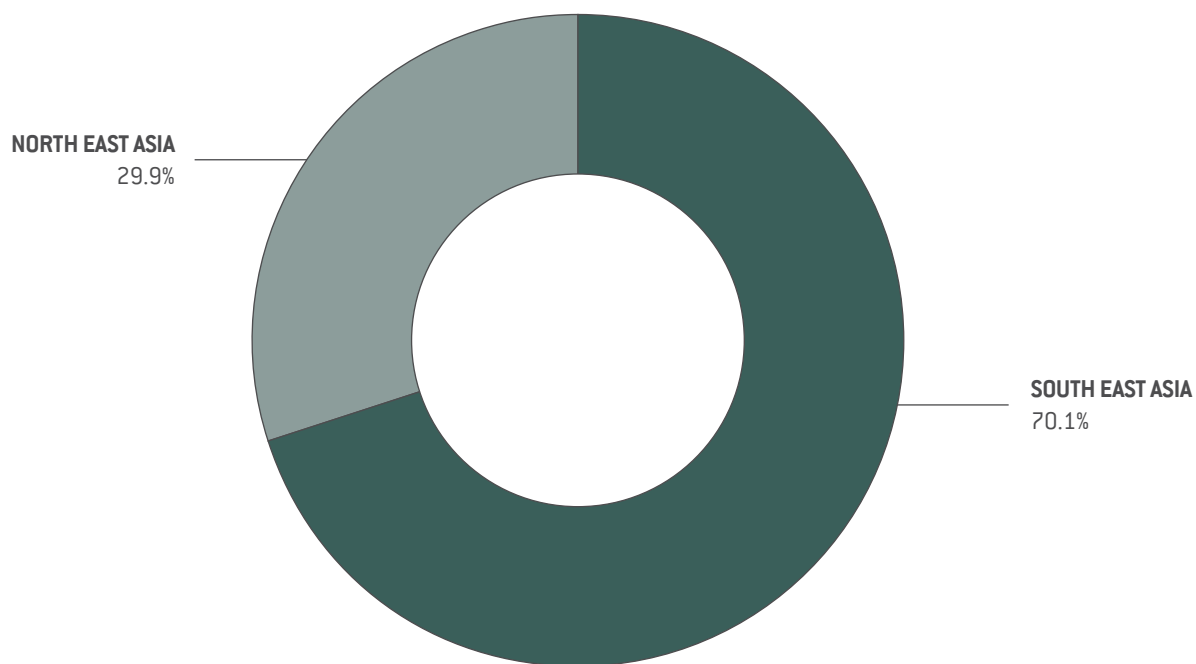


327

PENANG SECTORS	TOTAL INTERNATIONAL PASSENGERS	MARKET SHARE
SOUTH EAST ASIA	2,612,088	83.2%
NORTH EAST ASIA	524,389	16.7%
MIDDLE EAST	2,296	0.07%
<b>Total</b>	<b>3,138,773</b>	<b>100.0%</b>

**INTERNATIONAL PASSENGER MOVEMENTS 2017  
BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA**

**LANGKAWI INTERNATIONAL AIRPORT  
TOTAL INTERNATIONAL MOVEMENTS: 283,953**



328

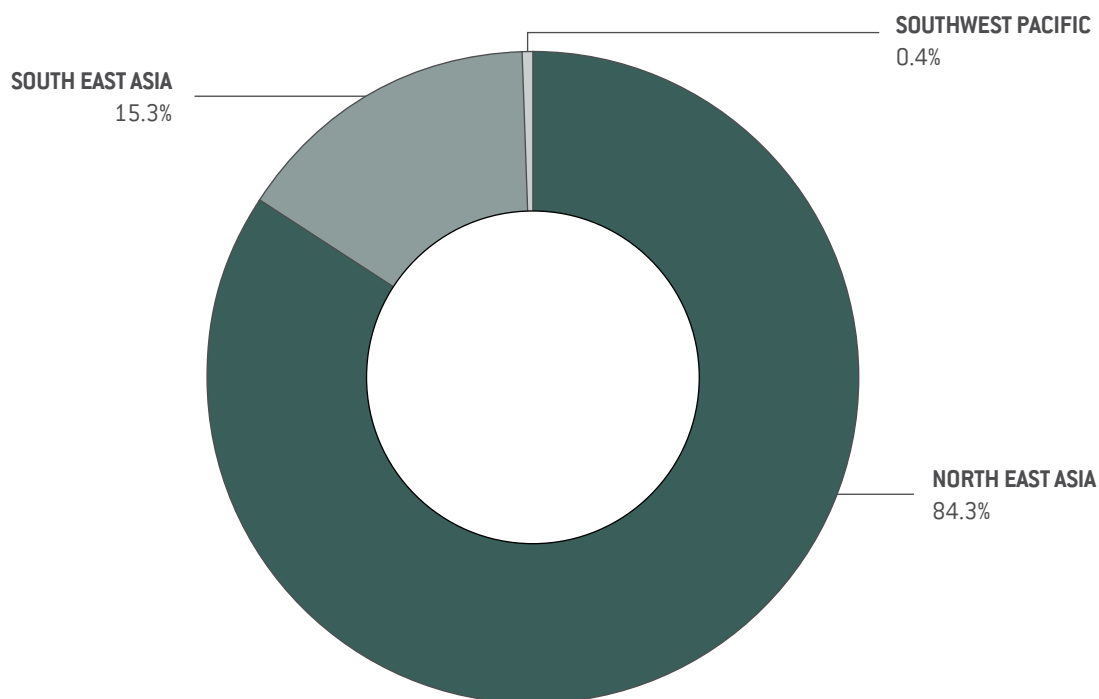
LANGKAWI SECTORS	TOTAL INTERNATIONAL PASSENGERS	MARKET SHARE
SOUTH EAST ASIA	199,060	70.1%
NORTH EAST ASIA	84,893	29.9%
<b>Total</b>	<b>283,953</b>	<b>100.0%</b>

**INTERNATIONAL PASSENGER MOVEMENTS 2017  
BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA**

06 Airports Statistics



**KOTA KINABALU INTERNATIONAL AIRPORT  
TOTAL INTERNATIONAL MOVEMENTS: 2,570,987**



329

KOTA KINABALU SECTORS	TOTAL INTERNATIONAL PASSENGERS	MARKET SHARE
SOUTH EAST ASIA	392,363	15.3%
NORTH EAST ASIA	2,167,917	84.3%
SOUTHWEST PACIFIC	10,707	0.4%
<b>Total</b>	<b>2,570,987</b>	<b>100.0%</b>

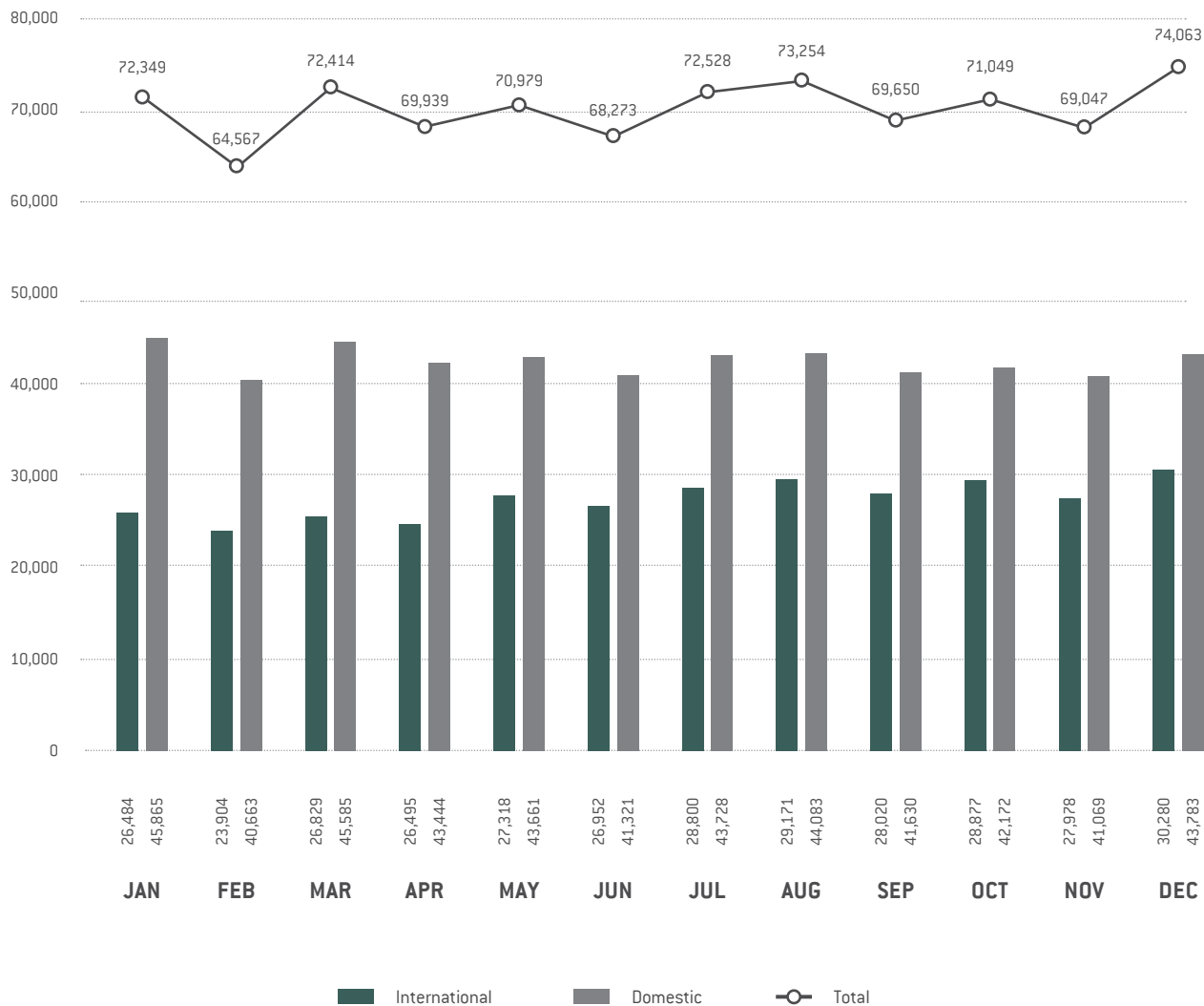
# COMMERCIAL AIRCRAFT MOVEMENTS 2017

## MALAYSIA OPERATIONS

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2017	2016	% +/-
KLIA	118,028	1,109	119,137	265,157	1,760	266,917	386,054	355,519	8.6%
Penang	42,399	0	42,399	26,758	0	26,758	69,157	64,428	7.3%
Kota Kinabalu	47,416	5,732	53,148	18,774	0	18,774	71,922	69,292	3.8%
Kuching	41,753	2,913	44,666	3,187	181	3,368	48,034	48,562	-1.1%
Langkawi	22,568	0	22,568	2,239	0	2,239	24,807	23,797	4.2%
Kota Bharu	23,787	3,280	27,067	0	0	0	27,067	26,666	1.5%
Ipoh	1,126	0	1,126	2,506	0	2,506	3,632	3,632	0.0%
Kuala Terengganu	11,305	0	11,305	9	0	9	11,314	11,049	2.4%
Alor Setar	10,783	0	10,783	18	0	18	10,801	10,260	5.3%
Melaka	712	0	712	1,002	0	1,002	1,714	1,294	32.5%
Subang	60,246	0	60,246	7,105	0	7,105	67,351	61,450	9.6%
Kuantan	1,958	0	1,958	740	0	740	2,698	3,186	-15.3%
Tioman	0	0	0	0	0	0	0	0	-
Pangkor	0	0	0	0	0	0	0	0	-
Redang	0	0	0	0	0	0	0	0	-
Labuan	8,775	1,195	9,970	157	7	164	10,134	10,924	-7.2%
Lahad Datu	2,938	76	3,014	0	0	0	3,014	3,455	-12.8%
Sandakan	9,131	755	9,886	0	15	15	9,901	10,820	-8.5%
Tawau	11,102	341	11,443	312	8	320	11,763	11,687	0.7%
Bintulu	10,412	1,103	11,515	6	5	11	11,526	11,807	-2.4%
Miri	30,295	6,935	37,230	1,162	0	1,162	38,392	42,633	-9.9%
Sibu	16,588	0	16,588	0	0	0	16,588	17,156	-3.3%
Mulu	2,201	20	2,221	0	0	0	2,221	2,375	-6.5%
Limbang	1,974	0	1,974	0	0	0	1,974	2,647	-25.4%
STOL Sabah	512	24	536	0	0	0	536	608	-11.8%
STOL Sarawak	16,116	1,396	17,512	0	0	0	17,512	18,337	-4.5%
Peninsular Malaysia	292,912	4,389	297,301	305,534	1,760	307,294	604,595	561,281	7.7%
Sabah	79,874	8,123	87,997	19,243	30	19,273	107,270	106,786	0.5%
Sarawak	119,339	12,367	131,706	4,355	186	4,541	136,247	143,517	-5.1%
<b>Total 2017</b>	<b>492,125</b>	<b>24,879</b>	<b>517,004</b>	<b>329,132</b>	<b>1,976</b>	<b>331,108</b>	<b>848,112</b>	<b>811,584</b>	<b>4.5%</b>
Total 2016	490,235	23,235	513,470	296,714	1,400	298,114	811,584		
% change	0.4%	7.1%	0.7%	10.9%	41.1%	11.1%	4.5%		

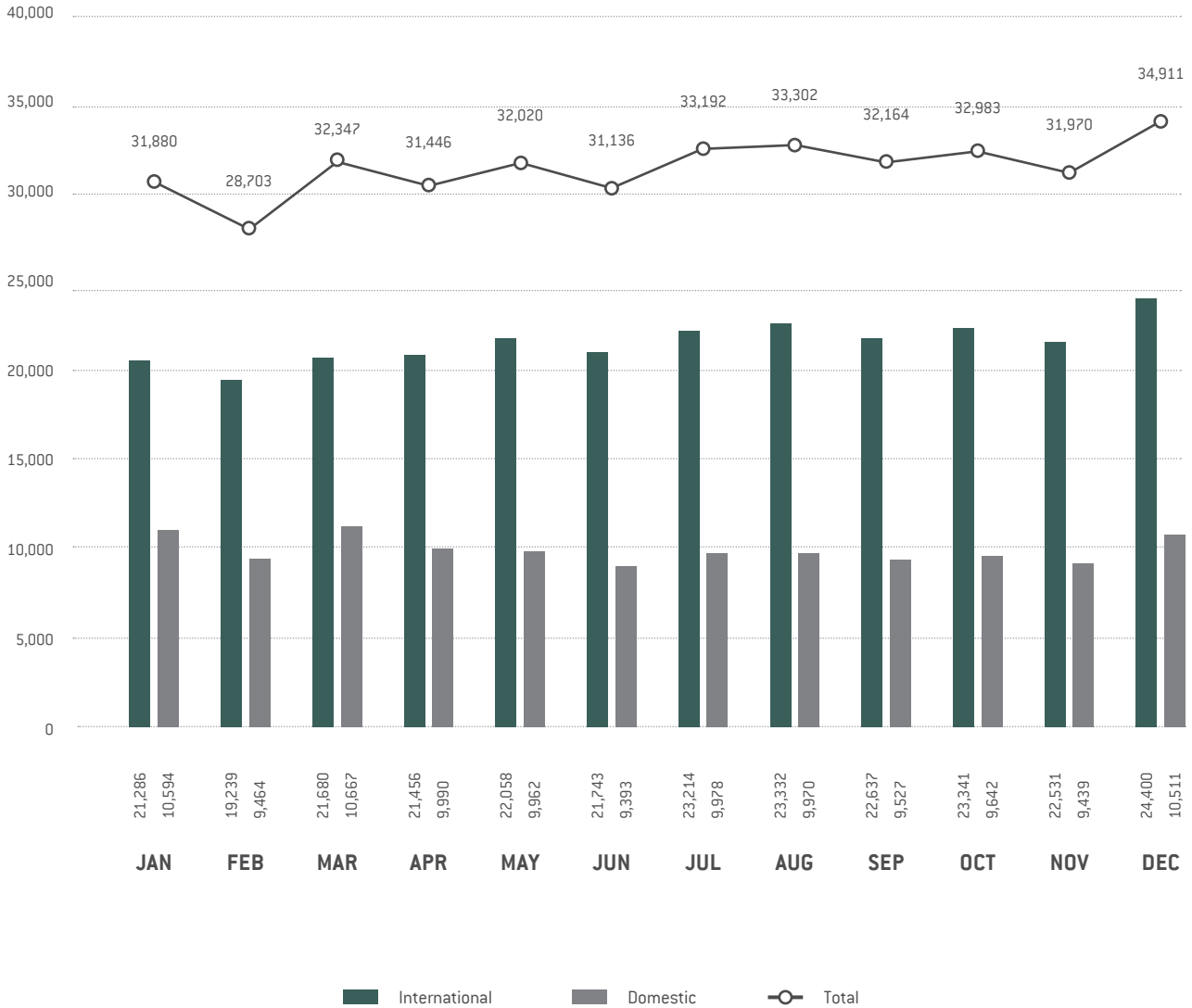
# COMMERCIAL AIRCRAFT MOVEMENTS 2017 MALAYSIA OPERATIONS

### COMMERCIAL AIRCRAFT MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2017



**COMMERCIAL AIRCRAFT MOVEMENTS 2017  
MALAYSIA OPERATIONS**

**COMMERCIAL AIRCRAFT MOVEMENTS AT KL INTERNATIONAL AIRPORTS 2017**





# COMMERCIAL AIRCRAFT MOVEMENTS 2008 - 2017 MALAYSIA OPERATIONS

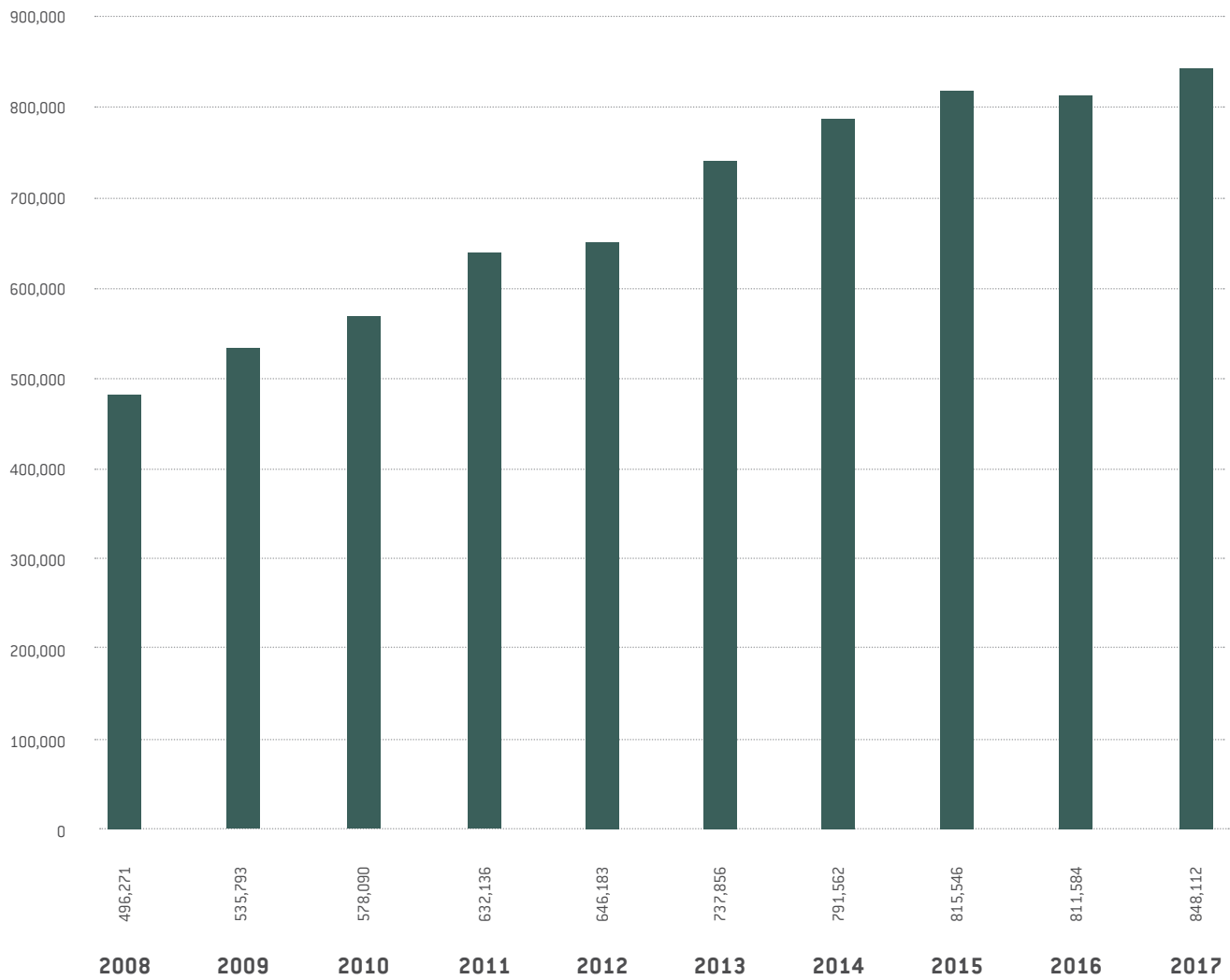
06 Airports Statistics



AIRPORTS	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	% +/-
KLIA	209,681	225,251	244,179	268,265	282,290	325,537	339,650	353,270	355,519	386,054	8.6%
Penang	38,335	38,343	44,753	50,610	49,966	56,760	63,396	64,527	64,428	69,157	7.3%
Kota Kinabalu	52,463	52,677	55,089	59,638	58,366	67,601	68,776	66,945	69,292	71,922	3.8%
Kuching	36,087	41,437	42,940	49,613	43,981	53,095	50,917	50,738	48,562	48,034	-1.1%
Langkawi	12,242	12,638	13,274	14,510	15,162	17,675	21,722	22,232	23,797	24,807	4.2%
Kota Bharu	14,083	13,709	13,180	15,304	17,112	20,527	25,028	28,228	26,666	27,067	1.5%
Ipoh	183	384	844	1,536	1,515	1,464	1,960	3,684	3,632	3,632	0.0%
Kuala Terengganu	6,038	6,006	5,959	6,006	6,506	7,365	9,659	10,625	11,049	11,314	2.4%
Alor Setar	2,934	4,578	4,513	4,841	5,274	5,795	8,421	9,472	10,260	10,801	5.3%
Melaka	700	616	584	466	1,053	580	320	1,536	1,294	1,714	32.5%
Subang	11,448	19,897	24,509	30,779	33,224	41,707	56,629	62,911	61,450	67,351	9.6%
Kuantan	3,334	2,947	2,628	3,178	3,395	3,289	3,572	3,906	3,186	2,698	-15.3%
Tioman	1,603	1,591	1,662	1,766	1,682	1,538	272	0	0	0	-
Pangkor	503	502	174	32	324	258	8	0	0	0	-
Redang	1,083	862	1,356	1,319	877	955	430	0	0	0	-
Labuan	11,212	10,868	11,988	12,645	13,448	15,072	15,533	13,168	10,924	10,134	-7.2%
Lahad Datu	2,922	2,922	2,860	2,941	3,058	3,321	3,689	3,646	3,455	3,014	-12.8%
Sandakan	8,991	10,214	12,095	10,757	12,177	11,536	11,715	11,267	10,820	9,901	-8.5%
Tawau	7,334	8,885	9,723	9,328	9,689	11,784	12,832	12,401	11,687	11,763	0.7%
Bintulu	8,933	10,948	10,994	11,270	11,444	12,428	12,246	12,197	11,807	11,526	-2.4%
Miri	35,178	38,836	39,509	40,931	42,351	44,875	46,504	45,039	42,633	38,392	-9.9%
Sibu	14,307	16,275	17,899	18,211	15,923	17,196	17,878	18,252	17,156	16,588	-3.3%
Mulu	1,642	1,570	1,726	1,912	1,760	2,306	2,701	2,381	2,375	2,221	-6.5%
Limbang	1,860	1,697	1,947	1,896	1,880	2,075	2,154	2,226	2,647	1,974	-25.4%
STOL Sabah	459	0	167	264	192	231	226	440	608	536	-11.8%
STOL Sarawak	12,716	12,140	13,538	14,118	13,534	12,886	15,324	16,455	18,337	17,512	-4.5%
Peninsular Malaysia	302,167	327,324	357,615	398,612	418,380	483,450	531,067	560,391	561,281	604,595	7.7%
Sabah	83,381	85,566	91,922	95,573	96,930	109,545	112,771	107,867	106,786	107,270	0.5%
Sarawak	110,723	122,903	128,553	137,951	130,873	144,861	147,724	147,288	143,517	136,247	-5.1%
<b>Total</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>848,112</b>	<b>4.5%</b>
% change	10.0%	8.0%	7.9%	9.3%	2.2%	14.2%	7.3%	3.0%	-0.5%	4.5%	

## COMMERCIAL AIRCRAFT MOVEMENTS 2008 - 2017 MALAYSIA OPERATIONS

### COMMERCIAL AIRCRAFT MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2008 - 2017



# ALL AIRCRAFT MOVEMENTS 2008 - 2017 MALAYSIA OPERATIONS

06 Airports Statistics



AIRPORTS	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	% +/-
KLIA	211,228	226,751	245,650	269,509	283,352	326,678	340,821	354,519	356,614	387,234	8.6%
Penang	43,796	43,621	50,205	54,713	53,766	60,020	65,734	66,670	66,247	70,609	6.6%
Kota Kinabalu	54,317	53,554	55,241	59,638	58,366	67,601	73,074	71,209	70,138	73,237	4.4%
Kuching	39,188	44,761	46,382	53,154	46,727	56,085	53,490	53,303	51,885	51,097	-1.5%
Langkawi	41,837	39,815	33,064	31,482	33,056	29,309	28,694	30,853	31,035	31,863	2.7%
Kota Bharu	57,102	74,863	75,906	64,114	50,991	50,406	44,628	42,810	31,956	30,433	-4.8%
Ipoh	2,183	40,883	41,069	29,074	23,999	1,464	17,682	19,956	14,137	10,910	-22.8%
Kuala Terengganu	10,045	9,875	10,959	14,296	12,809	11,402	14,057	12,587	12,066	11,485	-4.8%
Alor Setar	17,705	24,031	22,187	19,621	18,006	15,752	17,365	18,368	18,190	46,285	154.5%
Melaka	60,512	54,160	60,811	53,702	48,881	36,978	23,747	19,800	35,252	37,867	7.4%
Subang	46,989	55,148	63,616	68,135	74,008	80,047	91,529	95,845	94,544	98,955	4.7%
Kuantan	3,551	3,110	2,802	3,452	3,613	3,663	3,911	4,174	3,493	2,893	-17.2%
Tioman	2,141	2,180	2,167	2,222	2,205	2,089	1,019	993	733	636	-13.2%
Pangkor	545	502	174	32	324	258	8	72	1	98	9700.0%
Redang	1,083	862	1,356	1,319	877	955	430	0	0	0	-
Labuan	11,328	11,045	12,093	12,762	13,589	15,139	15,596	13,249	10,959	10,185	-7.1%
Lahad Datu	3,012	3,077	2,960	3,024	3,147	4,215	4,055	3,929	3,713	3,199	-13.8%
Sandakan	9,622	12,915	13,517	11,715	13,153	12,856	12,696	12,705	12,240	10,859	-11.3%
Tawau	8,546	9,876	10,845	10,186	10,983	13,896	14,396	14,007	13,280	12,949	-2.5%
Bintulu	16,787	51,009	24,246	17,122	12,294	13,661	12,968	12,638	12,130	12,021	-0.9%
Miri	38,172	41,996	41,682	43,707	45,127	47,585	49,204	47,733	45,554	40,692	-10.7%
Sibu	14,672	17,449	18,985	19,169	15,923	17,196	22,508	21,172	24,806	18,598	-25.0%
Mulu	1,664	1,592	1,444	1,920	1,780	2,306	2,739	2,385	2,389	2,231	-6.6%
Limbang	2,112	1,949	2,171	1,968	1,880	2,075	2,660	2,849	3,221	2,344	-27.2%
STOL Sabah	459	0	559	278	212	305	298	524	692	566	-18.2%
STOL Sarawak	12,978	12,140	13,538	14,262	14,027	12,936	15,424	16,569	18,473	17,638	-4.5%
Peninsular Malaysia	498,717	575,801	609,966	611,671	605,887	619,021	649,625	666,647	664,268	729,268	9.8%
Sabah	87,284	90,467	95,215	97,603	99,450	114,012	120,115	115,623	111,022	110,995	-0.02%
Sarawak	125,573	170,896	148,448	151,302	137,758	151,844	158,993	156,649	158,458	144,621	-8.7%
<b>Total</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>984,884</b>	<b>5.5%</b>
% change	1.1%	17.6%	2.0%	0.8%	-2.0%	5.0%	5.0%	1.1%	-0.6%	5.5%	

# CARGO MOVEMENTS 2017

## MALAYSIA OPERATIONS

AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2017 *	2016 *	% +/-	Domestic	Int.	Total
KLIA	35,133,431	57,893,732	93,027,163	320,921,619	296,237,259	617,158,878	710,186,041	642,558,163	10.5%	0	0	0
Penang	5,280,390	3,333,275	8,613,665	55,367,262	55,290,979	110,658,241	134,186,969	130,490,705	2.8%	1,636,824	13,278,239	14,915,063
Kota Kinabalu	14,599,578	10,935,407	25,534,985	748,608	1,088,721	1,837,329	27,372,314	28,763,868	-4.8%	0	0	0
Kuching	15,695,164	6,753,731	22,448,895	351,371	1,279,451	1,630,822	24,620,013	22,499,593	9.4%	167,298	372,998	540,296
Langkawi	647,077	70,940	718,017	40,054	901	40,955	758,972	588,416	29.0%	0	0	0
Kota Bharu	401,845	373,188	775,033	0	0	0	775,033	780,196	-0.7%	0	0	0
Kuala Terengganu	168,994	77,532	246,526	0	0	0	246,526	252,668	-2.4%	0	0	0
Alor Setar	214,736	274,688	489,424	0	0	0	489,424	390,247	25.4%	0	0	0
Melaka	0	0	0	0	0	0	0	44	-	0	0	0
Subang	4,143,396	7,173,838	11,317,234	13,489,952	11,760,536	25,250,488	36,567,722	36,146,984	1.2%	0	0	0
Kuantan	23,593	15	23,608	400	950	1,350	24,958	15,103	65.3%	0	0	0
Ipoh	0	0	0	53,550	51,470	105,020	105,020	177,521	-40.8%	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	3,350,187	711,285	4,061,472	61,367	457,193	518,560	5,071,122	4,619,787	9.8%	237,174	253,916	491,090
Lahad Datu	63,387	37,909	101,296	0	0	0	101,296	128,876	-21.4%	0	0	0
Sandakan	557,614	1,648,927	2,206,541	0	0	0	2,211,445	2,388,960	-7.4%	4,904	0	4,904
Tawau	1,012,435	2,871,911	3,884,346	0	110	110	3,884,456	3,570,351	8.8%	0	0	0
Bintulu	1,770,083	1,075,248	2,845,331	0	0	0	2,849,306	2,646,855	7.6%	3,975	0	3,975
Miri	3,086,761	1,731,200	4,817,961	46,139	8,039	54,178	4,872,139	7,270,258	-33.0%	0	0	0
Sibu	880,841	402,917	1,283,758	0	0	0	1,285,199	1,048,002	22.6%	1,441	0	1,441
Mulu	313,748	1,593	315,341	0	0	0	315,341	390,675	-19.3%	0	0	0
Limbang	171,933	24,023	195,956	0	0	0	195,956	466,236	-58.0%	0	0	0
STOL Sabah	0	0	0	0	0	0	0	0	0	0	0	0
STOL Sarawak	190,537	224,216	414,753	0	0	0	497,140	478,761	3.8%	82,387	0	82,387
Peninsular Malaysia	46,013,462	69,197,208	115,210,670	389,872,837	363,342,095	753,214,932	883,340,665	811,400,047	8.9%	1,636,824	13,278,239	14,915,063
Sabah	19,583,201	16,205,439	35,788,640	809,975	1,546,024	2,355,999	38,640,633	39,471,842	-2.1%	242,078	253,916	495,994
Sarawak	22,109,067	10,212,928	32,321,995	397,510	1,287,490	1,685,000	34,635,094	34,800,380	-0.5%	255,101	372,998	628,099
<b>Total 2017</b>	<b>87,705,730</b>	<b>95,615,575</b>	<b>183,321,305</b>	<b>391,080,322</b>	<b>366,175,609</b>	<b>757,255,931</b>	<b>956,616,392</b>	<b>885,672,269</b>	<b>8.0%</b>	<b>2,134,003</b>	<b>13,905,153</b>	<b>16,039,156</b>
Total 2016	89,743,557	94,498,398	184,241,955	352,400,887	330,546,640	682,947,527	885,672,269			2,285,744	16,197,043	18,482,787
% change	-2.3%	1.2%	-0.5%	11.0%	10.8%	10.9%	8.0%			-6.6%	-14.2%	-13.2%

Note : \* Including transit cargo

# CARGO MOVEMENTS 2017 MALAYSIA OPERATIONS

## CARGO MOVEMENTS AT KL INTERNATIONAL AIRPORT 2017

(metric tonnes)

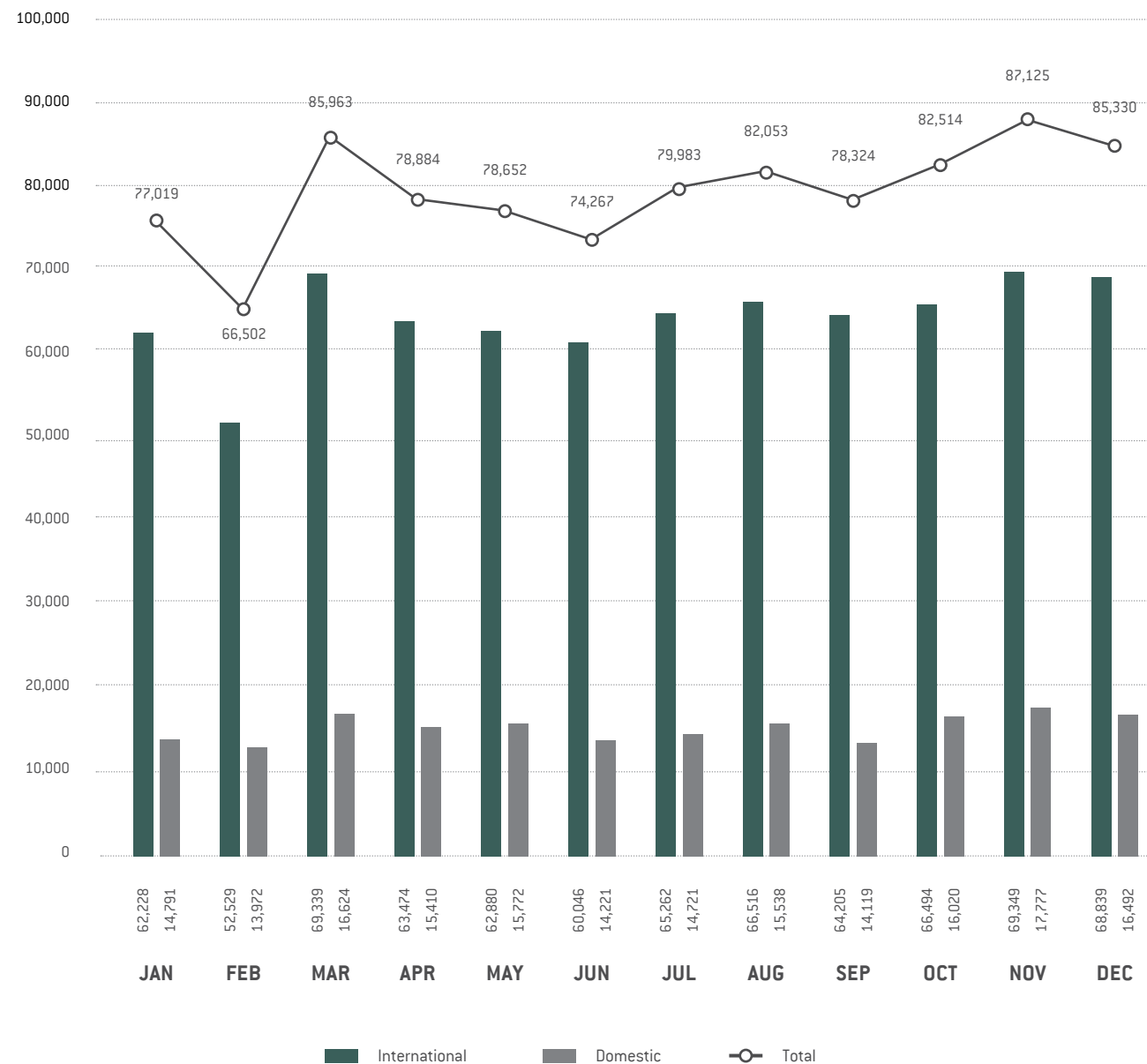


337

# CARGO MOVEMENTS 2017 MALAYSIA OPERATIONS

## CARGO MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2017

(metric tonnes)



# CARGO MOVEMENTS 2008 - 2017 MALAYSIA OPERATIONS

06 Airports Statistics



AIRPORTS (Metric tonnes)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	% +/-
KLIA	649,077	584,559	674,902	669,849	673,107	680,983	753,899	726,230	642,558	710,186	10.5%
Penang	192,936	137,775	147,057	131,846	123,246	153,703	141,213	130,392	130,491	134,187	2.8%
Kota Kinabalu	34,532	25,079	26,733	28,534	23,563	21,922	23,769	24,768	28,764	27,372	-4.8%
Kuching	19,166	20,830	26,977	24,787	15,811	21,993	28,040	29,362	22,500	24,620	9.4%
Langkawi	589	572	434	646	754	630	567	647	588	759	29.0%
Kota Bharu	181	185	177	164	147	179	397	1,003	780	775	-0.7%
Kuala Terengganu	24	24	50	103	147	103	148	329	253	247	-2.4%
Alor Setar	41	34	34	46	123	126	230	389	390	489	25.4%
Melaka	179	127	144	139	195	0	0	0	0	0	-
Subang	18,473	18,536	19,988	19,928	22,680	26,443	28,128	31,357	36,147	36,568	1.2%
Kuantan	70	70	49	38	57	86	46	21	15	25	65.3%
Ipoh	0	0	0	0	34	403	296	318	178	105	-40.8%
Tioman	0	0	0	0	73	30	15	0	0	0	-
Pangkor	0	0	0	0	5	21	0	0	0	0	-
Redang	0	0	0	0	27	27	17	0	0	0	-
Labuan	4,566	4,165	4,592	5,294	6,072	9,329	11,591	9,834	4,620	5,071	9.8%
Lahad Datu	0	0	0	42	185	200	179	158	129	101	-21.4%
Sandakan	3,055	2,099	2,806	2,300	2,479	2,894	2,497	3,147	2,389	2,211	-7.4%
Tawau	1,262	1,951	3,045	3,198	2,489	2,844	3,265	3,910	3,570	3,884	8.8%
Bintulu	1,978	1,903	1,703	2,071	2,574	2,553	2,318	2,383	2,647	2,849	7.6%
Miri	4,146	3,921	6,770	8,198	9,879	9,800	8,029	7,292	7,270	4,872	-33.0%
Sibu	735	856	1,133	1,153	1,612	1,413	1,460	1,304	1,048	1,285	22.6%
Mulu	262	346	396	370	322	354	319	232	391	315	-19.3%
Limbang	475	530	560	498	744	742	596	565	466	196	-58.0%
STOL Sabah	0	0	0	0	0	0	0	0	0	0	-
STOL Sarawak	692	402	543	622	630	552	444	691	479	497	3.8%
Peninsular Malaysia	861,570	741,881	842,836	822,759	820,596	862,734	924,957	890,685	811,400	883,341	8.9%
Sabah	43,415	33,294	37,175	39,369	34,787	37,190	41,300	41,817	39,472	38,641	-2.1%
Sarawak	27,454	28,789	38,081	37,699	31,572	37,407	41,206	41,828	34,800	34,635	-0.5%
<b>Grand Total</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>956,616</b>	<b>8.0%</b>
% change	-6.5%	-13.8%	14.2%	-2.0%	-1.4%	5.7%	7.5%	-3.3%	-9.1%	8.0%	

# CARGO MOVEMENTS 2008 - 2017 MALAYSIA OPERATIONS

## CARGO MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2008 - 2017

(metric tonnes)

1,200,000

1,000,000

800,000

600,000

400,000

200,000

0

340





# INTERNATIONAL CARGO MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

06 Airports Statistics



SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2017	2016	2017	2016	2017	2016	
<b>SOUTH EAST ASIA</b>							
Balikpapan	3,500	191,332	80	2,193	3,580	193,525	-98.2%
Banda Aceh	78,237	35,847	448	490	78,685	36,337	116.5%
Bandar Seri Begawan	57,479	77,196	1,271,242	1,311,702	1,328,721	1,388,898	-4.3%
Bandung	157,436	122,325	97,097	323,242	254,533	445,567	-42.9%
Bangkok	8,624,728	8,168,618	8,591,585	7,527,117	17,216,313	15,695,735	9.7%
Batam	7,018	0	44,784	31,029	51,802	31,029	66.9%
Cebu	95	0	4,834	682	4,929	682	622.7%
Chiang Mai	0	0	30,229	15,691	30,229	15,691	92.7%
Clark Field	0	0	0	13,528	0	13,528	-
Da Nang	6,217	6,050	120,664	96,832	126,881	102,882	23.3%
Denpasar Bali	735,722	1,119,115	157,828	65,400	893,550	1,184,515	-24.6%
Don Mueang	945,977	1,206,205	200,127	240,066	1,146,104	1,446,271	-20.8%
Hanoi	5,077,112	3,655,142	3,821,306	2,727,908	8,898,418	6,383,050	39.4%
Ho Chi Minh City	5,081,346	4,590,196	3,796,538	3,308,445	8,877,884	7,898,641	12.4%
Jakarta Halim	200	0	36,459	0	36,659	0	-
Jakarta Soekarno-Hatta	7,897,962	9,204,084	5,436,403	4,948,962	13,334,365	14,153,046	-5.8%
Kuala Namu	1,386,363	1,107,424	804,777	581,376	2,191,140	1,688,800	29.7%
Lombok	1,842	1,115	472	0	2,314	1,115	107.5%
Manila	1,143,728	908,540	3,355,812	2,624,424	4,499,540	3,532,964	27.4%
Padang	57,895	254,786	451,811	132,589	509,706	387,375	31.6%
Palembang	11,343	11,986	144,719	218,959	156,062	230,945	-32.4%
Pekanbaru	191	17,558	1,962	849	2,153	18,407	-88.3%
Phnom Penh	1,197,232	1,340,385	1,941,526	2,547,267	3,138,758	3,887,652	-19.3%
Phuket	14,484	6,051	147,682	108,101	162,166	114,152	42.1%
Semarang	215,102	213,521	257,046	321,609	472,148	535,130	-11.8%
Siem Reap	23,564	40,846	11,404	13,055	34,968	53,901	-35.1%
Singapore	16,910,089	14,941,108	13,603,777	13,612,625	30,513,866	28,553,733	6.9%
Solo City	14,024	54,056	2,473	3,401	16,497	57,457	-71.3%
Surabaya	110,293	123,846	495,061	481,177	605,354	605,023	0.1%
Ujung Pandang	387,694	627,147	13,097	2,799	400,791	629,946	-36.4%
Vientiane	26,390	27,959	171,928	205,363	198,318	233,322	-15.0%
Yangon	1,045,240	761,850	1,476,525	1,278,298	2,521,765	2,040,148	23.6%
Yogyakarta	369,864	649,448	34,575	28,439	404,439	677,887	-40.3%
<b>Total</b>	<b>51,588,367</b>	<b>49,463,736</b>	<b>46,524,271</b>	<b>42,773,618</b>	<b>98,112,638</b>	<b>92,237,354</b>	<b>6.4%</b>

## INTERNATIONAL CARGO MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2017	2016	2017	2016	2017	2016	
<b>NORTH EAST ASIA</b>							
Anshang	0	0	0	8,336	0	8,336	-
Beijing	12,166,084	10,291,393	4,202,748	3,859,816	16,368,832	14,151,209	15.7%
Busan	171,115	100,244	132,653	82,748	303,768	182,992	66.0%
Changsa	132,194	13,594	4,088	8,123	136,282	21,717	527.5%
Chengdu	762,408	390,479	2,220,770	1,417,264	2,983,178	1,807,743	65.0%
Chongqing	634,683	5,217	255,053	7,690	889,736	12,907	6793.4%
Dalian	8,510	8,886	0	886	8,510	9,772	-12.9%
Fuzhou	61,173	15,814	205,984	16,210	267,157	32,024	734.2%
Guangzhou	12,469,389	10,731,151	3,290,623	3,451,533	15,760,012	14,182,684	11.1%
Guilin	26,763	0	4,252	0	31,015	0	-
Hangzhou	2,401,452	1,343,815	41,486	14,812	2,442,938	1,358,627	79.8%
Hong Kong	34,752,588	33,616,035	22,029,042	25,728,070	56,781,630	59,344,105	-4.3%
Jeju	0	0	375	0	375	0	-
Jieyang Chaoshan	30,083	0	2,305	0	32,388	0	-
Kaohsiung	59,995	0	19,917	0	79,912	0	-
Kunming	359,155	355,097	14,543	14,462	373,698	369,559	1.1%
Lanzhou	0	2	0	0	0	2	-
Macau	1,366,872	1,201,171	201,549	139,448	1,568,421	1,340,619	17.0%
Nagoya	0	0	370,324	435,623	370,324	435,623	-15.0%
Nanjing Lukou	7,312	0	141	0	7,453	0	-
Nanning	3,055	2,010	0	0	3,055	2,010	52.0%
Osaka	3,389,296	2,869,363	5,998,234	5,803,692	9,387,530	8,673,055	8.2%
Qingdao Liuting	2,272	0	4,497	0	6,769	0	-
Sanya	0	1,224	0	411	0	1,635	-
Sapporo Chitose	5,963	0	10,411	3,301	16,374	3,301	396.0%
Seoul	17,856,006	17,635,154	13,694,501	9,718,152	31,550,507	27,353,306	15.3%
Shanghai Pu Dong	19,451,466	15,418,364	16,916,171	12,052,976	36,367,637	27,471,340	32.4%
Shenzhen	18,301,001	13,388,821	1,724,484	1,426,098	20,025,485	14,814,919	35.2%
Taipei	14,717,004	11,361,799	16,434,206	10,095,476	31,151,210	21,457,275	45.2%
Tianjin	446	11,265	2,312	57,969	2,758	69,234	-96.0%
Tokyo Haneda	3,140,999	516,281	4,677,338	1,389,466	7,818,337	1,905,747	310.3%
Tokyo Narita	12,419,077	10,859,633	13,768,818	13,700,469	26,187,895	24,560,102	6.6%
Wuhan	95,800	1,761	22,929	924	118,729	2,685	4321.9%
Xi An Xianyang	394,646	274,923	1,014,807	92,724	1,409,453	367,647	283.4%
Xiamen	732,713	652,798	341,976	293,774	1,074,689	946,572	13.5%
Yinchuan Hedong	13,212	0	0	0	13,212	0	-
Zhengzhou	308,244	659,086	30,759	89,997	339,003	749,083	-54.7%
<b>Total</b>	<b>156,240,976</b>	<b>131,725,380</b>	<b>107,637,296</b>	<b>89,910,450</b>	<b>263,878,272</b>	<b>221,635,830</b>	<b>19.1%</b>

## INTERNATIONAL CARGO MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

06 Airports Statistics



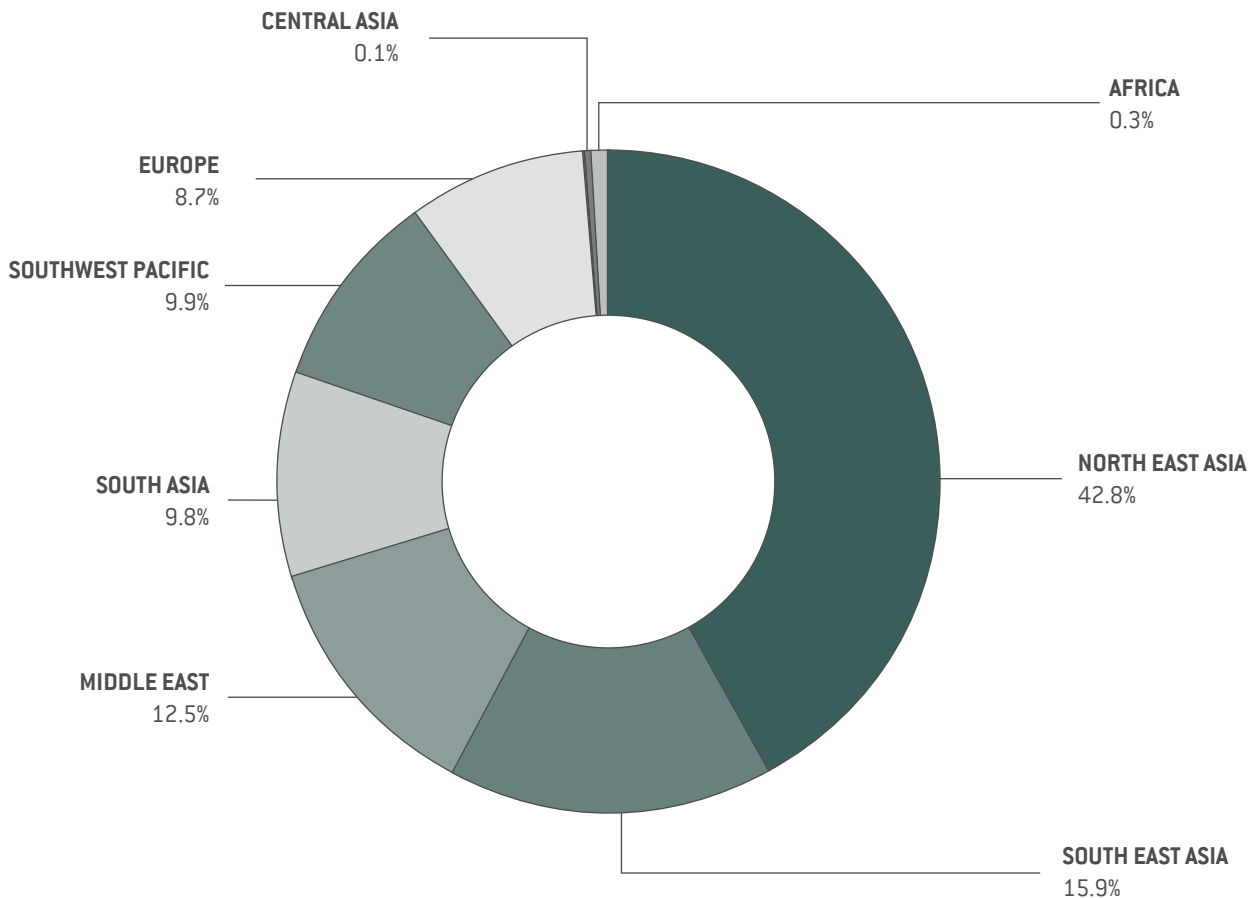
SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2017	2016	2017	2016	2017	2016	
<b>SOUTHWEST PACIFIC</b>							
Adelaide	2,214,150	2,939,203	1,437,460	1,090,441	3,651,610	4,029,644	-9.4%
Auckland	1,077,771	1,481,058	3,366,318	2,199,659	4,444,089	3,680,717	20.7%
Avalon	310,160	355,975	82,306	0	392,466	355,975	10.3%
Brisbane	103,535	0	0	0	103,535	0	-
Christmas Island	0	0	17,701	0	17,701	0	-
Darwin	879	757	13,380	22,384	14,259	23,141	-38.4%
Gold Coast	58,303	762,181	933,301	806,017	991,604	1,568,198	-36.8%
Melbourne	11,645,955	9,305,728	11,305,433	9,842,504	22,951,388	19,148,232	19.9%
Perth	3,114,965	3,504,587	3,848,485	3,854,915	6,963,450	7,359,502	-5.4%
Sydney	5,315,427	4,837,105	16,485,802	14,415,279	21,801,229	19,252,384	13.2%
<b>Total</b>	<b>23,841,145</b>	<b>23,186,594</b>	<b>37,490,186</b>	<b>32,231,199</b>	<b>61,331,331</b>	<b>55,417,793</b>	<b>10.7%</b>
<b>SOUTH ASIA</b>							
Amritsar	0	0	1,131	0	1,131	0	-
Bangalore	3,312,477	2,478,883	2,977,260	2,240,277	6,289,737	4,719,160	33.3%
Bhutan	0	0	62	0	62	0	-
Chennai	5,224,734	5,283,313	5,030,991	4,903,621	10,255,725	10,186,934	0.7%
Chittagong	24	0	71,031	0	71,055	0	-
Colombo	2,381,823	2,096,940	4,482,933	2,552,952	6,864,756	4,649,892	47.6%
Delhi	7,759,008	7,137,782	6,430,780	5,930,900	14,189,788	13,068,682	8.6%
Dhaka	4,545,567	6,086,147	3,289,845	3,532,227	7,835,412	9,618,374	-18.5%
Hyderabad	665,672	412,188	606,696	494,332	1,272,368	906,520	40.4%
Islamabad	14,449	3,460	7,995	1,982	22,444	5,442	312.4%
Karachi	365,063	273,318	200,921	232,759	565,984	506,077	11.8%
Kathmandu	544,027	658,422	1,618,324	2,018,010	2,162,351	2,676,432	-19.2%
Kochi	459,655	346,119	184,490	126,565	644,145	472,684	36.3%
Kolkata	677,244	728,781	338,114	262,011	1,015,358	990,792	2.5%
Lahore	200,145	267,319	67,581	318,155	267,726	585,474	-54.3%
Male	12,929	117	123,672	20,166	136,601	20,283	573.5%
Mumbai	2,392,401	1,916,653	3,240,172	1,571,700	5,632,573	3,488,353	61.5%
Peshawar	31,534	73,501	7,770	15,027	39,304	88,528	-55.6%
Thiruvananthapuram	2,707	199,833	507	0	3,214	199,833	-98.4%
Tiruchirapally	2,915,439	2,973,304	665	373	2,916,104	2,973,677	-1.9%
Vishakhapatnam	0	1,341	0	0	0	1,341	-
<b>Total</b>	<b>31,504,898</b>	<b>30,937,421</b>	<b>28,680,940</b>	<b>24,221,057</b>	<b>60,185,838</b>	<b>55,158,478</b>	<b>9.1%</b>
<b>CENTRAL ASIA</b>							
Almaty	6,009	5,163	217,436	121,324	223,445	126,487	76.7%
Tashkent	75,659	104,794	548,912	182,715	624,571	287,509	117.2%
<b>Total</b>	<b>81,668</b>	<b>109,957</b>	<b>766,348</b>	<b>304,039</b>	<b>848,016</b>	<b>413,996</b>	<b>104.8%</b>

## INTERNATIONAL CARGO MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2017	2016	2017	2016	2017	2016	
<b>MIDDLE EAST</b>							
Abu Dhabi	5,491,970	5,663,542	5,814,811	7,067,690	11,306,781	12,731,232	-11.2%
Amman	260,134	130,481	198,464	345,236	458,598	475,717	-3.6%
Baghdad	132	0	19,196	21,468	19,328	21,468	-10.0%
Bahrain	0	0	20,060	0	20,060	0	-
Doha	13,063,904	11,718,826	12,621,775	12,676,475	25,685,679	24,395,301	5.3%
Dubai	9,023,549	8,007,477	9,673,813	11,080,925	18,697,362	19,088,402	-2.0%
Dubai Al-Maktoum	25,009	103,157	207,940	97,220	232,949	200,377	16.3%
Jeddah	391,290	344,031	7,263,979	6,114,857	7,655,269	6,458,888	18.5%
Kuwait	0	24,821	0	91,606	0	116,427	-
Madinah	5	12,247	330,371	236,878	330,376	249,125	32.6%
Muscat	3,767,535	1,286,143	5,296,804	2,037,099	9,064,339	3,323,242	172.8%
Ras Al Khaimah	0	0	0	2,600	0	2,600	-
Riyadh	458,379	428,434	1,689,390	1,723,568	2,147,769	2,152,002	-0.2%
Tehran Imam Khomeini	142,920	176,550	1,449,751	933,489	1,592,671	1,110,039	43.5%
<b>Total</b>	<b>32,624,827</b>	<b>27,895,709</b>	<b>44,586,354</b>	<b>42,429,111</b>	<b>77,211,181</b>	<b>70,324,820</b>	<b>9.8%</b>
<b>EUROPE</b>							
Amsterdam	4,159,671	5,222,857	5,719,010	8,159,658	9,878,681	13,382,515	-26.2%
Baku Heydar	5,234,081	4,493,899	1,029,872	2,124,468	6,263,953	6,618,367	-5.4%
Barcelona	0	0	175,636	0	175,636	0	-
Brussels	0	0	200,861	0	200,861	0	-
Frankfurt	0	292,103	0	222,093	0	514,196	-
Istanbul	4,529,608	3,204,930	4,388,779	3,432,831	8,918,387	6,637,761	34.4%
London	6,319,178	6,740,063	10,863,234	10,254,018	17,182,412	16,994,081	1.1%
Luxembourg	4,693,845	4,957,434	6,201,875	6,999,987	10,895,720	11,957,421	-8.9%
Paris	0	154,359	0	48,110	0	202,469	-
<b>Total</b>	<b>24,936,383</b>	<b>25,065,645</b>	<b>28,579,267</b>	<b>31,241,165</b>	<b>53,515,650</b>	<b>56,306,810</b>	<b>-5.0%</b>
<b>NORTH AMERICA</b>							
Anchorage	0	0	0	790	0	790	-
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>790</b>	<b>0</b>	<b>790</b>	<b>-</b>
<b>AFRICA</b>							
Addis Ababa	102,130	106,645	629,608	303,964	731,738	410,609	78.2%
Cairo	0	180,872	0	54,275	0	235,147	-
Entebbe	0	0	104,770	0	104,770	0	-
Jomo Kenyatta	0	0	447	0	447	0	-
Kamuzu	0	0	180,238	0	180,238	0	-
Khartoum	0	0	62,830	56,930	62,830	56,930	10.4%
Lilongwe	0	0	241,703	110,925	241,703	110,925	117.9%
Mauritius	1,225	14,257	753,001	680,253	754,226	694,510	8.6%
<b>Total</b>	<b>103,355</b>	<b>301,774</b>	<b>1,972,597</b>	<b>1,206,347</b>	<b>2,075,952</b>	<b>1,508,121</b>	<b>37.7%</b>
<b>Grand Total</b>	<b>320,921,619</b>	<b>288,686,216</b>	<b>296,237,259</b>	<b>264,317,776</b>	<b>617,158,878</b>	<b>553,003,992</b>	<b>11.6%</b>

# INTERNATIONAL CARGO MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

**TOTAL INTERNATIONAL MOVEMENTS : 617,159 METRIC TONNES**



**INTERNATIONAL CARGO MOVEMENTS 2017  
BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA**

**KUCHING INTERNATIONAL AIRPORT  
TOTAL INTERNATIONAL CARGO MOVEMENTS: 2,004 METRIC TONNES**



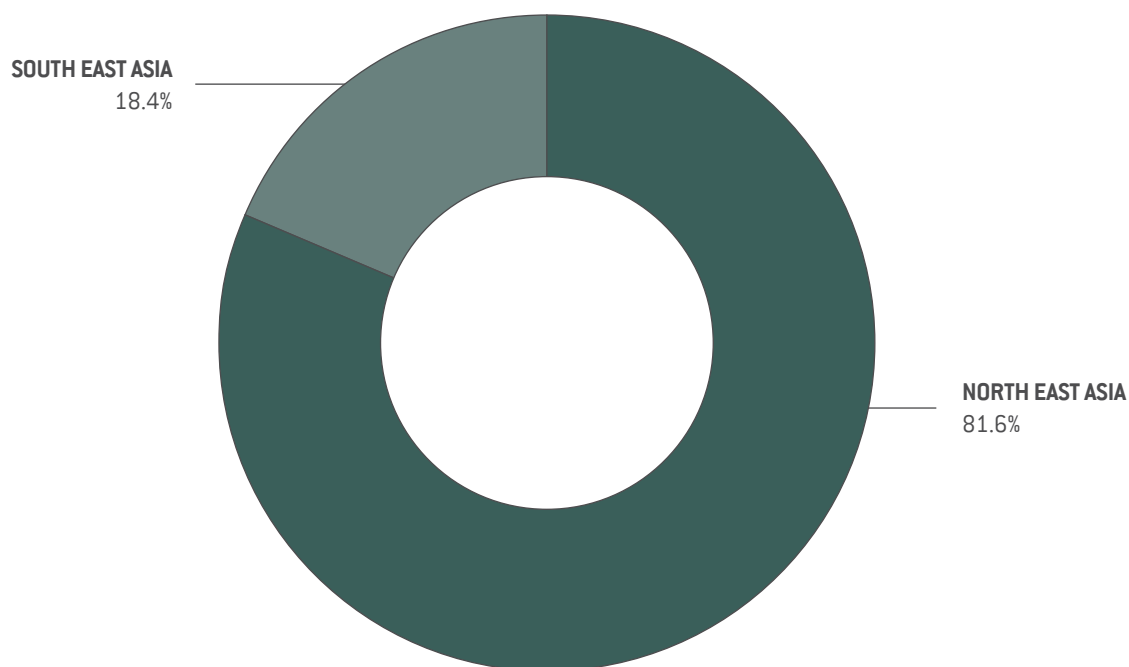
KUCHING SECTORS	TOTAL INTERNATIONAL CARGO (kg)	MARKET SHARE
SOUTH EAST ASIA	1,045,831	52.2%
NORTH EAST ASIA	957,989	47.8%
<b>Total</b>	<b>2,003,820</b>	<b>100.0%</b>

**INTERNATIONAL CARGO MOVEMENTS 2017  
BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA**

06 Airports Statistics



**PENANG INTERNATIONAL AIRPORT  
TOTAL INTERNATIONAL CARGO MOVEMENTS: 123,936 METRIC TONNES**

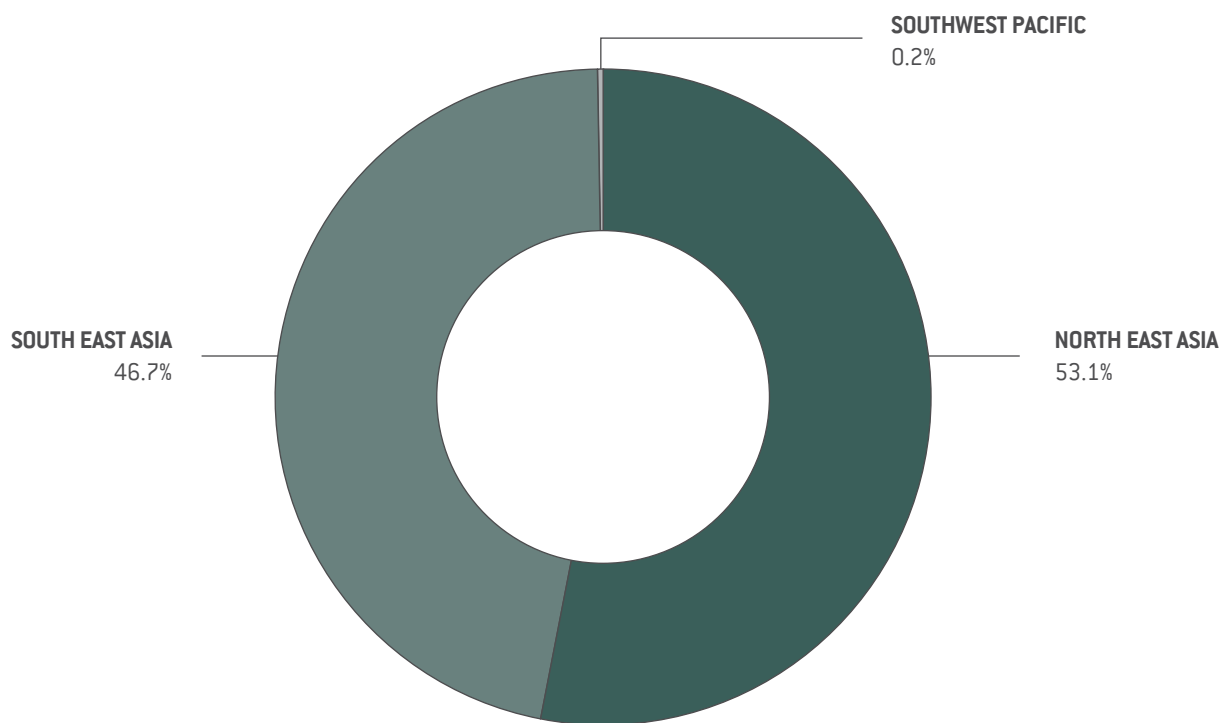


347

PENANG SECTORS	TOTAL INTERNATIONAL CARGO (kg)	MARKET SHARE
SOUTH EAST ASIA	22,743,695	18.4%
NORTH EAST ASIA	101,192,785	81.6%
<b>Total</b>	<b>123,936,480</b>	<b>100.0%</b>

## INTERNATIONAL CARGO MOVEMENTS 2017 BY SECTORS AT OTHER INTERNATIONAL AIRPORTS IN MALAYSIA

### KOTA KINABALU INTERNATIONAL AIRPORT TOTAL INTERNATIONAL CARGO MOVEMENTS: 1,837 METRIC TONNES



#### KOTA KINABALU SECTORS

KOTA KINABALU SECTORS	TOTAL INTERNATIONAL CARGO (kg)	MARKET SHARE
SOUTH EAST ASIA	858,488	46.7%
NORTH EAST ASIA	975,352	53.1%
SOUTHWEST PACIFIC	3,489	0.2%
<b>Total</b>	<b>1,837,329</b>	<b>100.0%</b>



# INTERNATIONAL CARGO MOVEMENTS 2017 BY AIRLINES AT KL INTERNATIONAL AIRPORT

06 Airports Statistics



## AIRLINES WITH MORE THAN 1% INTERNATIONAL MARKET SHARE AT KLIA Main Terminal/klia2

AIRLINES	*CARGO MOVEMENTS 2017 (kg)	MARKET SHARE
MALAYSIA AIRLINES	206,015,986	33.4%
AIRASIA X	73,276,972	11.9%
AIRASIA	38,372,828	6.2%
QATAR AIRWAYS	26,252,085	4.3%
SINGAPORE AIRLINES	20,063,745	3.3%
EMIRATES	19,138,280	3.1%
KOREAN AIR	14,453,002	2.3%
ALL NIPPON AIRWAYS	14,253,953	2.3%
THAI AIRWAYS INTERNATIONAL	14,181,317	2.3%
HONG KONG DRAGON AIRLINES	14,149,971	2.3%

\* Note: 1,000,000 kg and above

## INTERNATIONAL CARGO MOVEMENTS 2017 BY AIRLINES AT KL INTERNATIONAL AIRPORT

### 10 HIGHEST GROWTH INTERNATIONAL PERFORMANCE AT KLIA Main Terminal/klia2

AIRLINES	CARGO MOVEMENTS 2017 (kg)	GROWTH
SHENZHEN AIRLINES	989,991	1604.9%
SRILANKAN AIRLINES	3,491,409	186.8%
VIETJET AIR	607,016	170.4%
ROYAL JORDANIAN AIRLINES	1,233,796	159.4%
EVA AIRWAYS	6,123,343	146.3%
OMAN AIR	9,064,339	143.6%
UZBEKISTAN AIRWAYS	641,372	110.9%
UNI-TOP AIRLINES	11,362,542	96.0%
MALINDO AIR	8,423,607	95.2%
AIR ASTANA	223,445	76.7%

# MAIL MOVEMENTS 2017 MALAYSIA OPERATIONS

06 Airports Statistics



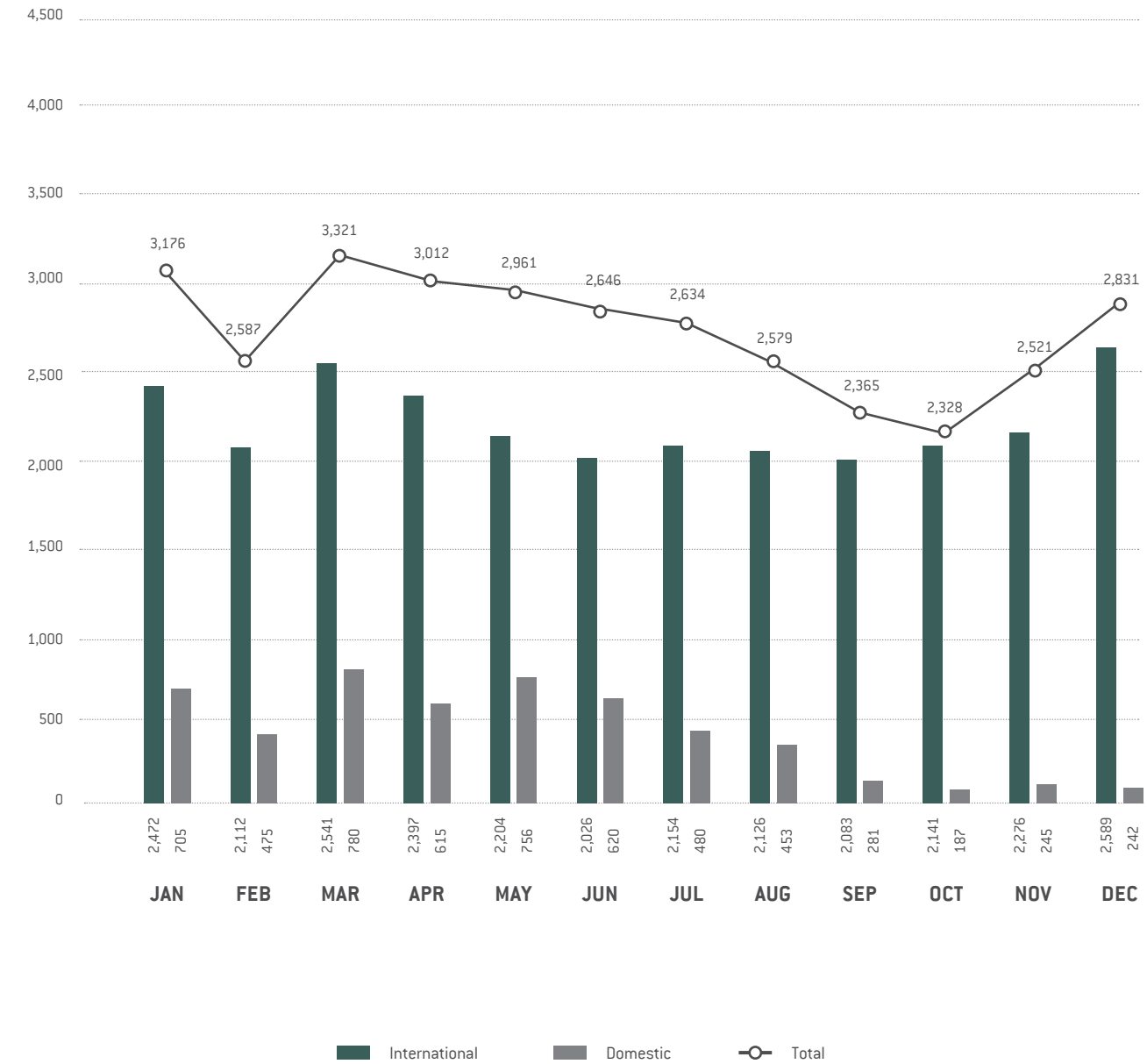
AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2017 *	2016 *	% + / -	Domestic	Int.	Total
KLIA	793,803	1,754,753	2,548,556	12,125,073	14,430,196	26,555,269	29,198,988	31,480,221	-7.2%	35	95,128	95,163
Penang	1,955	574	2,529	55	0	55	57,814	39,289	47.2%	55,230	0	55,230
Kota Kinabalu	454,030	509,095	963,125	381,428	86,226	467,654	1,430,779	1,526,996	-6.3%	0	0	0
Kuching	200,170	116,306	316,476	831	2,684	3,515	319,991	322,345	-0.7%	0	0	0
Langkawi	94,579	19,582	114,161	1	4	5	114,166	173,691	-34.3%	0	0	0
Kota Bharu	3,339	8,717	12,056	0	0	0	12,056	587	1953.8%	0	0	0
Ipoh	0	0	0	2	0	2	2	154,550	-100.0%	0	0	0
Kuala Terengganu	2,183	0	2,183	0	0	0	2,183	10	21730.0%	0	0	0
Alor Setar	5,090	239,050	244,140	0	0	0	244,140	412,364	-40.8%	0	0	0
Melaka	0	0	0	0	0	0	0	0	-	0	0	0
Subang	0	0	0	0	0	0	0	0	-	0	0	0
Kuantan	0	3	3	0	0	0	3	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	343,412	78,264	421,676	0	0	0	424,061	426,457	-0.6%	2,385	0	2,385
Lahad Datu	128	0	128	0	0	0	128	0	-	0	0	0
Sandakan	31,910	6,515	38,425	0	0	0	38,425	52,075	-26.2%	0	0	0
Tawau	240,761	4,555	245,316	0	0	0	245,316	263,932	-7.1%	0	0	0
Bintulu	259,093	89,191	348,284	0	0	0	348,285	16,330	2032.8%	1	0	1
Miri	157,188	5,391	162,579	0	0	0	162,579	95,049	71.0%	0	0	0
Sibu	294,839	14,340	309,179	0	0	0	309,491	712,957	-56.6%	312	0	312
Mulu	84	1	85	0	0	0	85	0	-	0	0	0
Limbang	249	52,494	52,743	0	0	0	52,743	46,239	14.1%	0	0	0
STOL Sabah	0	0	0	0	0	0	0	0	-	0	0	0
STOL Sarawak	0	0	0	0	0	0	0	1,751	-	0	0	0
Peninsular Malaysia	900,949	2,022,679	2,923,628	12,125,125	14,430,200	26,555,331	29,629,352	32,260,712	-8.2%	55,265	95,128	150,393
Sabah	1,070,241	598,429	1,668,670	381,428	86,226	467,654	2,138,709	2,269,460	-5.8%	2,385	0	2,385
Sarawak	911,623	277,723	1,189,346	831	2,684	3,515	1,193,174	1,194,671	-0.1%	313	0	313
<b>Total 2017</b>	<b>2,882,813</b>	<b>2,898,831</b>	<b>5,781,644</b>	<b>12,507,384</b>	<b>14,519,110</b>	<b>27,026,500</b>	<b>32,961,235</b>	<b>35,724,843</b>	<b>-7.7%</b>	<b>57,963</b>	<b>95,128</b>	<b>153,091</b>
Total 2016	3,375,631	3,390,508	6,766,139	13,338,632	15,220,326	28,558,958	35,724,843			9,971	389,775	399,746
% change	-14.6%	-14.5%	-14.6%	-6.2%	-4.6%	-5.4%	-7.7%			481.3%	-75.6%	-61.7%

Note: Including transit mail

**MAIL MOVEMENTS 2017**  
**MALAYSIA OPERATIONS**

**MAIL MOVEMENTS AT ALL MAHB AIRPORTS IN MALAYSIA 2017**

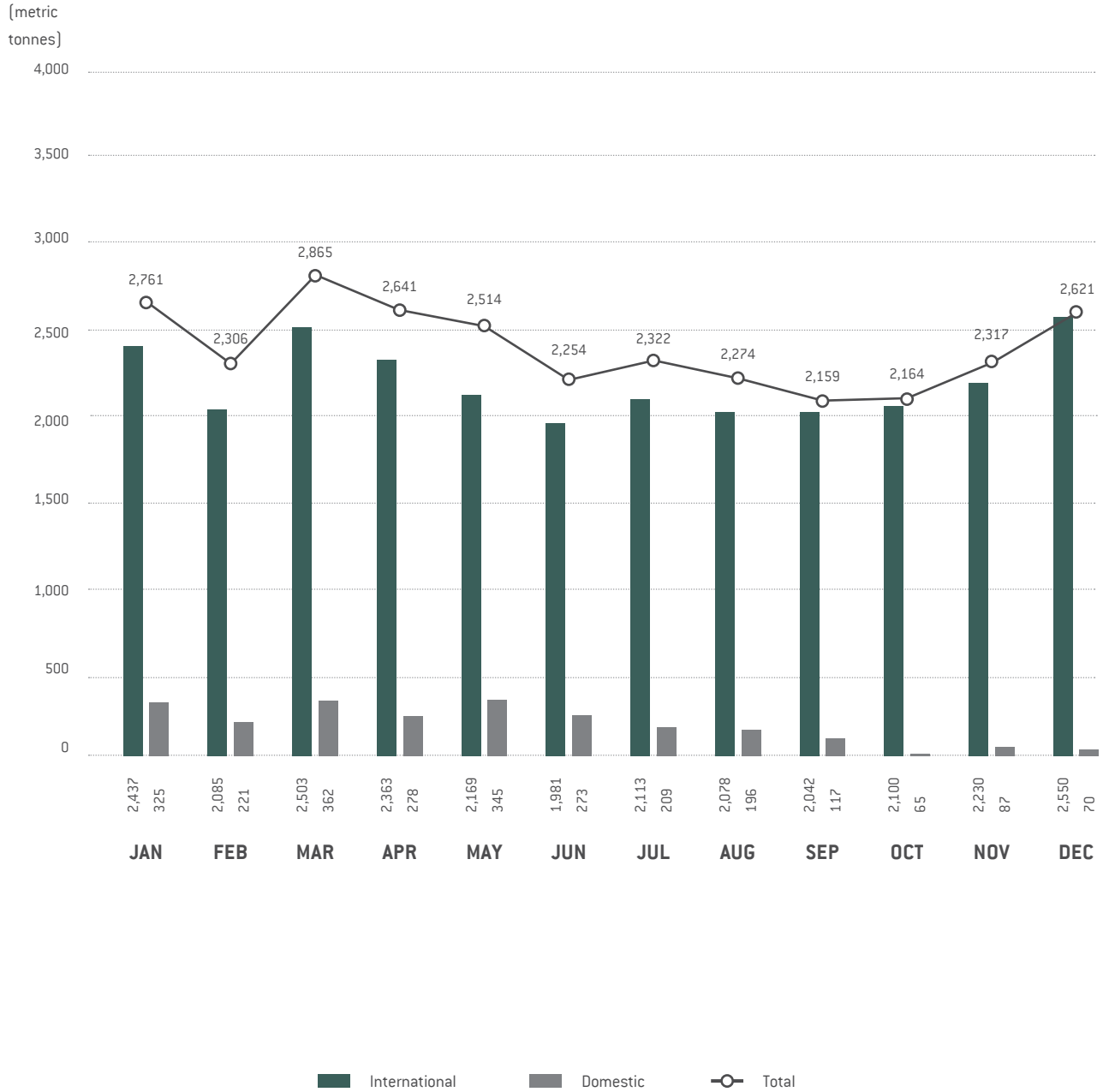
(metric tonnes)



352

**MAIL MOVEMENTS 2017  
MALAYSIA OPERATIONS**

**MAIL MOVEMENTS AT KL INTERNATIONAL AIRPORT 2017**



353

# MAIL MOVEMENTS 2008 - 2017

## MALAYSIA OPERATIONS

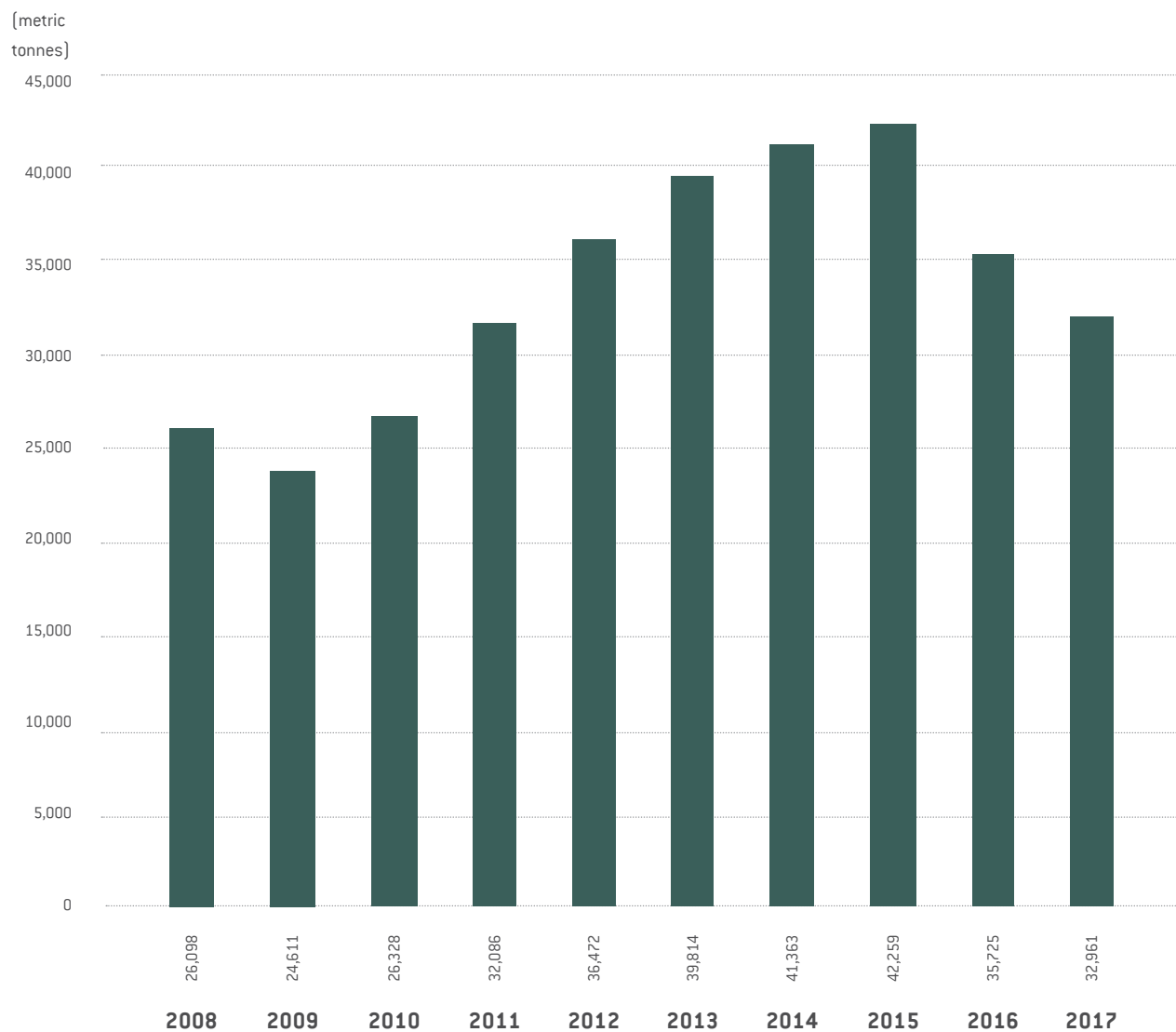
AIRPORTS (Metric tonnes)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	%+/-
KLIA	18,418	17,061	19,394	25,463	29,119	32,271	33,942	35,268	31,480	29,199	-7.2%
Penang	0.4	7	4	12	2	3	53	27	39	58	47.2%
Kota Kinabalu	3,149	1,744	2,158	1,810	2,246	1,751	1,389	1,455	1,527	1,431	-6.3%
Kuching	999	821	642	479	497	727	715	543	322	320	-0.7%
Langkawi	83	73	90	131	227	263	279	286	174	114	-34.3%
Kota Bharu	236	322	322	330	214	244	281	179	1	12	1953.8%
Ipoh	0	0	0	0	0	0	0	1	155	0	-
Kuala Terengganu	8	5	12	16	48	38	36	39	0	2	21730.0%
Alor Setar	2	55	47	58	185	224	344	430	412	244	-40.8%
Melaka	0	0	0	0	0	0	0	0	0	0	-
Subang	0	0	0	0	0	7	0.04	5	0	0	-
Kuantan	0	0	2	0	0	0	0	0	0	0	-
Tioman	0	0	0	0	1	0	0	0	0	0	-
Pangkor	0	0	0	0	0	0	0	0	0	0	-
Labuan	399	360	378	414	496	511	523	427	426	424	-0.6%
Lahad Datu	193	212	207	213	275	165	3	0.2	0	0	-
Sandakan	233	254	476	465	440	301	36	71	52	38	-26.2%
Tawau	281	242	439	457	497	471	197	267	264	245	-7.1%
Bintulu	339	382	264	218	41	53	57	54	16	348	2032.8%
Miri	1,665	2,171	1,564	1,608	1,903	2,124	2,824	2,657	95	163	71.0%
Sibu	0	849	287	371	237	611	604	473	713	309	-56.6%
Mulu	0	0	0	0	0	0	0	0	0	0	-
Limbang	0	0	28	25	38	37	42	44	46	53	14.1%
STOL Sabah	0	0	0	0	0	0	0	0	0	0	-
STOL Sarawak	94	53	13	15	7	13	37	33	2	0	-
Peninsular Malaysia	18,747	17,523	19,870	26,010	29,795	33,049	34,936	36,234	32,261	29,629	-8.2%
Sabah	4,254	2,812	3,659	3,360	3,954	3,199	2,148	2,220	2,269	2,139	-5.8%
Sarawak	3,097	4,276	2,798	2,716	2,722	3,565	4,279	3,805	1,195	1,193	-0.1%
<b>Grand Total</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>32,961</b>	<b>-7.7%</b>
% change	39.6%	-5.7%	7.0%	21.9%	13.7%	9.2%	3.9%	2.2%	-15.5%	-7.7%	

## MAIL MOVEMENTS 2008 - 2017 MALAYSIA OPERATIONS

06 Airports Statistics



### MAIL MOVEMENTS AT ALL MAHB AIRPORTS 2008 - 2017



# INTERNATIONAL MAIL MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

Sector (kg)	Arrival		Departure		Total		%+/-
	2017	2016	2017	2016	2017	2016	
<b>SOUTH EAST ASIA</b>							
Bandar Seri Begawan	8,553	8,929	173,271	209,607	181,824	218,536	-16.8%
Bandung	6	0	0	0	6	0	-
Bangkok	230,549	290,801	161,559	177,817	392,108	468,618	-16.3%
Denpasar Bali	1,320	6	8,472	131	9,792	137	7047.4%
Don Mueang	0	385	0	643	0	1,028	-
Hanoi	33,840	26,533	74,344	45,931	108,184	72,464	49.3%
Ho Chi Minh City	40,622	55,926	166,068	57,795	206,690	113,721	81.8%
Jakarta Soekarno-Hatta	81,108	199,468	640,671	393,545	721,779	593,013	21.7%
Kuala Namu	0	26	9,321	17,050	9,321	17,076	-45.4%
Manila	16,640	38,572	229,939	190,452	246,579	229,024	7.7%
Phnom Penh	26,805	16,207	119,345	239,080	146,150	255,287	-42.8%
Phuket	1,199	15,184	32,273	365,784	33,472	380,968	-91.2%
Siem Reap	15	0	0	0	15	0	-
Singapore	812,068	584,892	774,559	869,576	1,586,627	1,454,468	9.1%
Yangon	7	0	101,264	73,541	101,271	73,541	37.7%
<b>Total</b>	<b>1,252,732</b>	<b>1,236,929</b>	<b>2,491,086</b>	<b>2,640,952</b>	<b>3,743,818</b>	<b>3,877,881</b>	<b>-3.5%</b>
<b>NORTH EAST ASIA</b>							
Beijing	289,561	200,053	303,308	917,588	592,869	1,117,641	-47.0%
Fuzhou	10,335	2,679	0	0	10,335	2,679	285.8%
Guangzhou	531,508	524,593	265,768	218,305	797,276	742,898	7.3%
Hangzhou	0	2	0	0	0	2	-
Hong Kong	207,224	586,511	279,985	490,773	487,209	1,077,284	-54.8%
Lanzhou	0	2	0	0	0	2	-
Nanjing Lukou	1	0	0	0	1	0	-
Osaka	110,368	140,556	6,104	5,237	116,472	145,793	-20.1%
Seoul	689,956	978,496	534,305	225,652	1,224,261	1,204,148	1.7%
Shanghai Pu Dong	382,332	216,155	83,561	383,334	465,893	599,489	-22.3%
Shenzhen	3,092,758	2,824,223	1,819,939	1,085,891	4,912,697	3,910,114	25.6%
Taipei	304,263	218,087	529,517	927,084	833,780	1,145,171	-27.2%
Tokyo Haneda	15	0	1,458	1	1,473	1	147200.0%
Tokyo Narita	391,425	447,675	824,783	468,719	1,216,208	916,394	32.7%
Xiamen	97,478	89,786	0	0	97,478	89,786	8.6%
Zhengzhou	22	0	0	0	22	0	-
<b>Total</b>	<b>6,107,246</b>	<b>6,228,818</b>	<b>4,648,728</b>	<b>4,722,584</b>	<b>10,755,974</b>	<b>10,951,402</b>	<b>-1.8%</b>



## INTERNATIONAL MAIL MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

06 Airports Statistics



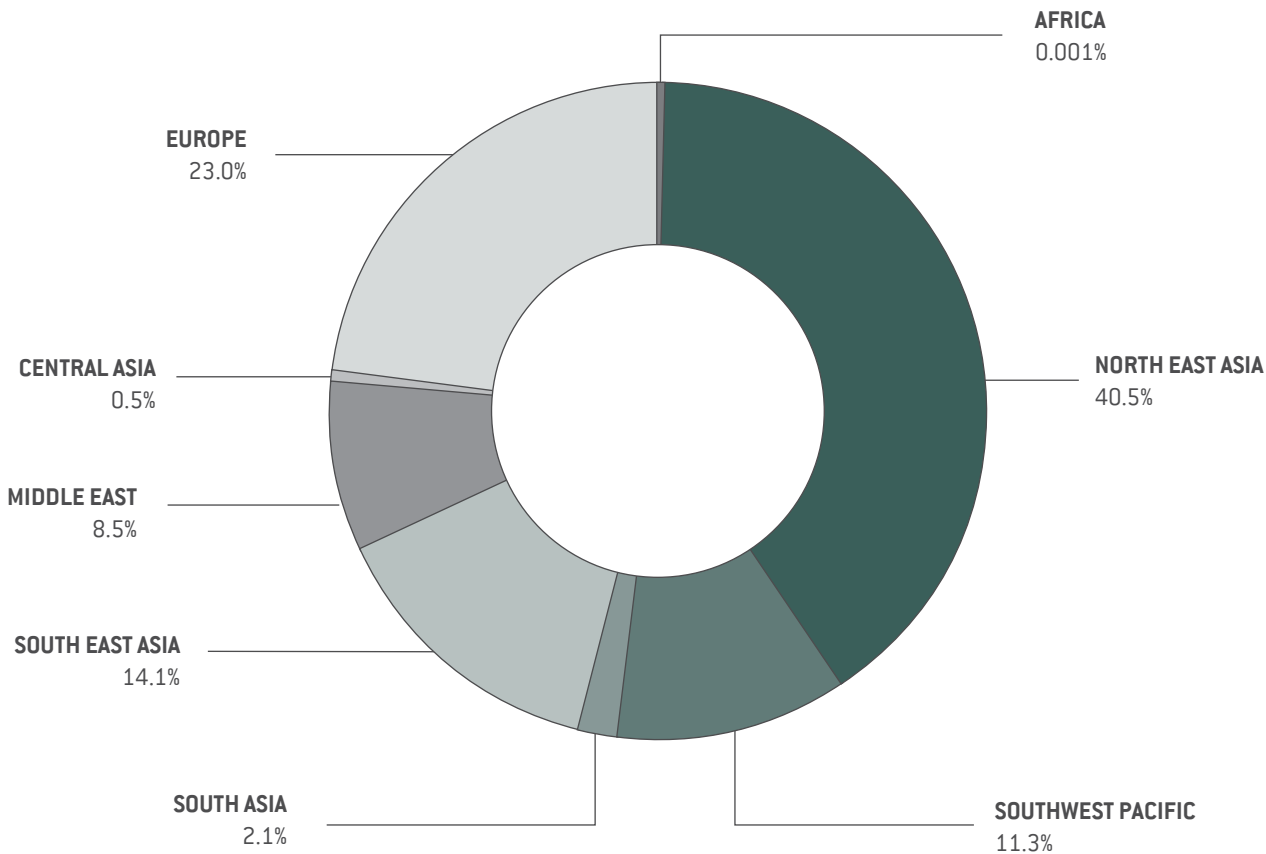
Sector (kg)	Arrival		Departure		Total		%+/-
	2017	2016	2017	2016	2017	2016	
<b>SOUTHWEST PACIFIC</b>							
Adelaide	0	0	0	1,850	0	1,850	-
Auckland	27	1,229	481,990	574,295	482,017	575,524	-16.2%
Melbourne	100	68	826,017	802,750	826,117	802,818	2.9%
Perth	173	35	260,571	351,030	260,744	351,065	-25.7%
Sydney	46,658	35,394	1,379,931	1,481,618	1,426,589	1,517,012	-6.0%
<b>Total</b>	<b>46,958</b>	<b>36,726</b>	<b>2,948,509</b>	<b>3,211,543</b>	<b>2,995,467</b>	<b>3,248,269</b>	<b>-7.8%</b>
<b>SOUTH ASIA</b>							
Bangalore	1	0	0	0	1	0	-
Chennai	65,785	595	8,748	11,010	74,533	11,605	542.2%
Colombo	22,487	47,997	113,083	165,252	135,570	213,249	-36.4%
Delhi	0	112	50,479	64,252	50,479	64,364	-21.6%
Dhaka	24,424	63,064	86,912	94,013	111,336	157,077	-29.1%
Hyderabad	28	7	0	0	28	7	300.0%
Karachi	1,641	724	0	3	1,641	727	125.7%
Kathmandu	1,694	21	12,661	16,091	14,355	16,112	-10.9%
Lahore	99	0	0	0	99	0	-
Mumbai	31	300	165,668	109,539	165,699	109,839	50.9%
<b>Total</b>	<b>116,190</b>	<b>112,820</b>	<b>437,551</b>	<b>460,160</b>	<b>553,741</b>	<b>572,980</b>	<b>-3.4%</b>

## INTERNATIONAL MAIL MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

Sector (kg)	Arrival		Departure		Total		%+/-
	2017	2016	2017	2016	2017	2016	
<b>CENTRAL ASIA</b>							
Almaty	33	23	67,704	0	67,737	23	294408.7%
Tashkent	36,446	3,521	22,270	5,457	58,716	8,978	554.0%
<b>Total</b>	<b>36,479</b>	<b>3,544</b>	<b>89,974</b>	<b>5,457</b>	<b>126,453</b>	<b>9,001</b>	<b>1304.9%</b>
<b>MIDDLE EAST</b>							
Abu Dhabi	36,357	18,318	571,325	245,054	607,682	263,372	130.7%
Amman	19,002	24,736	126,034	175	145,036	24,911	482.2%
Doha	8,836	10,974	258,986	152,606	267,822	163,580	63.7%
Dubai	20,941	15,985	912,000	1,357,733	932,941	1,373,718	-32.1%
Jeddah	8,207	8,113	227,682	127,788	235,889	135,901	73.6%
Kuwait	0	298	0	14	0	312	-
Madinah	2	0	0	0	2	0	-
Muscat	7,884	2,023	34,911	27,558	42,795	29,581	44.7%
Riyadh	3,310	3,944	570	272	3,880	4,216	-8.0%
Tehran Imam Khomeini	834	2,411	30,720	7,831	31,554	10,242	208.1%
<b>Total</b>	<b>105,373</b>	<b>86,802</b>	<b>2,162,228</b>	<b>1,919,031</b>	<b>2,267,601</b>	<b>2,005,833</b>	<b>13.1%</b>
<b>EUROPE</b>							
Amsterdam	131,258	204,701	139,552	361,965	270,810	566,666	-52.2%
Baku Heydar	21,740	16,840	73,274	82,473	95,014	99,313	-4.3%
Frankfurt	0	4,314	0	134	0	4,448	-
Istanbul	45,078	71,295	97,681	0	142,759	71,295	100.2%
London	4,261,940	4,921,616	1,341,559	1,512,998	5,603,499	6,434,614	-12.9%
Paris	0	0	0	118,220	0	118,220	-
<b>Total</b>	<b>4,460,016</b>	<b>5,218,766</b>	<b>1,652,066</b>	<b>2,075,790</b>	<b>6,112,082</b>	<b>7,294,556</b>	<b>-16.2%</b>
<b>AFRICA</b>							
Addis Ababa	74	508	54	51	128	559	-77.1%
Cairo	0	873	0	3	0	876	-
Mauritius	5	68	0	0	5	68	-92.6%
<b>Total</b>	<b>79</b>	<b>1,449</b>	<b>54</b>	<b>54</b>	<b>133</b>	<b>1,503</b>	<b>-91.2%</b>
<b>Grand Total</b>	<b>12,125,073</b>	<b>12,925,854</b>	<b>14,430,196</b>	<b>15,035,571</b>	<b>26,555,269</b>	<b>27,961,425</b>	<b>-5.0%</b>

# INTERNATIONAL MAIL MOVEMENTS 2017 BY SECTORS AT KL INTERNATIONAL AIRPORT

TOTAL INTERNATIONAL MOVEMENTS: 26,555 METRIC TONNES



# MOVEMENTS AT STOLPORTS 2016/2017 IN SABAH AND SARAWAK

STOLPORTS	AIRCRAFT MOVEMENTS	% CHG	PASSENGERS	% CHG	CARGO & MAIL [KG]	% CHG
Sarawak Region						
Bakalalan	444	-6.7%	4,270	-1.1%	-	-
Bario	2,244	-6.9%	25,151	4.4%	69,539	41.8%
Lawas	4,254	-12.7%	38,301	-22.6%	16,242	-80.7%
Long Akah	366	-15.3%	1,371	-7.3%	-	-
Long Banga	206	-8.8%	2,274	-8.1%	-	-
Long Lellang	418	13.0%	3,040	13.1%	-	-
Long Seridan	328	6.5%	1,960	-2.1%	1,399	-67.6%
Marudi	5,018	5.5%	45,226	14.7%	409,960	19.4%
Mukah	4,234	-5.5%	37,148	2.6%	-	-
Belaga	-	-	-	-	-	-
Long Semado	-	-	-	-	-	-
Kapit	-	-	-	-	-	-
<b>Total</b>	<b>17,512</b>	<b>-4.5%</b>	<b>158,741</b>	<b>-2.1%</b>	<b>497,140</b>	<b>3.5%</b>
Sabah Region						
Kudat	536	-11.8%	6,190	-12.4%	-	-
Long Pasia	-	-	-	-	-	-
Semporna	-	-	-	-	-	-
<b>Total</b>	<b>536</b>	<b>-11.8%</b>	<b>6,190</b>	<b>-12.4%</b>	<b>0</b>	<b>-</b>
<b>Grand Total</b>	<b>18,048</b>	<b>-4.7%</b>	<b>164,931</b>	<b>-2.5%</b>	<b>497,140</b>	<b>3.5%</b>

# AIRLINES OPERATING AT 2017 KL INTERNATIONAL AIRPORT

06 Airports Statistics



AIRLINES		WEEKLY FLIGHT FREQUENCY	AIRLINES		WEEKLY FLIGHT FREQUENCY
1	AirAsia	723 inter / 615 dom	37	Myanmar Airways International	2
2	AirAsia X	178	38	National Air Services	1
3	AirAsia Zest	20	39	Nepal Airlines	2
4	Air Astana	3	40	Oman Air	11
5	Air China	3	41	Pakistan International Airlines	5
6	Air India Express	1	42	Philippine Airlines	4
7	Air Mauritius	3	43	Qatar Airways	21
8	All Nippon Airways	14	44	Regent Airways	7
9	Bangkok Airways	7	45	Royal Brunei Airlines	12
10	Batik Air	17	46	Royal Jordanian	3
11	Biman Bangladesh Airlines	8	47	Saudi Arabian Airlines	18
12	British Airways	7	48	Shanghai Airlines	10
13	Cathay Pacific Airways	7	49	Shenzhen Airlines	7
14	Cebu Pacific Air	11	50	Silk Air	53
15	China Airlines	14 (3C)	51	Singapore Airlines	17
16	China Southern Airlines	28	52	SriLankan Airlines	14
17	Emirates	21	53	Thai AirAsia	39
18	Ethiopian Airlines	5	54	Thai Airways International	14
19	Etihad Airways	13	55	Thai Smile Airways	4
20	Eva Airways	9	56	Tiger Airways	21
21	Garuda Indonesia	20	57	Turkish Airlines	7
22	Himalaya Airlines	5	58	US Bangla Airlines	6
23	Hong Kong Dragon Airlines	20	59	Uzbekistan Airways	2
24	Indonesia AirAsia	78	60	VietJet Air	7
25	Indonesia AirAsia X	48	61	Vietnam Airlines	14
26	Iraqi Airways	1	62	Xiamen Airlines	20
27	Japan Airlines	7	63	Cargolux Airlines International (Cargo)	3
28	JC International Airlines	1	64	Federal Express Corp (Cargo)	6
29	Jetstar Asia	28	65	Air Cargo Express	11
30	KLM Royal Dutch Airlines	16	66	Hong Kong Airlines (Cargo)	2
31	Korean Air	9 (2C)	67	Silk Way West Airlines (Cargo)	2
32	Lion Air	33	68	United Parcel Services (Cargo)	9
33	Lucky Air	4	69	Uni-Top Airlines (Cargo)	5
34	Mahan Air	5			
35	Malaysia Airlines	539+18C inter/ 409+2C dom			
36	Malindo Air	282 inter/106 dom			

# DEFINITIONS

## 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.

## 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.

## COMMERCIAL AIR TRANSPORT OPERATION

An aircraft operation involving the transport of passengers, baggage, cargo or mail for remuneration or hire.

## AIR SERVICES, SCHEDULED

Air services provided by flights scheduled and performed for remuneration according to a published timetable, or so regular or frequent as to constitute a recognizably systematic series which are open for use by public including empty flights related thereto and preliminary revenue flights on planned new air services.

## 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.

## PASSENGER

Any person, except members of the crew, carried or to be carried in an aircraft with the consent of the carrier.

## 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.

## TRANSIT PASSENGER (CARGO, MAIL)

A passenger arriving and departing on one and the same aircraft.

## 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.

## 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.

## 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.

## ARRIVAL

The leaving of an aircraft after a landing except by crew or passenger continuing to the next stage of the same through-flight.

## STOLPORT

An airport designed to serve short take-off and landing (STOL) aircraft.

# STATEMENT OF SHAREHOLDINGS

as at 9 March 2018

07 Additional Information



## SHARE CAPITAL

Issued and Fully Paid-Up Capital : RM1,659,191,829  
 Class of Equity Securities : 1,659,191,828 Ordinary Shares and  
 One Special Rights Redeemable Preference Share  
 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 9 MARCH 2018

### A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN)

SIZE OF HOLDING	NO. OF HOLDERS		NO. OF HOLDINGS		PERCENTAGE	
	MALAYSIAN	FOREIGN	MALAYSIAN	FOREIGN	MALAYSIAN	FOREIGN
1 – 99	502	10	7,519	369	0.00	0.00
100 – 1,000	3,057	43	2,624,505	25,256	0.16	0.00
1,001 – 10,000	4,319	112	11,400,423	529,863	0.69	0.03
10,001 – 100,000	353	309	9,392,761	14,682,838	0.57	0.88
100,001 – 82,959,590 (*)	136	511	200,275,132	702,332,553	12.07	42.33
82,959,591 and above (**)	2	0	717,920,609	0	43.27	0.00
<b>Total</b>	<b>8,369</b>	<b>985</b>	<b>941,620,949</b>	<b>717,570,879</b>	<b>56.75</b>	<b>43.25</b>
<b>Grand Total</b>	<b>9,354</b>		<b>1,659,191,828</b>		<b>100.00</b>	

Remark : \* Less than 5% of Issued Holdings  
 \*\* 5% and above of Issued Holdings

Note(s) : The above information is based on records as provided by Bursa Malaysia Depository Sdn Bhd and number of holders reflected is in reference to CDS account numbers.

## STATEMENT OF SHAREHOLDINGS

as at 9 March 2018

### B. LIST OF TOP 30 SECURITIES ACCOUNT HOLDERS AS AT 9 MARCH 2018

(without aggregating securities from different securities accounts belonging to the same person)

	NAME OF SHAREHOLDERS	NO. OF HOLDINGS	PERCENTAGE
1.	KHAZANAH NASIONAL BERHAD	551,033,428	33.21
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	166,887,181	10.06
3.	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR STATE STREET BANK &amp; TRUST COMPANY (WEST CLT OD67)</i>	27,941,400	1.68
4.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	25,095,100	1.51
5.	CITIGROUP NOMINEES (ASING) SDN BHD <i>CHBK FOR KUWAIT INVESTMENT AUTHORITY (FUND 208)</i>	19,854,600	1.20
6.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR AIA BHD</i>	16,783,383	1.01
7.	HSBC NOMINEES (ASING) SDN BHD <i>BBH AND CO BOSTON FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND</i>	16,646,100	1.00
8.	CARTABAN NOMINEES (ASING) SDN BHD <i>GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)</i>	16,614,592	1.00
9.	CARTABAN NOMINEES (ASING) SDN BHD <i>SSBT FUND 52H3 FOR MFS RESEARCH INTERNATIONAL FUND</i>	15,702,600	0.95
10.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>BNYM SA/NV FOR ASIAN GROWTH LEADERS FUND</i>	15,626,000	0.94
11.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR T.ROWE PRICE INTERNATIONAL FUNDS, INC – T.ROWE PRICE NEW ASIA FUND</i>	14,734,100	0.89
12.	CITIGROUP NOMINEES (ASING) SDN BHD <i>CITIGROUP GLOBAL MARKETS LIMITED</i>	13,379,307	0.81
13.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>SSBT FUND IE1B FOR VANECK FUNDS – EMERGING MARKETS FUND</i>	13,207,000	0.80
14.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</i>	12,570,700	0.76
15.	HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR NEW ZEALAND SUPERANNUATION FUND</i>	10,623,391	0.64
16.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 9)</i>	9,903,179	0.60



## STATEMENT OF SHAREHOLDINGS

as at 9 March 2018

07 Additional Information



	NAME OF SHAREHOLDERS	NO. OF HOLDINGS	PERCENTAGE
17.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR UTILICO EMERGING MARKETS LIMITED</i>	9,804,851	0.59
18.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>STATE STREET AUSTRALIA FUND REMI FOR RETAIL EMPLOYEES SUPERANNUATION TRUST</i>	9,480,420	0.57
19.	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBHK FOR HOSTPLUS POOLED SUPERANNUATION TRUST (NORTHCAPE CAP)</i>	9,302,671	0.56
20.	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PAMB FOR PRULINK EQUITY FUND</i>	9,150,500	0.55
21.	CARTABAN NOMINEES (ASING) SDN BHD <i>SSBT FUND POO1 FOR MORGAN STANLEY INVESTMENT MANAGEMENT EMERGING MARKETS TRUST</i>	8,933,500	0.54
22.	PERMODALAN NASIONAL BERHAD	8,521,300	0.51
23.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>BNYM SA/NV FOR THE ALLIANCE TRUST PUBLIC LIMITED COMPANY</i>	8,408,900	0.51
24.	HSBC NOMINEES (ASING) SDN BHD <i>JPMBL SA FOR MORGAN STANLEY INVESTMENT FUNDS</i>	8,383,500	0.51
25.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR CITIGROUP GLOBAL MARKETS INC (PRIME FINC CLR)</i>	8,244,599	0.50
26.	HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR COMMONWEALTH SUPERANNUATION CORPORATION</i>	8,073,028	0.49
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)</i>	8,048,573	0.49
28.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>BNYM SA/NV FOR ASIAN DRAGON FUND (BLACKROCK GBL F)</i>	7,699,800	0.46
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)</i>	7,250,566	0.44
30.	HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR JUPITER ASIAN INCOME FUND (NWB AS TRUSTEE)</i>	7,000,000	0.42

## STATEMENT OF SHAREHOLDINGS

as at 9 March 2018

### C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE AS AT 9 MARCH 2018

1. The Minister of Finance (Incorporated)

### D. SUBSTANTIAL SHAREHOLDERS AS AT 9 MARCH 2018

(as shown in the register of substantial shareholders)

NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES HELD		PERCENTAGE
	DIRECT	INDIRECT	
Khazanah Nasional Berhad	551,033,428	-	33.21
Employees Provident Fund Board	176,257,947	-	10.06

### E. DIRECTORS' SHAREHOLDINGS AS AT 9 MARCH 2018

(as shown in the register of directors' shareholdings)

NAME OF DIRECTORS	NO. OF SHARES HELD		PERCENTAGE
	DIRECT	INDIRECT	
1. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail	-	-	-
2. Datuk Mohd Badlisham Ghazali	-	-	-
3. Dato' Sri Dr Mohmad Isa Hussain	-	-	-
4. Mohd Khairul Adib Abd Rahman	-	-	-
5. Dato' Mohd Izani Ghani	-	-	-
6. Hajah Jamilah Dato' Hashim	-	-	-
7. Datuk Seri Yam Kong Choy	-	-	-
8. Datuk Zalekha Hassan	-	-	-
9. Rosli bin Abdullah	-	-	-
10. Dato' Ir Mohamad Husin	-	-	-
11. Datuk Azailiza Mohd Ahad	-	-	-
12. Mohd Shihabuddin Mukhtar <i>(Alternate Director to Dato' Sri Dr Mohmad Isa Hussain)</i>	-	-	-

# INFORMATION FOR SHAREHOLDERS AND INVESTORS

07 Additional Information



## SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
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.

## MALYSIAN 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

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2017 (RM'000)
<b>MALAYSIA AIRPORTS (SEPANG) SDN. BHD. FEDERAL LAND COMMISSIONER</b>					
Location: District of Sepang, Selangor Malaysia	KLIA	25 years (Expiry date - 11 February 2034)	22,165 acres	-	-
<b>MALAYSIA AIRPORTS HOLDINGS BHD. FEDERAL LAND COMMISSIONER**</b>					
Location: District of Petaling, Selangor Malaysia	Sultan Abdul Aziz Shah Airport	60 years (Expiry date - 31 December 2066)	1,122 acres	-	-
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>					
Location: District of Barat Daya, Penang Malaysia	Penang International Airport	25 years (Expiry date - 11 February 2034)	826.99 acres	-	-
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>					
Location: District of Langkawi, Kedah	Langkawi International Airport	25 years (Expiry date - 11 February 2034)	409.15 acres	-	-
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>					
Location: District of Kuching, Sarawak	Kuching International Airport	25 years (Expiry date - 11 February 2034)	322.43 acres	-	-
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>					
Location: District of Alor Setar, Kedah	Sultan Abdul Halim Shah Airport	25 years (Expiry date - 11 February 2034)	294.42 acres	-	-
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>					
Location: District of Ipoh, Perak	Sultan Azlan Shah Airport	25 years (Expiry date - 11 February 2034)	352.03 acres	-	-

## LIST OF PROPERTIES

07 Additional Information



LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2017 (RM'000)
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Batu Berendam Airport, Melaka	25 years (Expiry date - 11 February 2034)	239.70 acres	-	-
Location: District of Batu Berendam, Melaka					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sultan Ahmad Shah Airport	25 years (Expiry date - 11 February 2034)	86.27 acres	-	-
Location: District of Kuantan, Pahang					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sultan Mahmud Airport	25 years (Expiry date - 11 February 2034)	365.54 acres	-	-
Location: District of Kuala Terengganu, Terengganu					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sultan Ismail Petra Airport	25 years (Expiry date - 11 February 2034)	895.28 acres	-	-
Location: District of Kota Bharu, Kelantan					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Miri Airport	25 years (Expiry date - 11 February 2034)	1,722.31 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Sibu Airport	25 years (Expiry date - 11 February 2034)	1,138.87 acres	-	-
Location: District of Sibu, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Bintulu Airport	25 years (Expiry date - 11 February 2034)	1,512.28 acres	-	-
Location: District of Bintulu, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Limbang Airport	25 years (Expiry date - 11 February 2034)	651.45 acres	-	-
Location: District of Limbang, Sarawak					

## LIST OF PROPERTIES

LEASED PROPERTIES	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2017 (RM'000)
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Mulu Airport	25 years (Expiry date - 11 February 2034)	576.31 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Bario STOLport	25 years (Expiry date - 11 February 2034)	74.52 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Ba'kelalan STOLport	25 years (Expiry date - 11 February 2034)	14.81 acres	-	-
Location: District of Limbang, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Long Lellang STOLport	25 years (Expiry date - 11 February 2034)	28.14 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Long Banga STOLport	25 years (Expiry date - 11 February 2034)	36.45 acres	-	-
Location: District of Miri, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Kapit STOLport	25 years (Expiry date - 11 February 2034)	26.46 acres	-	-
Location: District of Kapit, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Mukah STOLport	25 years (Expiry date - 11 February 2034)	6.63 acres	-	-
Location: District of Mukah, Sarawak					
<b>MALAYSIA AIRPORTS SDN BHD FEDERAL LAND COMMISSIONER</b>	Redang STOLport	25 years (Expiry date - 11 February 2034)	33.51 acres	-	-
Location: District of Kuala Terengganu, Terengganu					

## LIST OF PROPERTIES

07 Additional Information



LANDED PROPERTIES OWNED BY THE GROUP	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (SQM)	NET BOOK VALUE AS AT 31 DEC 2017 (RM'000)
<b>MALAYSIA AIRPORTS (NIAGA) SDN. BHD.</b>					
Location: Desa Cempaka, Bandar Baru Nilai Mukim Nilai, District of Seremban Negeri Sembilan, Malaysia	48 units of apartments	Freehold	-	3,791	1,999
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>					
Location: Genting Permai Park & Resort District of Bentong, Pahang Malaysia	4 units of apartments	Freehold	-	342	654
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>					
Location: Teluk Dalam, Pulau Pangkor District of Manjung, Perak Malaysia	14 units of apartments	Freehold	-	744	763
<b>MALAYSIA AIRPORTS SDN. BHD.</b>					
Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan Malaysia	32 units of apartments	Leasehold of 99 years (Expiry date - 31 December 2089)	-	3,175	-
<b>MALAYSIA AIRPORTS SDN. BHD.</b>					
Location: CL 205359593 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Residential)	Leasehold of 99 years (Expiry date - 31 December 2090)	1.10 acres	-	249
<b>MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.</b>					
Location: CL 205317951 Kg. Nagalang Federal Territory of Labuan Malaysia	Land (Agricultural)	Leasehold of 99 years (Expiry date - 31 December 2077)	1.22 acres	-	204

## LIST OF PROPERTIES

LANDED PROPERTIES OWNED BY THE GROUP	DESCRIPTION AND EXISTING USE	TENURE	LAND AREA	BUILT-UP AREA (\$QM)	NET BOOK VALUE AS AT 31 DEC 2017 (RM'000)
<b>MALAYSIA AIRPORTS SDN. BHD.</b>					
Location: District of Subang, Selangor Malaysia	APAC building (Ex-Cargo Complex)	A total right of occupation of 60 years (Expiry date - 31 December 2066)	6.5 acres	35,072	7,344
<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	503
<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	29,921
<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	15,148
<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	2,379

### 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

07 Additional Information



## **MALAYSIA AIRPORTS HOLDINGS BERHAD AND GROUP**

Registered Address:  
Malaysia Airports Corporate Office  
Persiaran Korporat KLIA  
64000 KLIA, Sepang, Selangor Darul Ehsan  
Tel : +603-8777 7000  
Fax : +603-8777 7778/+603-8777 7512

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

## **MALAYSIA AIRPORTS SDN BHD (230646-U)**

## **MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN BHD (375245-X)**

## **MALAYSIA AIRPORTS CITIES SDN BHD (1114062-X)**

## **KLIA AEROPOLIS SDN BHD (1212392-H)**

## **MALAYSIA AIRPORTS INTERNATIONAL SDN BHD (1220825-V)**

## **MA ELOGISTICS SDN BHD (1253685-H)**

Business Address:  
Malaysia Airports Corporate Office  
Persiaran Korporat KLIA  
64000 KLIA, Sepang, Selangor Darul Ehsan  
Tel : +603-8777 7000  
Fax : +603-8777 7778/+603-8777 7512

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

Business Address:  
4th Floor, Airport Management Centre  
Kuala Lumpur International Airport  
64000 KLIA, Sepang, Selangor Darul Ehsan  
Tel : +603-8776 2000/+603-8777 8888  
Fax : +603-8926 5510/+603-8926 5209

## **MALAYSIA AIRPORTS (NIAGA) SDN BHD (281310-V)**

Business Address:  
3<sup>rd</sup> Floor, Airport Management Centre  
Kuala Lumpur International Airport  
64000 KLIA, Sepang, Selangor Darul Ehsan  
Tel : +603-8776 8600  
Fax : +603-8787 3747

## **MALAYSIA AIRPORTS (PROPERTIES) SDN BHD (484656-H)**

Business Address:  
Block C, Ground Floor, Short Term Car Park  
64000 KLIA, Sepang, Selangor Darul Ehsan  
Tel : +603-8776 8401  
Fax : +603-8776 8181

## **K.L. AIRPORT HOTEL SDN BHD (330863-D)**

Business Address:  
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

## **ISTANBUL SABIHA GÖKÇEN ULUSLARARASI HAVALIMANI YATIRIM YAPIM VE İŞLETME ANONİM ŞİRKETİ**

Business Address:  
Istanbul Sabiha Gökçen Uluslararası  
Havalimanı,  
Terminal Binası Yönetim Katı,  
Pendik 34912 Istanbul  
Tel : +90 216 588 8000  
Fax : +90 216 588 80 10

## **LGM HAVALIMANI İŞLETMELERİ TİCARET VE TURİZM A.Ş.**

Business Address:  
Istanbul Sabiha Gökçen Uluslararası  
Havalimanı,  
Terminal Binası Yönetim Katı,  
Pendik 34912 Istanbul  
Tel : +90 216 588 8000  
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 Sibu, Sarawak, Malaysia  
T: 6084-307 770  
F: 6084-307 709  
(Under the supervision of Sibu 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)

# NOTICE OF THE 19<sup>TH</sup> ANNUAL GENERAL MEETING

07 Additional Information



NOTICE IS HEREBY GIVEN THAT the 19<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 Tuesday, 8 May 2018 at 11.00 a.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2017 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 8.00 sen per ordinary share in respect of the financial year ended 31 December 2017 as recommended by the Directors.  
Please refer to Explanatory Note B → **Resolution 1**
3. To approve the payment of Directors' fees up to an amount of RM2,628,000.00 to the Non-Executive Directors of the Company with effect from 9 May 2018 until the next 20<sup>th</sup> AGM in 2019, as follows:
  - (a) Payment made by the Company amounting to RM1,260,000.00; and
  - (b) Payment made by the Company's Subsidiaries amounting to RM1,368,000.00.
 Please refer to Explanatory Note C → **Resolution 2**
4. To approve the payment of Directors' benefits payable up to an amount of RM2,338,000.00 to the Non-Executive Directors of the Company with effect from 9 May 2018 until the next 20<sup>th</sup> AGM in 2019, as follows:
  - (a) Payment made by the Company amounting to RM1,775,000.00; and
  - (b) Payment made by the Company's Subsidiaries amounting to RM563,000.00.
 Please refer to Explanatory Note D → **Resolution 3**
5. To re-elect Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers himself for re-election.  
Please refer to Explanatory Note E → **Resolution 4**
6. To re-elect Encik Mohd Khairul Adib Abd Rahman who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers himself for re-election.  
Please refer to Explanatory Note F → **Resolution 5**

## NOTICE OF THE 19<sup>TH</sup> ANNUAL GENERAL MEETING

- |     |   |                        |
|-----|---|------------------------|
| 7.  | To re-elect Puan Hajah Jamilah Dato' Hashim who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.<br>Please refer to Explanatory Note G | → <b>Resolution 6</b>  |
| 8.  | To re-elect Datuk Seri Yam Kong Choy who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election.<br>Please refer to Explanatory Note H        | → <b>Resolution 7</b>  |
| 9.  | To re-elect Datuk Zalekha Hassan who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers herself for re-election.<br>Please refer to Explanatory Note I            | → <b>Resolution 8</b>  |
| 10. | To re-elect Encik Rosli Abdullah who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election.<br>Please refer to Explanatory Note J            | → <b>Resolution 9</b>  |
| 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.<br>Please refer to Explanatory Note K                                     | → <b>Resolution 10</b> |
| 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

### AZNI ARIFFIN

LS 0008791

Company Secretary

Sepang, Selangor Darul Ehsan

9 April 2018

### Notes to the Notice of Annual General Meeting

#### Proxy

- 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.
- A corporation which is a Member, may by resolution of its Board of 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.
- 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.

## NOTICE OF THE 19<sup>TH</sup> ANNUAL GENERAL MEETING

07 Additional Information



- 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.

### Voting by Poll

- 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

- For the purpose of determining a member who shall be entitled to attend the 19<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 30 April 2018. Only a depositor whose name appears on the Record of Depositors as at 30 April 2018 shall be entitled to attend the said meeting or appoint proxies to attend, participate, speak and/or vote on his/her behalf.
- 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.
- 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:

- 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 for Resolution 1:

- 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 21 February 2018, 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 Board is 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 Notes C and D for Resolutions 2 and 3:

- 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 has agreed that the shareholders' approval shall be sought at the 19<sup>th</sup> AGM on the Directors' fees and benefits payable with effect from 9 May 2018 until the next 20<sup>th</sup> AGM in 2019 (Relevant Period).

## NOTICE OF THE 19<sup>TH</sup> ANNUAL GENERAL MEETING

- (i) Resolution 2: Shareholders' approval is to be sought on the payment of Directors' fees up to an amount of RM2,628,000.00 to the Non-Executive Directors of the Company with effect from 9 May 2018 until the next 20<sup>th</sup> AGM in 2019, as follows:
- (a) Payment made by the Company amounting to RM1,260,000.00; and
  - (b) Payment made by the Company's Subsidiaries amounting to RM1,368,000.00.

The estimated amount of RM2,628,000.00 for the payment of Directors' fees to the Non-Executive Directors of the Company is for the period from 9 May 2018 until the next 20<sup>th</sup> AGM in 2019, based on the following:

No. Description	Chairman	Non-Executive Directors
1. The Company Directors' Fee	RM15,000 per month	RM9,000 per month
2. Directors' fees for the Company's Subsidiaries:		
A. First Tier Companies	RM4,000 per month	RM3,000 per month
B. Second Tier Companies	RM3,000 per month	RM2,000 per month

- (ii) Resolution 3: Shareholders' approval is to be sought on the payment of Directors' benefits payable up to an amount of RM2,338,000.00 to the Non-Executive Directors of the Company with effect from 9 May 2018 until the next 20<sup>th</sup> AGM in 2019, as follows:
- (a) Payment made by the Company amounting to RM1,775,000.00; and
  - (b) Payment made by the Company's Subsidiaries amounting to RM563,000.00

The estimated amount of RM2,338,000.00 for the Directors' benefits payable to the Non-Executive Directors of the Company for the period from 9 May 2018 until the next 20<sup>th</sup> AGM in 2019 is based on the following:

No. Description	Chairman	Non-Executive Directors
1. Senior Independent Director's Allowance of the Company (per month)		RM1,000
2. Meeting Allowance (per meeting)		
A. The Company		
(i) Board	RM5,000	RM3,000
(ii) Board Committees	RM4,000	RM2,000
B. Board of the Company's Subsidiaries		
(i) First Tier Companies	RM1,500	RM1,200
(ii) Second Tier Companies	RM1,200	RM1,000
C. Committee of MAHB's Subsidiaries		
(i) Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. (ISG); and LGM Airport Operations Trade and Tourism Inc. (LGM) <sup>#</sup>	RM2,500	RM2,000
D. Other Committee of MAHB	RM4,000	RM2,000
3. Other Claimable Benefits	Directors' appreciation gift, out of pocket expenses, 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 19<sup>TH</sup> ANNUAL GENERAL MEETING

07 Additional Information



At the 18<sup>th</sup> AGM of the Company held on 25 May 2017, the Directors' fees and benefits payable to the Non-Executive Directors of the Company from 1 January 2017 until the 19<sup>th</sup> AGM of the Company on 8 May 2018 ("17 months") was approved for an amount of RM4,569,020.00.

In determining the estimated total amount of Directors' fees and benefits payable for the Non-Executive Directors of the Company from 9 May 2018 until the next 20<sup>th</sup> AGM, the Board has 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 Non-Executive Directors involved in these meetings based on the current number of Non-Executive Directors and has included additional provisional sum for future appointment of Non-Executive Directors of the Company on the Boards of Subsidiaries and increase in number of Board and committee meetings due to business expansion.

Payment of the Non-Executive Directors' fees and benefits payable will be made by the Company on a monthly basis and/or as and when incurred should the proposed Resolution 2 and Resolution 3 have been passed at the 19<sup>th</sup> AGM.

The Board is of the view that it is just and equitable for the Non-Executive Directors of the Company to be paid the Directors' fees and benefits payable on 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 exceeds the estimated amount sought in the 19<sup>th</sup> AGM, a shareholders' approval is to be sought in the next 20<sup>th</sup> AGM in 2019 on the payment of the exceeded amount.

### Explanatory Notes E, F and G for Resolutions 4 to 6:

12. 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.

Pursuant to Article 129, Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail, Encik Mohd Khairul Adib bin Abd Rahman and Puan Hajah Jamilah binti Dato' Hashim are standing for re-election at the 19<sup>th</sup> AGM.

The profiles of the Directors standing for re-election are provided on pages 92, 95 and 97 of the Board of Directors' Profile in the 2017 Annual Report.

### Explanatory Notes H, I and J for Resolutions 7 to 9:

13. 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 or the number nearest to one-third shall retire from office and the retiring Directors shall be eligible to seek for re-election thereof.

Pursuant to Article 131, Datuk Seri Yam Kong Choy, Datuk Zalekha Hassan and Encik Rosli Abdullah are standing for re-election at this 19<sup>th</sup> AGM.

The profiles of the Directors standing for re-election are provided on pages 98 to 100 of the Board of Directors' Profile in the 2017 Annual Report.

14. The Board has conducted an assessment on the independence of the Non-Executive Directors who are seeking re-election at this 19<sup>th</sup> AGM inclusive of their skills, experience, character, integrity, competency and contribution.

### Explanatory Note K for Resolution 10:

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 19<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) Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail;

(ii) Encik Mohd Khairul Adib Abd Rahman; and

(iii) Puan Hajah Jamilah Dato' Hashim.

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

(i) Datuk Seri Yam Kong Choy;

(ii) Datuk Zalekha Hassan;

(iii) Encik Rosli Abdullah.

The profiles of the above Directors are set out in the section titled "Board of Directors' Profile" from pages 92 to 103 of this Annual Report. Their shareholdings in the Company are set out in the section entitled "Statistics of Shareholdings" on page 366 of this Annual Report.



# AGM ADMINISTRATIVE DETAILS

07 Additional Information



**19<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, SEPANG, SELANGOR DARUL EHSAN ON TUESDAY, 8 MAY 2018 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



## 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 shareholders/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 meeting room without wearing the identification wristband. After registration, please vacate the registration area immediately and proceed to the meeting venue.

## DOOR GIFT

- 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 'N GO

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

## REFRESHMENT

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

## VOTING PROCEDURE

- The voting at the forthcoming 19<sup>th</sup> AGM will be conducted on a poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. 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.
- Each shareholder/proxy will be provided with the e-voting device to cast his/her vote, and the Chairman will make the declaration of the poll result of each resolution after the completion of voting for each resolution.

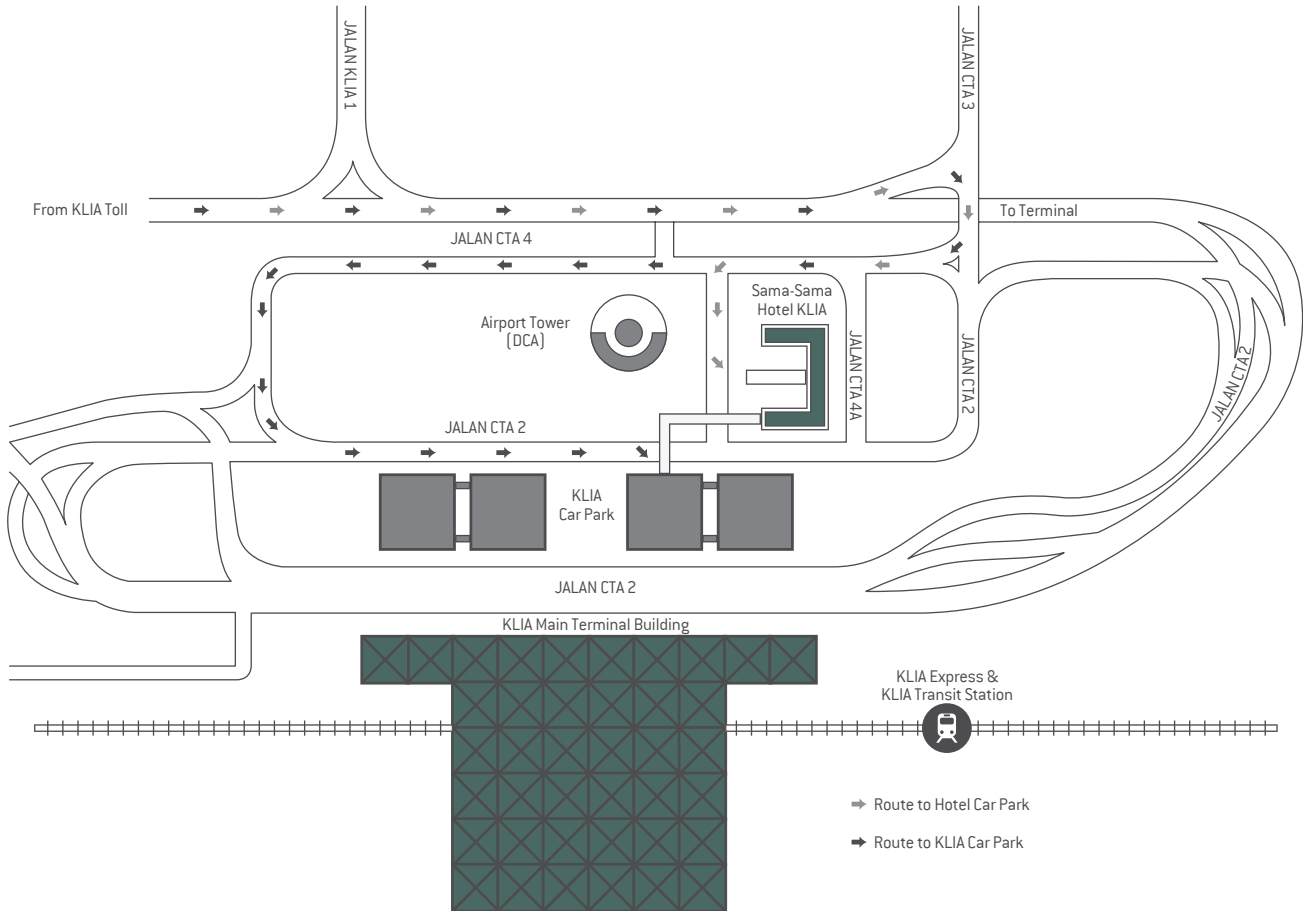


### MOBILE PHONES

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

# MAP TO THE AGM VENUE

382



# 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 19<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 Tuesday, 8 May 2018 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 8.00 sen per ordinary share in respect of the financial year ended 31 December 2017 as recommended by the Directors.		
2.	<b>ORDINARY RESOLUTION 2</b> To approve the payment of Directors' fees up to an amount of RM2,628,000.00 to the Non-Executive Directors of the Company with effect from 9 May 2018 until the next 20 <sup>th</sup> AGM in 2019, as follows: (a) Payment made by the Company amounting to RM1,260,000.00; and (b) Payment made by the Company's Subsidiaries amounting to RM1,368,000.00.		
3.	<b>ORDINARY RESOLUTION 3</b> To approve the payment of Directors' benefits payable up to an amount of RM2,338,000.00 to the Non-Executive Directors of the Company with effect from 9 May 2018 until the next 20 <sup>th</sup> AGM in 2019, as follows: (a) Payment made by the Company amounting to RM1,775,000.00; and (b) Payment made by the Company's Subsidiaries amounting to RM563,000.00.		
4.	<b>ORDINARY RESOLUTION 4</b> To re-elect Y.A.M. Tan Sri Dato' Seri Syed Zainol Anwar Ibni Syed Putra Jamalullail who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers himself for re-election.		
5.	<b>ORDINARY RESOLUTION 5</b> To re-elect Encik Mohd Khairul Adib Abd Rahman who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers himself for re-election.		
6.	<b>ORDINARY RESOLUTION 6</b> To re-elect Puan Hajah Jamilah Dato' Hashim who shall retire in accordance with Article 129 of the Company's Constitution and who being eligible, offers herself for re-election.		
7.	<b>ORDINARY RESOLUTION 7</b> To re-elect Datuk Seri Yam Kong Choy who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers himself for re-election.		
8.	<b>ORDINARY RESOLUTION 8</b> To re-elect Datuk Zalekha Hassan who shall retire in accordance with Article 131 of the Company's Constitution and who being eligible, offers herself for re-election.		
9.	<b>ORDINARY RESOLUTION 9</b> To re-elect Encik Rosli Abdullah 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 \_\_\_\_\_, 2018.

\_\_\_\_\_  
Signature of Member/Common Seal

Notes:

1. Section 334 of the Companies Act, 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 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 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 Companies Act 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)

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

Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan, Malaysia.

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 Malaysia Airports

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