



CONNECTING YOU SEAMLESSLY TO THE WORLD

ANNUAL REPORT 2015



OUR VISION

To be the global leader in
creating airport cities

OUR MISSION

Together we create joyful
experiences by connecting
people and businesses

MALAYSIA AIRPORTS TODAY

A Dynamic Team of Nearly

11,000

Employees



Serving

>70

Airlines



Market Capitalisation

RM11.56

Billion as at 18 March 2016



Total Equity

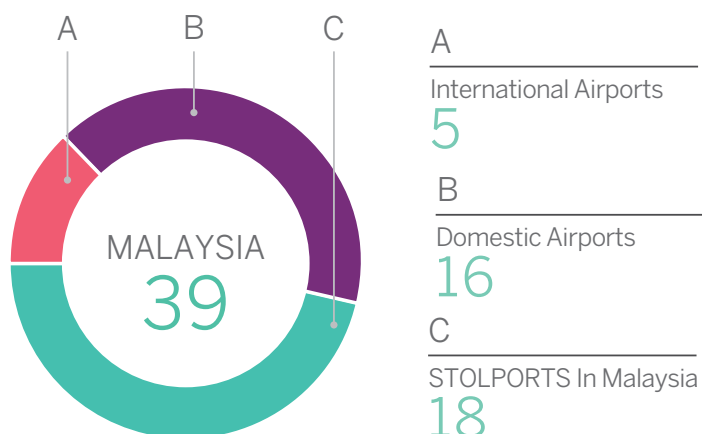
RM8.8

Billion as at 31 December 2015





Malaysian airports operated by the group



2 Overseas Airport Investments



India

Rajiv Gandhi International
Airport, Hyderabad



Turkey

Istanbul Sabiha Gokcen
International Airport

CONNECTING YOU SEAMLESSLY TO THE WORLD

As the custodian of Malaysia's gateways, we are your connection to the world.
We bring people from all over our vibrant nation together with visitors near and far.

In our more than two decades of serving the nation, we have endeavoured to provide a joyful experience to all our stakeholders by giving solid returns and operating a business that is efficient, sustainable and ethical; a company that prides itself on the quality of its services and the commitment of its management and employees.

As we move forward with our new business strategy, RtS2020, our goal is to transform into a global leader in creating airport cities, thus propelling the company and the nation to greater heights.

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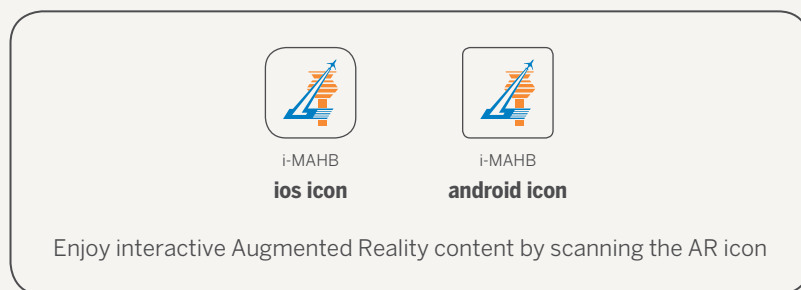
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1. Search for i-MAHB App from Apple App Store or Google Play with your smartphone.
2. Click on the app to install. (Please check your device compatibility before installing)
3. Once installed, click open to launch the Augmented Reality (AR) App.
4. Click the start button from the i-MAHB App to launch the AR camera.
5. Look for the AR icon on the inside flap of the Annual Report cover. Scan this page with the AR camera to enjoy interactive AR content.
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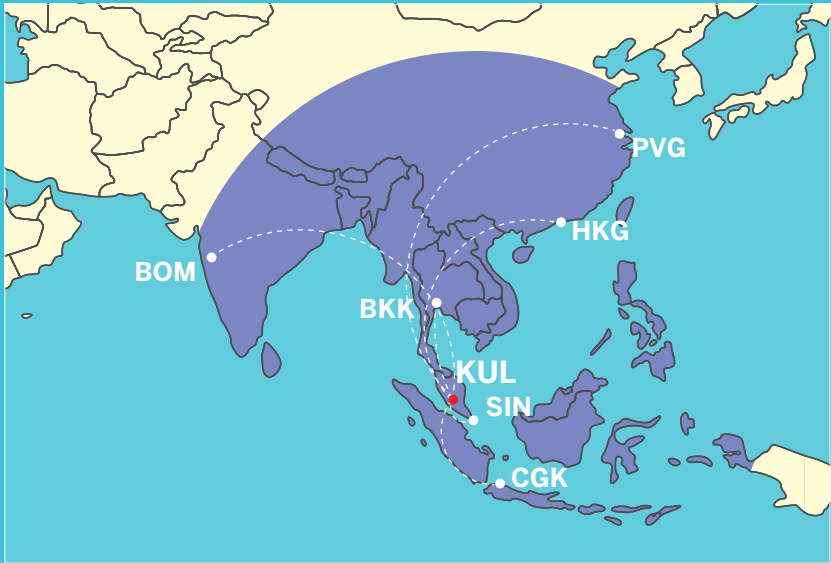
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KUL HUB

ESTABLISHING KUL AS THE PREFERRED ASEAN HUB OFFERING PASSENGERS INCREASED CONNECTIVITY AND A SEAMLESS TRANSFER EXPERIENCE

KLIA IS LOCATED IN THE HEART OF ASEAN –
CONNECTING > 600 MILLION PEOPLE WITHIN 4-5 HOURS FLYING TIME



SECOND LARGEST AIRPORT GROUP IN THE WORLD

112 MILLION
TOTAL PASSENGER HANDLED
INCLUDING ISTANBUL SABIHA
GOKCEN INTERNATIONAL AIRPORT

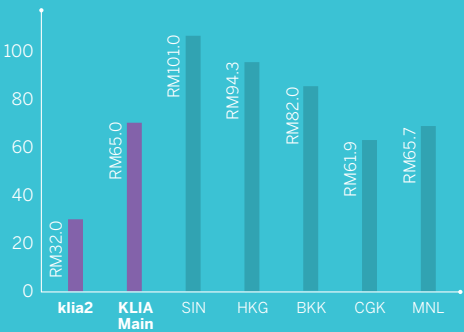
TOTAL PASSENGER TRAFFIC
IN KLIA IN 2015

49 MILLION

BEST VALUE IN THE REGION

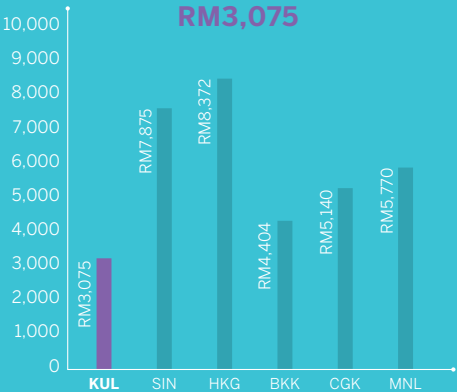
INTERNATIONAL PASSENGER SERVICE CHARGES

KLIA: RM65 klia2: RM32



LANDING CHARGES

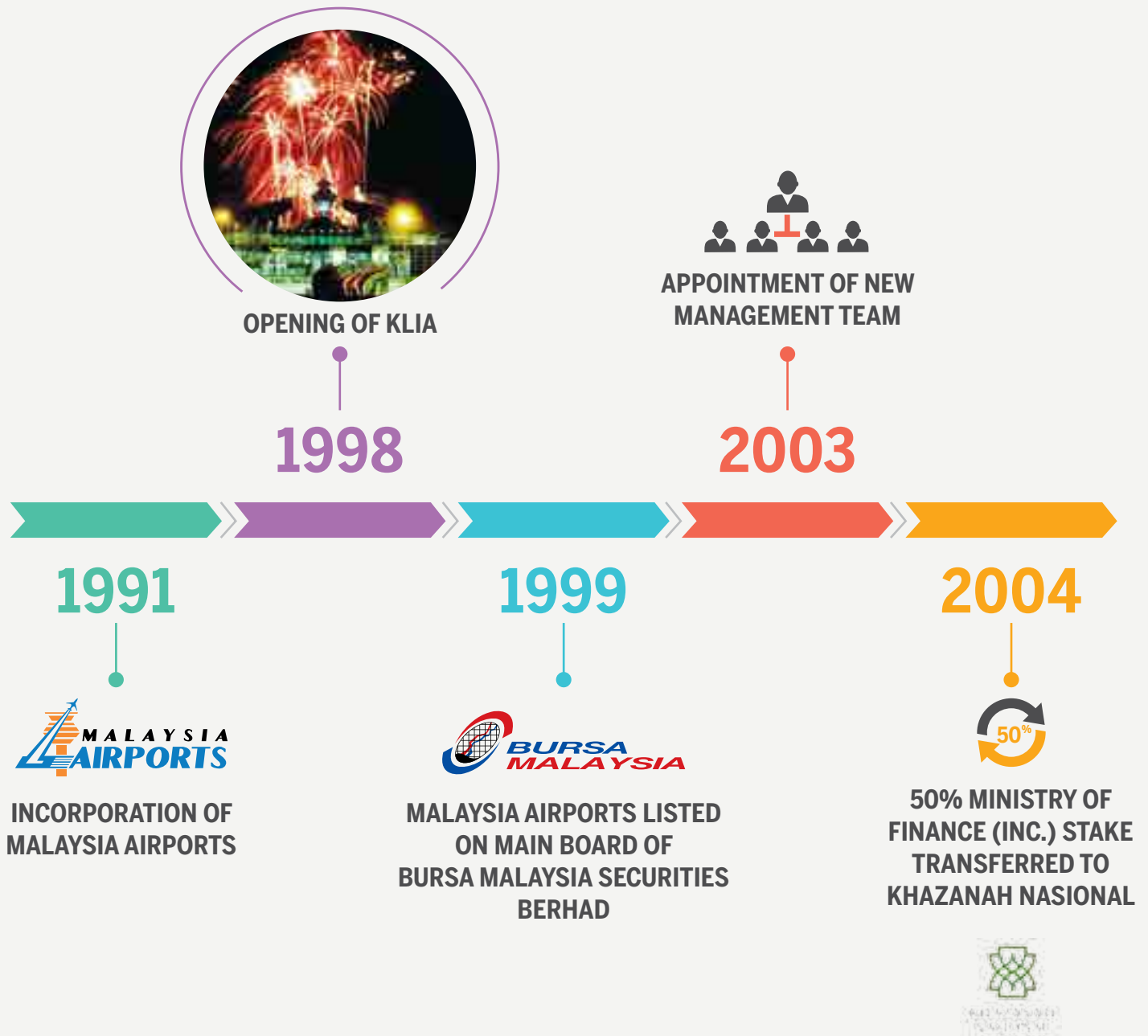
RM3,075



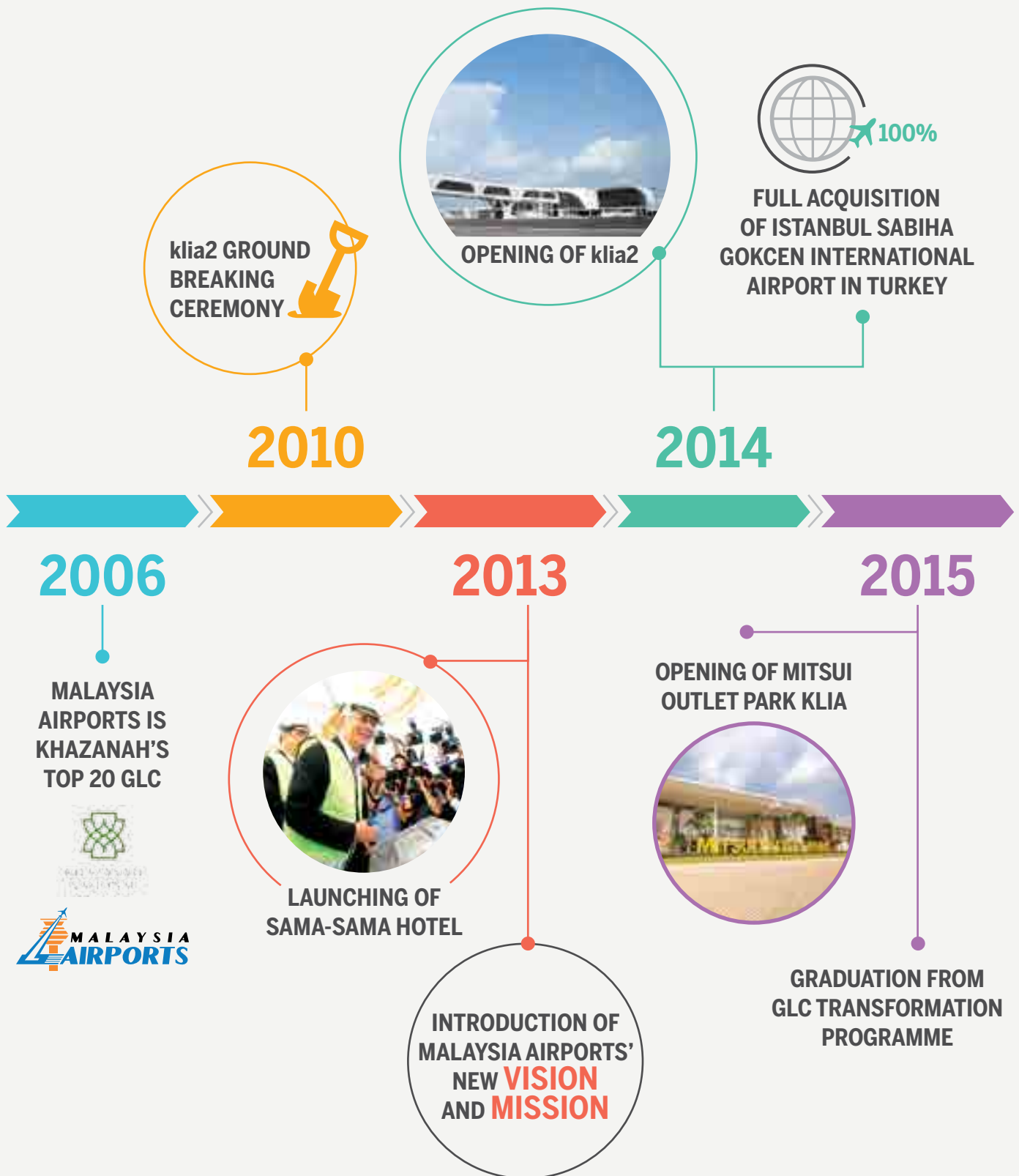
Source: IATA



KEY MILESTONES



KEY MILESTONES



MEDIA HIGHLIGHTS



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



MAHB flight operations, service ahead of the season

MAHB flight operations, service ahead of the season. The company is preparing for the busy season ahead.



Badlisham mampu teraju MAHB

Badlisham mampu teraju MAHB. The company is preparing for the busy season ahead.



MAHB flight operations, service ahead of the season

MAHB flight operations, service ahead of the season. The company is preparing for the busy season ahead.

MAHB mengumumkan cabutan Syarikat Perhubungan Pelawat Terbaik

MAHB mengumumkan cabutan Syarikat Perhubungan Pelawat Terbaik. The company is preparing for the busy season ahead.



MAHB mengumumkan cabutan Syarikat Perhubungan Pelawat Terbaik

MAHB mengumumkan cabutan Syarikat Perhubungan Pelawat Terbaik. The company is preparing for the busy season ahead.



MAHB continues to strengthen their team

MAHB continues to strengthen their team. The company is preparing for the busy season ahead.



Terminal 2 selamat digunakan

Terminal 2 selamat digunakan. The company is preparing for the busy season ahead.

MAHB airports saw 5.6% rise in traffic in May

MAHB airports saw 5.6% rise in traffic in May. The company is preparing for the busy season ahead.



MAHB bawa nama Malaysia ke Turki

MAHB bawa nama Malaysia ke Turki. The company is preparing for the busy season ahead.



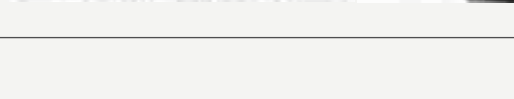
Turkish airport to boost MAHB's 2015 earnings

Turkish airport to boost MAHB's 2015 earnings. The company is preparing for the busy season ahead.



Expansion mode

Expansion mode. The company is preparing for the busy season ahead.



Greater capacity at SGIA by 2018

Greater capacity at SGIA by 2018. The company is preparing for the busy season ahead.



LETTER FROM THE CHAIRMAN



Dear Shareholders

ON BEHALF OF THE BOARD OF DIRECTORS, IT IS MY PLEASURE TO ENCLOSE HERewith A COPY OF THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF MALAYSIA AIRPORTS HOLDINGS BERHAD (THE COMPANY OR MAHB) FOR THE YEAR ENDED 31 DECEMBER 2015.

The Annual Report also contains the Notice of the 17th 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 Wednesday, 27 April 2016 at 11.00 a.m.



LETTER FROM THE CHAIRMAN

The global economy is picking up and we are moving in tandem with the expected growth this year. As a leading global airport company, one of our priorities is to uphold or preserve our reputation as an aggressive, dynamic and reliable organisation that continues to chart success in a highly competitive global aviation market, where competition is tougher and requires bolder decisions and investments for the benefit of all our stakeholders.

I am pleased to share with you in this report a brief overview of 'Runway to Success 2020 (RtS2020)', our next five-year business plan that will position Malaysia Airports for further growth. The theme of our Annual Report this year - 'Connecting You Seamlessly to the World' is closely aligned to the strategic priorities identified in RtS2020.

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

For the year 2016, seven (7) resolutions are proposed for the consideration at the AGM. The purpose and reasons for each resolution are explained under the Explanatory Notes of the Notice of AGM. I hope that you will find the brief explanations helpful in order to make an informed decision.

In line with the Company's dividend policy to distribute a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board is recommending the payment of a final single-tier dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 December 2015 with a total quantum of final single-tier dividend amounting to RM74.66 million, subject to the shareholders' approval at the AGM.

At the AGM, the Board is recommending the re-election of four (4) Directors who are due for retirement, namely, Dato' Sri Dr Mohmad Isa bin Hussain, Datuk Seri Yam Kong Choy, Datuk Zalekha binti Hassan and Encik Rosli bin Abdullah and being eligible, offer themselves for re-election.

I also believe that you should be able to comprehend the rest of the agenda/proposed resolutions which include, amongst others, the presentation of the Audited Financial Statements, the proposed payment of Directors' fees, and the re-appointment of the auditors, whereby brief explanations are also provided under the "Explanatory Notes" for your understanding.

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

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

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

Yours sincerely,



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

Chairman

Malaysia Airports Holdings Berhad

NOTICE OF THE 17TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 17th Annual General Meeting of Malaysia Airports Holdings Berhad (MAHB or the Company) will be held at Gateway Ballroom, Level 1, Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Wednesday, 27 April 2016 at 11.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors and Auditors Reports thereon.

Explanatory Note:-

The above Agenda 1 is meant for discussion only as the Audited Financial Statements does not require shareholders' approval under the provision of Section 169(1) of the Companies Act, 1965. As such, this Agenda item is not to be put forward for voting.

2. To declare and approve the payment of a final single-tier dividend of 4.50 sen per ordinary share in respect of the financial year ended 31 December 2015 as recommended by the Directors.

Explanatory Note:-

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

3. To approve the payment of Directors' fees for the financial year ended 31 December 2015.

Explanatory Note:-

In accordance with Article 112 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of Directors' fees totalling RM1,035,000.00 to the Non-Executive Directors for the financial year ended 31 December 2015.

4. To re-elect Dato' Sri Dr Mohmad Isa bin Hussain who shall retire in accordance with Article 129 of the Company's Articles of Association and being eligible, offers himself for re-election.

Explanatory Note:-

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

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

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

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

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

NOTICE OF THE 17TH ANNUAL GENERAL MEETING

Explanatory Note for Ordinary Resolutions 5 to 7:-

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

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

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

Explanatory Note:-

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

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

Ordinary Resolution 7

By Order of the Board

SABARINA LAILA BINTI DATO' MOHD HASHIM

LS 0004324

Company Secretary

Sepang

Selangor Darul Ehsan

5 April 2016

Notes to the Notice of Annual General Meeting

1. All resolutions at the Meeting will be decided on a show of hands, unless otherwise instructed.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(a), (b) and (c) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand seal of its attorney.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Malaysia Airports Corporate Office, Persiaran Korporat KLIA, 64000 KLIA, Sepang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
5. Please note that in order to attend and vote at the Meeting, a member must be registered in the Record of Depositors at 4.00 p.m. on 20 April 2016 in accordance with Article 48(2) of the Company's Articles of Association. Any changes in the entries on the Record of Depositors after the abovementioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
6. Please be reminded that the AGM is a private meeting between the directors, shareholders, proxies, duly authorised representatives and the auditors. As such, non-shareholders are barred from entering the Meeting. However, any disabled shareholder may be allowed to enter the Meeting accompanied by a person who is not a shareholder.
7. Shareholders' attention is hereby drawn to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act, 1991, who holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) to appoint multiple proxies in respect of each omnibus account it holds.

STATEMENT ACCOMPANYING NOTICE OF THE 17TH ANNUAL GENERAL MEETING

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

1. The Director who is retiring pursuant to Article 129 of the Company's Articles of Association and seeking re-election is as follows:
 - (i) Dato' Sri Dr Mohmad Isa bin Hussain;
2. The Directors who are retiring pursuant to Article 131 of the Company's Articles of Association and seeking re-election are as follows:
 - (i) Datuk Seri Yam Kong Choy;
 - (ii) Datuk Zalekha binti Hassan; and
 - (iii) Rosli bin Abdullah.

The profiles of the above Directors are set out in the section entitled "Board of Directors' Profile" from pages 77 to 91 of this Annual Report. Their shareholdings in the Company are set out in the section entitled "Statement of Shareholdings" on page 357 of this Annual Report.

AGM ADMINISTRATIVE DETAILS

ADMINISTRATIVE DETAILS FOR THE 17TH ANNUAL GENERAL MEETING OF MALAYSIA AIRPORTS HOLDINGS BERHAD

LOCATION OF THE AGM

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

Date: **27 April 2016** Time: **11.00 a.m**

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 from the Kuala Lumpur City Centre, 40 km from Petaling Jaya, and 30 km from Putrajaya/Cyberjaya via the North-South Expressway Central Link (ELITE). 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 who park their vehicles at the car park of Sama-Sama Hotel.
- The validation counter for the parking ticket will be opened after the AGM.

By Express Rail Link



The Express Rail Link service can be boarded at KL Sentral Station to Kuala Lumpur International Airport. A free buggy service is available from Level 2 KLIA to Sama-Sama Hotel.

REGISTRATION



Registration

- Registration will commence at 8.30 a.m. at the front entrance of the Meeting hall.
- 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 Gift Policy

- Door gifts will be distributed upon registration. Each person, whether attending as shareholder or proxy, shall be eligible for one (1) door gift only.
- A shareholder who is also attending as a proxy is entitled to a maximum of two (2) door gifts.
- Where a shareholder appoints two (2) proxies, only the proxy who registers first is eligible for the door gift.

REFRESHMENT



Touch & Go

- Touch & Go card will be distributed to each person, who is present personally, whether attending as shareholder or proxy, shall be eligible for one (1) Touch & Go only.

Refreshment

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



Mobile Phones

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

KEY FINANCIAL HIGHLIGHTS

Statements of profit or loss

for the financial year ended 31 December 2015

	2015 RM Million	Restated 2014 RM Million	% Change
Revenue	3,870.2	3,343.7	15.7
Operating profit	777.3	410.0	89.6
Gain arising from re-measurement of fair value of investment	-	483.7	-
Gain on bargain purchase	-	314.9	-
Impairment of investment	-	(24.0)	-
Impairment of goodwill	-	(231.3)	-
Finance costs	(741.9)	(151.3)	390.2
Share of results of associates	(0.3)	0.1	(408.8)
Share of results of jointly controlled entities	10.8	(52.7)	(120.4)
Profit before tax and zakat from continuing operations	45.9	749.3	(93.9)
Taxation and zakat	(5.8)	(85.9)	(93.2)
Profit from continuing operations, net of tax	40.1	663.4	(94.0)
Profit attributable to:			
Owners of the parent	40.9	663.4	(93.8)
Minority interests	(0.8)	(0.0)	2,631.0
	40.1	663.3	(94.0)
(Loss)/earnings per share attributable to owners of the parent (sen per share)			
- basic, for profit for the year	(1.09)	49.10	

KEY FINANCIAL HIGHLIGHTS

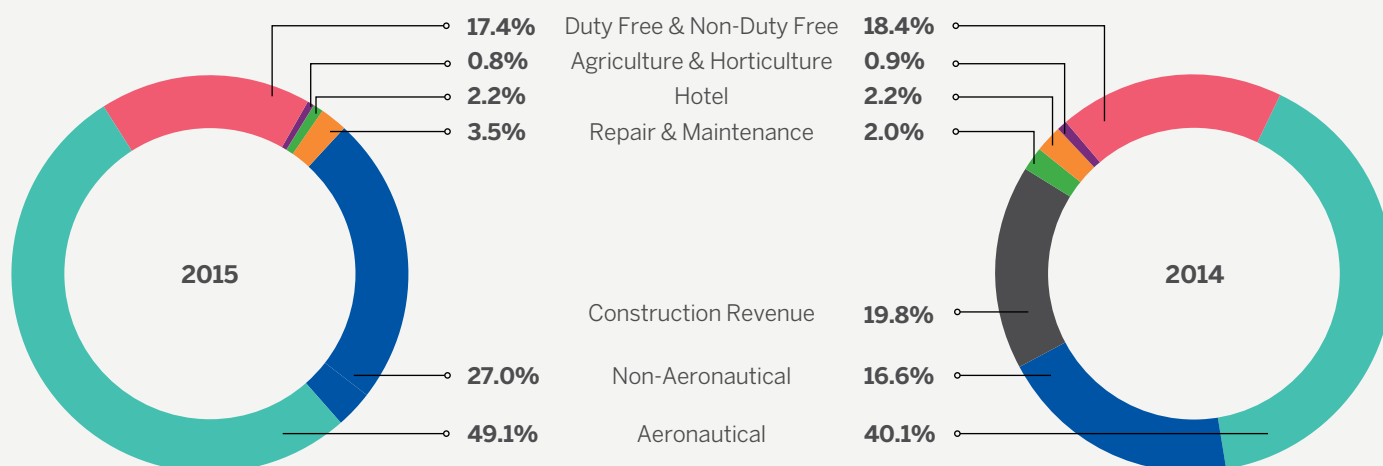
Consolidated statement of financial position

as at 31 December 2015

	2015 RM Million	Restated 2014 RM Million	% Change
Assets			
Property, plant and equipment	435.0	426.4	2.0
Investments	441.5	568.8	(22.4)
Intangible assets	17,842.4	17,556.8	1.6
Other non-current assets	696.4	733.9	(5.1)
Current assets	2,576.9	2,912.2	(11.5)
Assets of disposal group classified as held for disposal	0.2	0.1	45.2
Total assets	21,992.3	22,198.2	(0.9)
Equity and liabilities			
Share capital	1,659.2	1,374.2	20.7
Perpetual sukuk	997.8	997.8	-
Share premium	3,455.1	2,373.1	45.6
Retained earnings	2,449.5	2,591.9	(5.5)
Fair value adjustment reserve	5.3	(1.9)	(382.2)
Hedging reserve	(13.5)	-	-
Other reserve	5.1	2.6	92.9
Foreign exchange reserve	282.8	(0.5)	(51,987.3)
	8,841.4	7,337.3	20.5
Non-controlling interest	(0.8)	0.0	(2,262.9)
Total equity	8,840.6	7,337.3	20.5
Non-current liabilities	10,927.7	11,129.7	(1.8)
Current liabilities	2,224.0	3,731.1	(40.4)
Liabilities of disposal group classified as held for disposal	0.0	0.0	(26.9)
Total liabilities	13,151.7	14,860.9	(11.5)
Total equity and liabilities	21,992.3	22,198.2	(0.9)
Net asset per share (RM)	5.33	5.34	(0.21)
Return on assets	0.2%	3.0%	

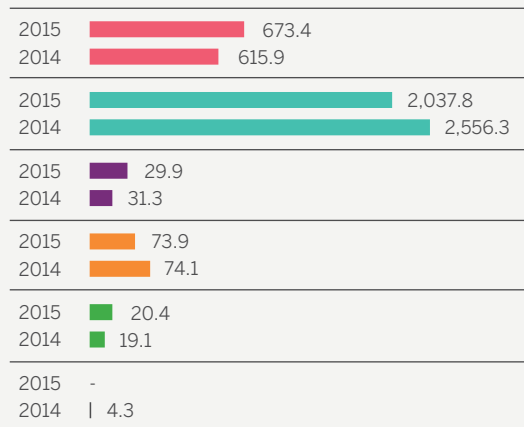
GROUP SEGMENTAL ANALYSIS

REVENUE



2015 TOTAL REVENUE

RM3,870.2 MILLION



MALAYSIA OPERATIONS

Duty Free & Non-Duty Free

Airport Services

Agriculture & Horticulture

Hotel

Repair & Maintenance

Other[®]

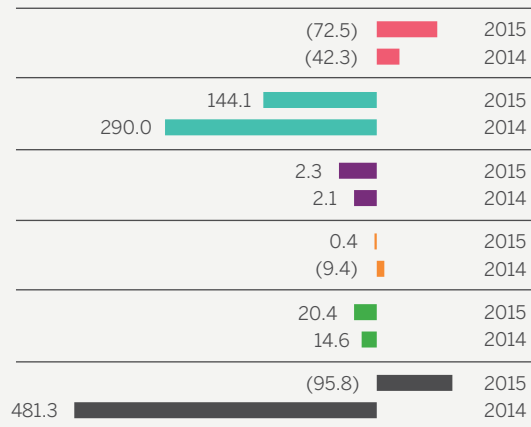
OVERSEAS OPERATIONS

Airport Services

Repair & Maintenance

2015 TOTAL PROFIT BEFORE TAXATION

RM45.9 MILLION



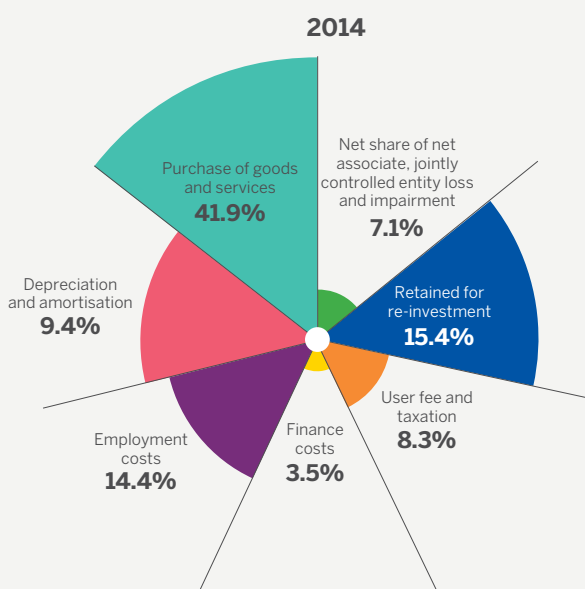
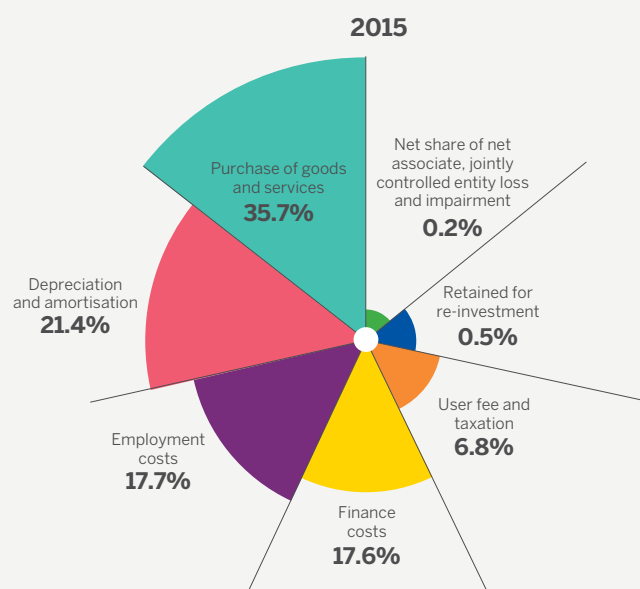
Note: The group segmental analysis above excludes inter-segment transactions.

Airport Services revenues include IC 12 construction revenues amounting to RM662.4 in FY2014.

* Airport Services profit before taxation include IC 12 construction profits amounting to RM28.5 million in FY2014.

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

STATEMENT OF DISTRIBUTION



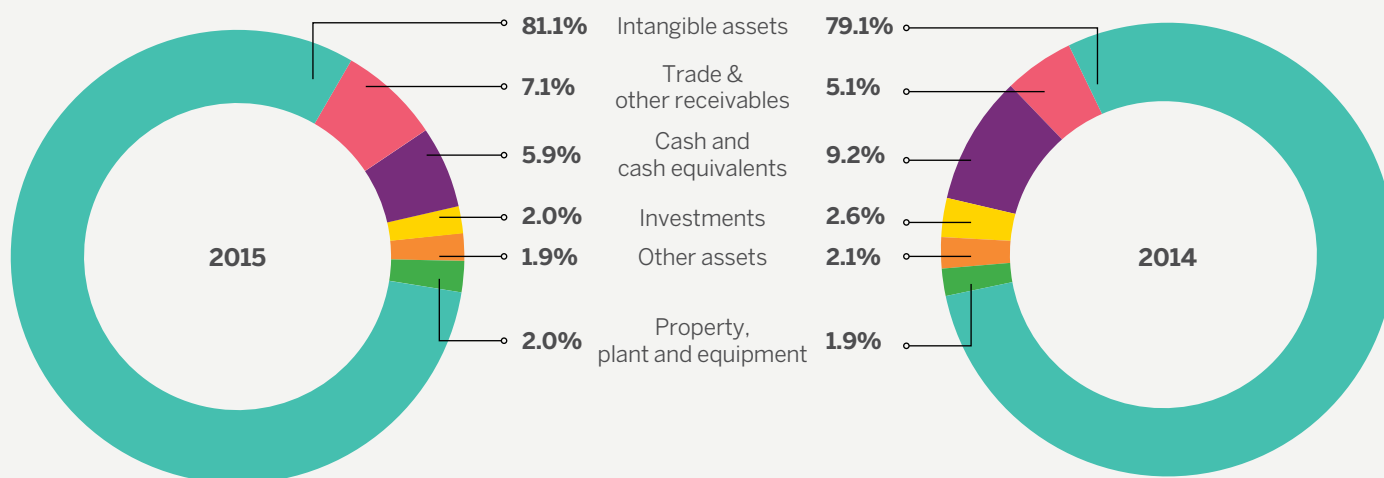
	2015 RM Million	%	Restated 2014 RM Million	%
Current income available for distribution	4,207.3		4,309.0*	
To supplier				
Purchase of goods and services	1,502.2	35.7	1,804.3	41.9
To employees				
Employment costs	744.0	17.7	619.3	14.4
Utilisation of assets				
Depreciation and amortisation	901.7	21.4	405.4	9.4
To financier				
Finance costs	741.9	17.6	151.3	3.5
To government				
User fee and taxation	287.9	6.8	357.3	8.3
To share of net associate, jointly controlled entity loss and impairment				
Net share of net associate, jointly controlled entity loss and impairment	10.4	0.2	308.0**	7.1
Retained for re-investment and future growth and dividend payment				
Current year	19.3	0.5	663.3	15.4
	4,207.3	100.0	4,309.0	100.0

* Included in current income available for distribution are gain arising from re-measurement of fair value of investment (RM483.7 million) and gain on bargain purchase (RM314.9 million) in FY2014.

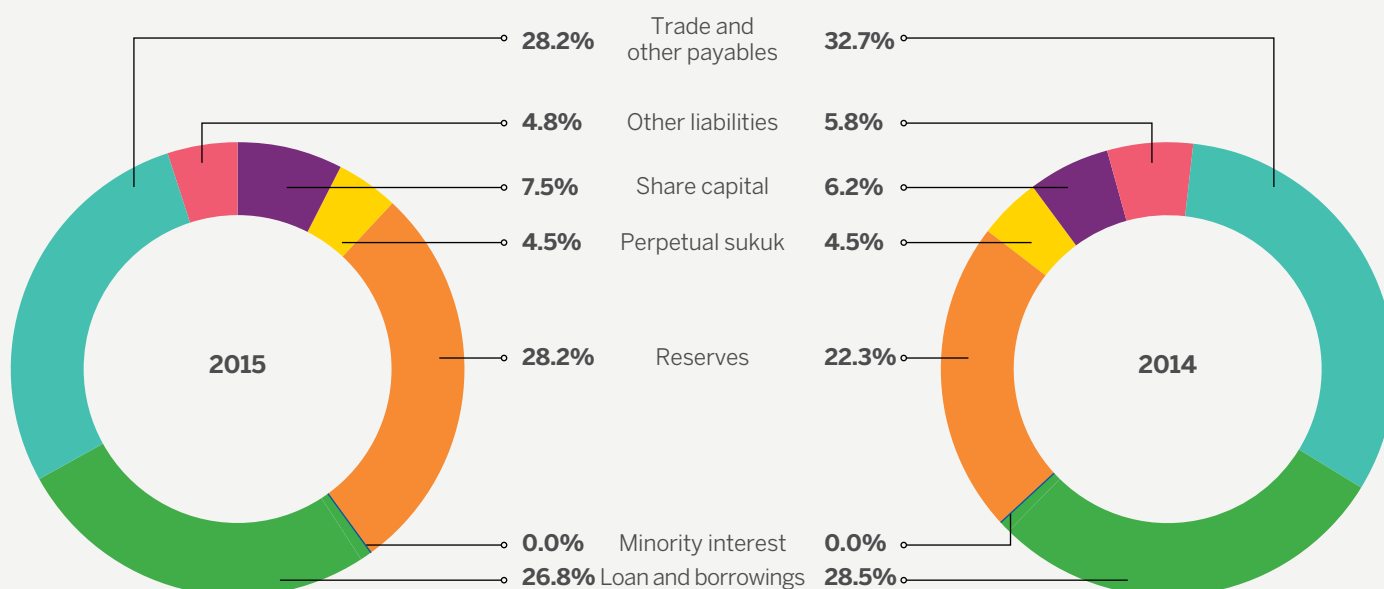
** Included in net share of results of associates & jointly controlled entities and impairment are impairment of investments (RM24.0 million) and impairment of goodwill (RM231.3 million) in FY2014.

STATEMENT OF FINANCIAL POSITION

ASSETS

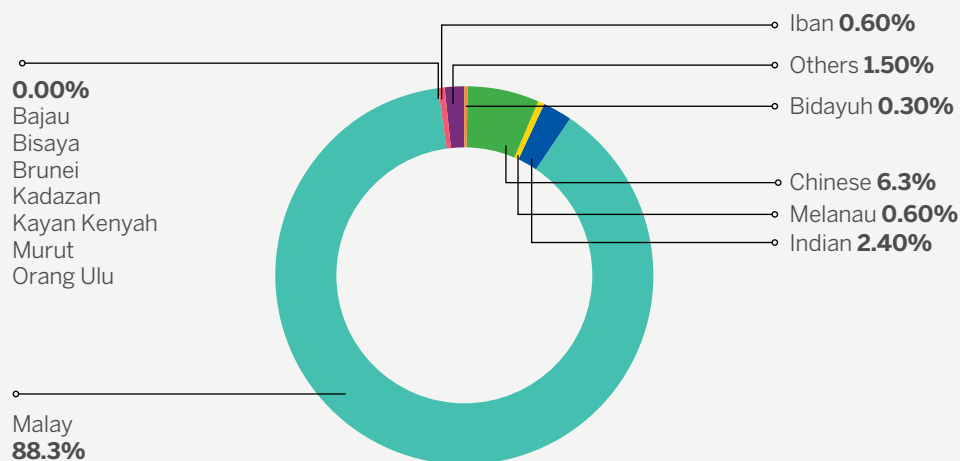


EQUITY AND LIABILITIES

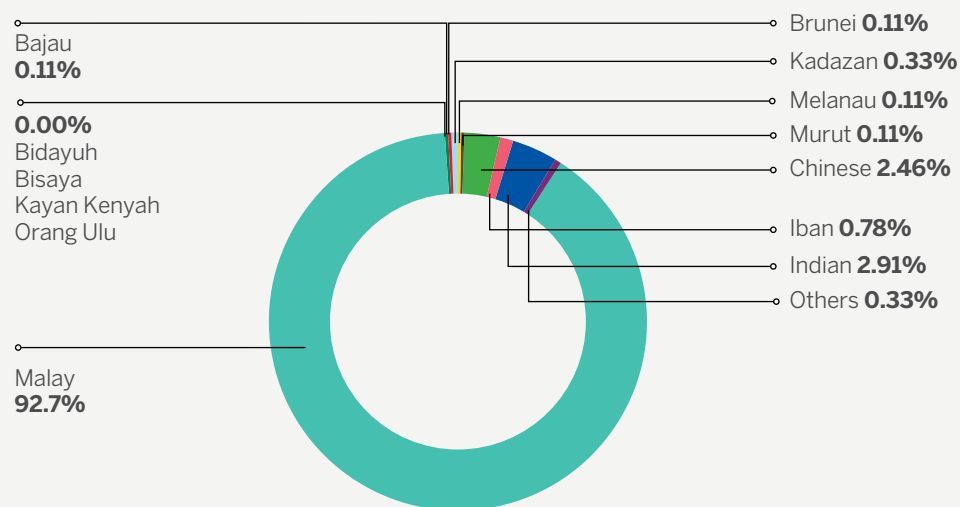


STATEMENT OF WORKFORCE

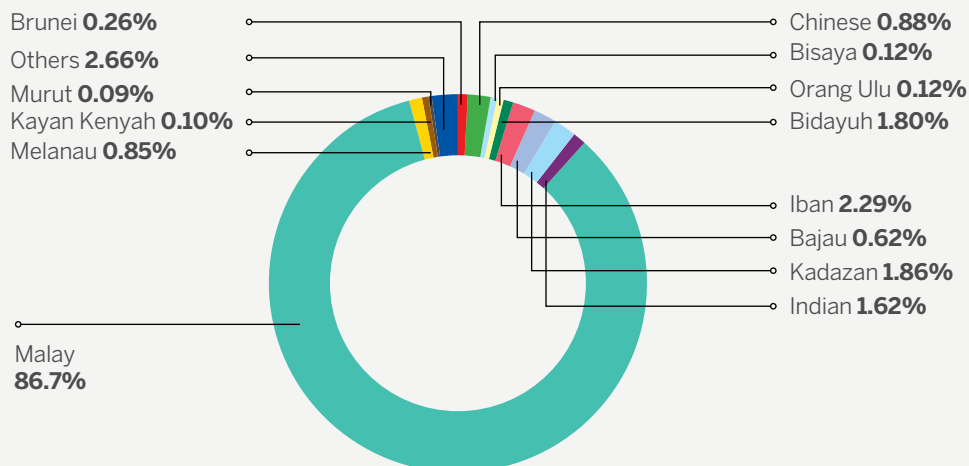
MANAGEMENT



EXECUTIVE



NON-EXECUTIVE



GROUP QUARTERLY PERFORMANCE

Year 2015 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Operating revenue	876.2	940.0	1,017.9	1,036.1	3,870.2
Profit/(loss) before tax and zakat for the continuing operations	39.3	1.7	58.8	(53.9)	45.9
Profit/(loss) net of tax	32.0	(20.1)	68.5	(40.3)	40.1
Earnings per share (sen)	1.28	(3.20)	1.63	(6.15)	(1.09)

Restated Year 2014 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Operating revenue	781.1	1,175.5	675.8	711.3	3,343.7
Profit/(loss) before tax and zakat for the continuing operations	179.0	(37.7)	10.6	597.5	749.3
Profit/(loss) net of tax	128.7	(44.7)	1.6	577.8	663.4
Earnings per share (sen)	10.19	(3.39)	0.12	42.73	49.10

GROUP FIVE-YEAR SUMMARY

Statements of profit or loss

year ended 31 December

	2015 RM Million	Restated 2014 RM Million	2013 RM Million	2012 RM Million	2011 RM Million
Revenue	3,870.2	3,343.7	4,098.8	3,548.1	2,754.8
Profit before tax from continuing operations	45.9	749.3	553.2	602.8	574.2
Taxation and zakat	(5.8)	(85.9)	(175.5)	(208.5)	(173.0)
Profit from continuing operations, net of tax	40.1	663.4	377.7	394.3	401.2
(Loss)/profit for the year from discontinued operations, net of tax	(0.0)	(0.1)	(0.1)	0.2	-
Profit for the year	40.1	663.3	377.5	394.5	401.2
Profit attributable to:					
Owners of the parent	40.9	663.4	377.4	394.5	401.2
Non-controlling interest	(0.8)	(0.0)	0.1	-	-
Profit for the year	40.1	663.3	377.5	394.5	401.2
Earnings per share attributable to equity holders of the Company (sen)					
Basic, for (loss)/profit from continuing operations	(1.09)	49.10	30.80	33.24	36.47
Basic, for (loss)/profit from discontinued operations	-	-	(0.01)	0.02	-
Basic, for (loss)/profit for the year	(1.09)	49.10	30.79	33.26	36.47

GROUP FIVE-YEAR SUMMARY

Statements of Financial Position

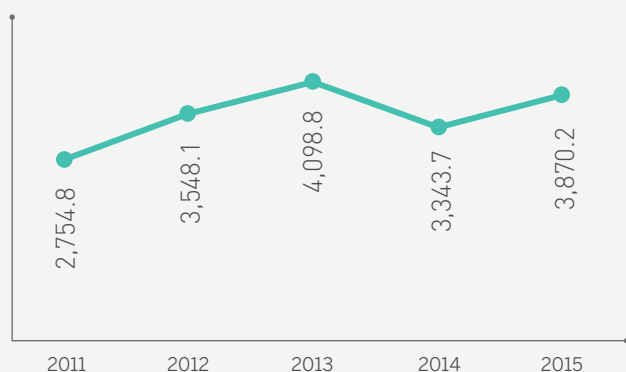
year ended 31 December

	2015 RM Million	Restated 2014 RM Million	2013 RM Million	2012 RM Million	2011 RM Million
ASSETS					
Non-current assets	19,415.3	19,285.9	9,485.1	7,326.2	5,784.9
Current assets	2,576.9	2,912.2	1,038.2	1,513.5	1,641.9
Assets of disposal group classified as held for disposal	0.2	0.1	0.1	0.1	0.4
Total assets	21,992.3	22,198.2	10,523.3	8,839.8	7,427.2
EQUITY					
Share capital	1,659.2	1,374.2	1,232.4	1,210.0	1,100.0
Perpetual sukuk	997.8	997.8	-	-	-
Share premium	3,455.1	2,373.1	1,409.4	1,320.4	822.7
Retained earnings	2,449.5	2,591.9	2,037.4	1,826.8	1,625.2
Fair value of adjustment reserve	5.3	(1.9)	(0.6)	5.1	0.8
Hedging reserve	(13.5)	-	-	-	-
Other reserve	5.1	2.6	2.5	2.6	2.6
Foreign exchange reserves	282.8	(0.5)	(2.9)	(5.6)	(4.4)
	8,841.4	7,337.3	4,678.3	4,359.3	3,546.9
Non-controlling interest	(0.8)	0.0	-	-	-
Total equity	8,840.6	7,337.3	4,678.3	4,359.3	3,546.9
Non-current liabilities	10,927.7	11,129.7	4,674.5	3,646.9	3,001.5
Current liabilities	2,224.0	3,731.1	1,170.4	833.5	878.7
Liabilities of disposal group classified as held for disposal	0.0	0.0	0.0	0.1	0.1
Total liabilities	13,151.7	14,860.8	5,845.0	4,480.5	3,880.3
Total equity and liabilities	21,992.3	22,198.2	10,523.3	8,839.8	7,427.2
Net asset per share (RM)	5.33	5.34	3.80	3.60	3.22

FIVE-YEAR FINANCIAL HIGHLIGHTS

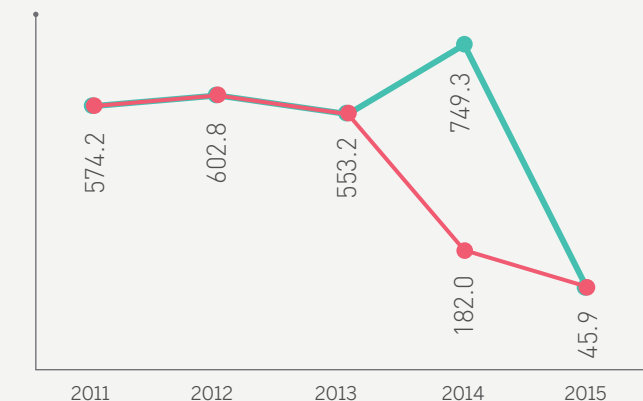
REVENUE

RM Million

2015 **3,870.2**

PROFIT BEFORE TAXATION

RM Million

2015 **45.9**

— PBT

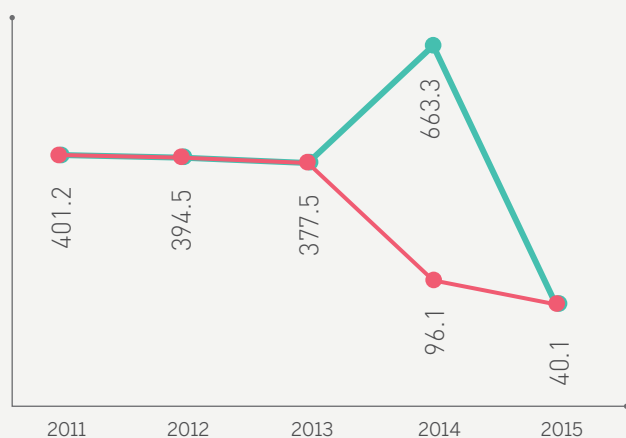
— PBT

*[excluding net acquisition gains in FY2014]

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

PROFIT FOR THE YEAR

RM Million

2015 **40.1**

— PAT

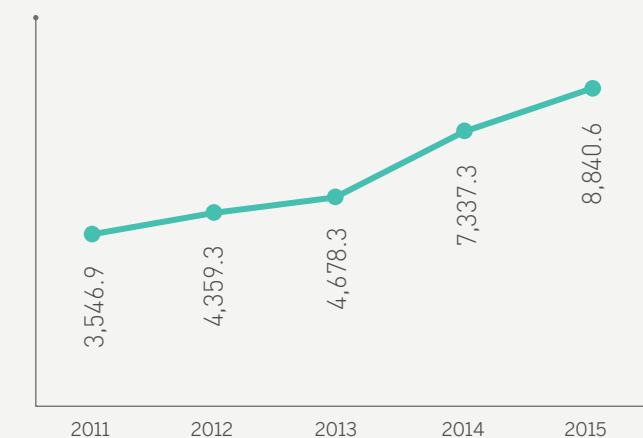
— PAT

*[excluding net acquisition gains in FY2014]

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

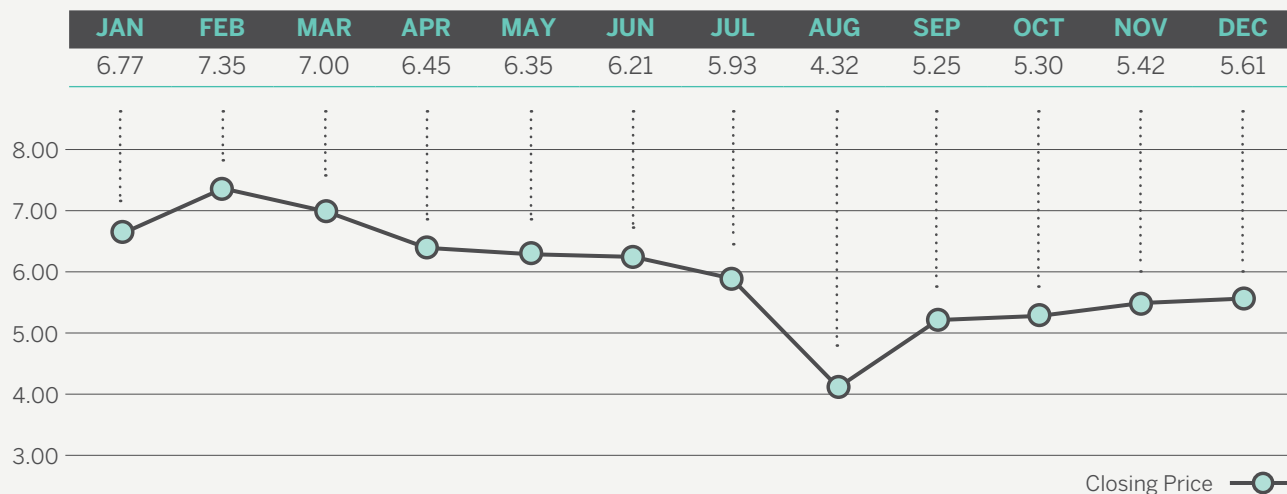
TOTAL EQUITY

RM Million

2015 **8,840.6**

SHARE PRICE, VOLUME TRADED, MARKET CAPITALISATION

SHARE PRICE MOVEMENT



2015 MONTHLY TRADING VOLUME & SHARE PRICE STATISTICS

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume ('000)	26.91	15.50	31.27	22.24	17.56	13.84	15.04	53.25	30.47	31.82	18.56	32.83
High (RM)	7.08	7.35	7.27	7.08	6.82	6.52	6.66	5.96	5.75	5.65	5.42	5.73
Low (RM)	5.96	6.58	6.74	6.45	6.06	6.10	5.88	4.22	4.23	5.14	5.05	5.21
Closing Price (RM)	6.77	7.35	7.00	6.45	6.35	6.21	5.93	4.32	5.25	5.30	5.42	5.61

MARKET CAPITALISATION



GROUP FINANCIAL PERFORMANCE

KEY FINANCIAL PERFORMANCE

Malaysia Airports Holdings Berhad (“Malaysia Airports”) had registered earnings before interest, tax, depreciation and amortisation (“EBITDA”) of RM1,679.1 million, representing a growth of 113.4% when compared to the financial year ended 31 December 2014 (“FY2014”). As a result, Malaysia Airports outperformed its financial headline KPI for FY2015. The achievement was on the back of a 44.3% growth in revenue, primarily arising from the Group’s Turkish operations in Istanbul Sabiha Gökçen Uluslararası Havalimani Yatırım Yapım Ve İşletme A.S. (“ISG”) and LGM Havalimani İşletmeleri Ticaret ve Turizm A.S. (“LGM”).

IC INTERPRETATION 12: SERVICE CONCESSION ARRANGEMENT

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

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

In line with the requirement of Financial Reporting Standard 111: Construction Contracts (FRS 111), Malaysia Airports recognises the construction revenues and costs by reference to the stage of completion of the construction works of klia2, which is a public sector infrastructure asset and service, currently being undertaken by Malaysia Airports. In FY2014, Malaysia Airports recognised the construction revenues in relation to the aforesaid project amounting to RM662.4 million. Malaysia Airports also recognised the construction costs amounting to RM633.9 million for klia2 in FY2014. klia2 was completed in May 2014.

GROUP PROFITABILITY

Excluding the effects of IC 12, Malaysia Airports registered revenue of RM3,870.2 million for FY2015 which was 44.3% higher than the RM2,681.3 million registered in its corresponding period in FY2014. Excluding the adjustments from the acquisition of ISG and LGM under FRS 3: Business Combinations, Profit before tax (PBT) had decreased by 70.1% to RM45.9 million while profit after tax (PAT) had also decreased by 40.5% to RM40.1 million from RM67.5 million in FY2014.

The higher operating revenues were attributable to improved results from the airport operations segment which grew by 44.2% to RM3,618.4 million. Revenue in non-airport operations segments grew by 46.8% to RM251.8 million. Despite the higher operating profits, Malaysia Airports recorded lower PBT and PAT due to the full year impact of finance cost for Malaysian operations by 77.3% or RM268.3 million and the PBT loss from ISG of RM172.0 million mainly due to the loss of RM201.9 million recognised primarily due to the amortisation of fair value for the concession rights, also contributing significantly to the lower PBT and PAT was the one-off acquisition net gains of RM567.3 million in FY2014.

GROUP FINANCIAL PERFORMANCE

Excluding the results of ISG and LGM and the one-off acquisition net gains of RM567.3 million in FY2014, the Group's PBT was 42.0% or RM35.9 million higher than the previous year. This is mainly due to the net gain on disposal of the Delhi International Airport Limited ("DIAL"), amounting to RM22.1 million in May 2015 and a realised gain on foreign exchange of RM63.5 million, represented by the repayment of the EUR279.2 million loan following the weakening of the Euro against Ringgit in April 2015 offset against the higher operating costs.

OPERATIONS REVIEW

Airport operations revenue continued to be driven by passenger growth of 4.7% in 2015. Total aircraft movements grew 5.8%.

The 44.2% increase in revenue generated by airport operations segment was mainly driven by aeronautical revenue which had improved by 41.6% to RM1,899.3 million due to ISG's aeronautical revenue of RM476.9 million and lower airline incentives by 55.2%. The improvement in aeronautical revenue 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. Higher aircraft movements also contributed to the increase in aeronautical revenue through landing revenue which increased by 1.7% to RM361.1 million in FY2015.

As mentioned above, higher finance, depreciation and amortisation costs curtailed the impact of improved revenues, thus causing a reduction in PBT.

Non-aeronautical revenue recorded a growth of 47.1% to RM1,719.0 million on the back of improved performance in the rental businesses. Revenue from rental of space, advertising and other commercial segments grew 88.9% to RM1,046.5 million, contributed by ISG's duty free business and higher occupancy rate and higher rental resulting from increase in rental space at klia2. Malaysia Airports' own retail business registered a growth of 9.4%.

TYPES OF REVENUE: AERONAUTICAL AND NON-AERONAUTICAL REVENUE

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

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

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

Excluding construction revenue, total non-aeronautical business continues to be a key in MAHB's earnings driver, accounting for 44.4%, or RM1,719.8 million, to the Group's revenue and this is in line with the Group's long term plan to further grow this branch of business.

GROUP FINANCIAL PERFORMANCE

BUSINESS SEGMENTS

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

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

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

Business Segment	FY2015 (RM'000)	FY2014 (RM'000)	Variance (%)
i) Airport operations	3,618,369	3,172,165	14.1
Airport Services:			
Aeronautical	1,899,348	1,341,075	41.6
Non-aeronautical (Rental & others)	1,046,500	553,997	88.9
Construction revenue	-	662,405	-100.0
Duty free and non-dutiable goods	672,520	614,688	9.4
ii) Non-airport operations	251,839	171,556	46.8
Hotel	86,018	74,136	16.0
Agriculture and horticulture	29,915	31,304	-4.4
Project and repair maintenance	135,907	66,116	105.6
Total revenue	3,870,207	3,343,721	15.7

SEGMENTAL REVENUE

Airport operations

(a) Airport services: This business segment comprises of aeronautical revenue from collection of PSC, landing and parking fees, and other ancillary charges to airlines; and non-aeronautical revenue generated from rental and other commercial activities. Aeronautical revenue increased by 41.6% to RM1,899.3 million in line with the acquisition of ISG and in tandem with growth in passenger and aircraft traffic. The improvement was also attributed to the recognition of MARCS PSC as the PSC rates are lower than the benchmark rate as stipulated in the Operating Agreements signed with the Government. The growth in aeronautical revenue is also contributed by the increase in landing revenue which grew 1.7% as a result of higher growth in aircraft movements.

Another contributing factor to the growth is the lower Airline Incentives of RM48.2 million in FY2015 compared to RM107.6 million that was recorded in the previous year. Revenue from rental space, advertising and other commercial segments grew 88.9% to RM1,046.5 million, contributed by ISG's duty free business and higher occupancy rate and higher rental resulting from increase in rental space at klia2.

GROUP FINANCIAL PERFORMANCE

- (b) Operations of duty free and non-duty free outlets:** This business segment includes the operations of duty free and non-duty free outlets and management of F&B outlets at designated airports. This business segment grew by 9.4%, to RM672.5 million in FY2015.

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 lower revenue contribution is due to the lower price attained for Fresh Fruit Bunch ("FFB") per tonne, despite the higher production volume (2015:67,056MT/RM440.23 vs. 2014:63,458MT/RM487.38) resulted in revenue contribution from the agriculture and horticulture segment to decrease to RM29.9 million in FY2015, which was 4.4% lower than the RM31.3 million registered in FY2014.
- (b) Hotel:** The Hotel segment manages and operates the Sama-Sama Hotel in Malaysia and the ISG airport hotel in Turkey. The hotel segment revenue increased by 16.0% to RM86.1 million, mainly attributed to the Turkish hotel operations.
- (c) Project and repair maintenance services:** The main activities include provision of mechanical, electrical and civil engineering services and the airport business consulting, maintenance and technical services. This segment recorded a very strong growth of 105.6% in revenue to RM135.9 million in FY2015, mainly due to new facility management work won including the provision of facility maintenance and IT services at the new Doha International Airport.

SEGMENTAL PROFITABILITY

1. Airport operations

- (a) Airport services:** Despite the increase in the airport services revenue, the segmental PBT declined by 50.3% to RM144.1 million in FY2015 compared to RM290.0 million reported in FY2014. This was mainly attributed to finance, depreciation and amortisation costs curtailed the impact of improved revenues, thus causing a reduction in PBT.
- (b) Operations of duty free and non-duty free outlets:** This segment incurred a loss before tax of RM72.5 million in FY2015 from a loss before tax of RM42.3 million in FY2014, due to lower growth in sales on the back of the challenging aviation market and increase in operating expenditure including rental, utilities and staff costs arising from the increase in retail space during the year.

2. Non-airport operations

- (a) Agriculture and horticulture:** The agriculture and horticulture business PBT had increased to RM2.3 million from a PBT of RM2.1 million in FY2014 due to higher production output despite lower price attained for FFB per tonne.
- (b) Hotel:** The hotel business recorded profit before-tax of RM0.4 million in FY2015, an improvement compared to loss before-tax of RM9.4 million recorded in FY2014. This was mainly due to strong contributions from Turkey.
- (c) Project and repair maintenance services:** This segment recorded a PBT of RM37.5 million in FY2015 compared to a PBT of RM27.6 million in FY2014, mainly due to new projects that were secured.

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 RM598.0 million for FY2015 as compared to a loss of RM18.9 million in FY2014. The higher economic loss in 2015 was mainly due to higher average invested capital contributed by ISG's and LGM's assets.

DIVIDENDS

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

The board will propose a final dividend in respect of the financial year ended 31 December 2015 of 4.50 sen per ordinary share amounting to RM74.7 million for shareholders' approval at the forthcoming Annual General Meeting.

HEADLINE KEY PERFORMANCE INDICATORS ('KPIs') FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016 ('FY2016')

The Headline KPIs are targets or aspirations meant to drive MAHB's performance in 2016. These Headline KPIs are disclosed publicly on a voluntary basis, signalling MAHB's commitment towards transparent performance measures and good corporate governance.

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

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

FY2016 Headline KPIs

MAHB's Headline KPIs for FY2016 are as follows:-

FINAL	FY2015
(i) EBITDA	RM1,716.0 million
MAHB Group (excluding Turkey)	RM902.1 million
Overseas business	EUR180.9 million (RM813.9 million-constant currency)
Turkey Operations	
(ii) Airport Service Quality Awards	Above 40 million pax category: KLIA Ranking Top 10

Malaysia Airport's EBITDA KPI for the financial year ending 2016 is RM1,716.0 million upon the consolidation of ISG and LGM. The Group's EBITDA KPI (excluding Turkey operations) for the financial year ending 2016 is RM902.1 million and overseas business (Turkey Operations - ISG & LGM) is EUR 180.9 million (or RM813.9 million). The increase in EBITDA will be in tandem with the expected growth in passenger movements, both in Malaysia and Turkey.

Despite expected prudent spending behaviour due to slow economy situation globally, we are confident that our business in Malaysia will continue to grow in tandem with expected increase in passenger movement. Combined with aggressive controls over spending (cost optimisation), Malaysia Airport is positive that 2016 EBITDA of RM902.1 million is achievable.

The consolidation of ISG and LGM will strengthen the Group's foothold and influence as an airport manager and airport operator and also reinforce our strategic position as a world class airport manager and operator.

AIRPORT PERFORMANCE BENCHMARK

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

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

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

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

Internal benchmarking, where an airport compares its performance with itself over time, is less complex than external benchmarking because the number of variables that change at an airport from one year to another is limited. However, year-over-year comparisons may not be simple as the variables involved may have changed. The complexities involved in making airport comparisons do not suggest that external benchmarking is totally meaningless but rather to show that many indicators will be useful primarily for internal benchmarking and even internal benchmarking should be viewed not as an end in itself. For external benchmarking results to be meaningful, it is essential to find truly comparable "peer" airports in terms of the many factors that drive the indicator and many performance indicators measure or include as a denominator, passengers, aircraft movements, or other factors which are largely beyond the airport's control.

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

- (i) Core measurements that shows the activity level at the airports such as passengers and categories of passengers, aircraft movements, cargo movements, airlines and destinations.
- (ii) Safety and security statistics such as runway accidents and incursions, bird strikes, occupational injuries etc. Safety indicators are used to track airfield safety issues as well as safety issues involving other portions of the airport, including roadways, and general employee safety. Security indicators may be used to track security violations, thefts and crimes, and responsiveness.

AIRPORT PERFORMANCE BENCHMARK

- (iii) Service quality levels such as customer satisfaction, delay statistics, and security, passport, check in and baggage clearing times. Service quality indicators focus both on how passengers perceive the level of service provided by the airport, and on objective measures of service delivery.
- (iv) Productivity/cost effectiveness such as passengers/aircraft movements per employee, aircraft movements per gate, total cost per passenger/aircraft movement, operating cost per work load unit etc. These indicators of airport efficiency measure the resources used to produce a certain volume of activity, e.g., departures per gate or total passengers per airport employee.
- (v) Financial and commercial measurements such as aeronautical/non-aeronautical revenue per passenger/aircraft, non-aeronautical operating revenue as a percentage of total revenue, 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, Skytrax and International Air Transport Association (IATA). LeighFisher produces regular reports on airports performance and charges but the reports are not current due to late reporting of financials by airports. Nevertheless, the reports are indeed a good source for benchmarking reference. The reports continue to indicate Malaysia as having one of the lowest airport charges in the world. 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.

The traffic performance of some airports in the region is as follows:

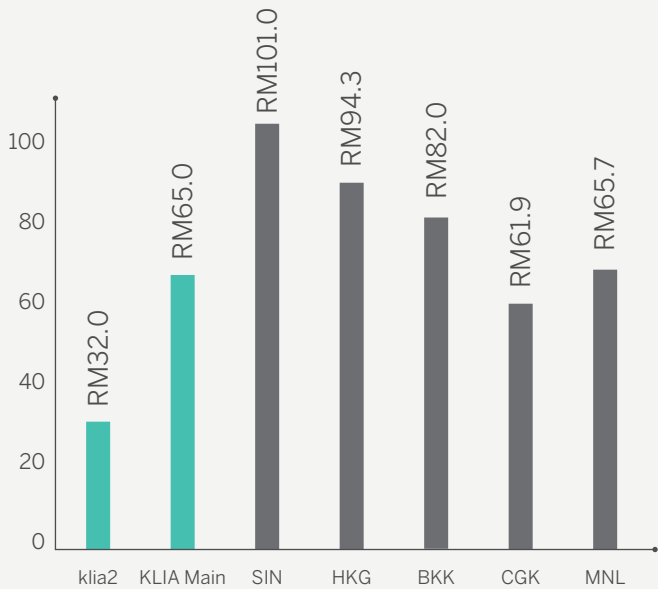
AIRPORT	2015 (MILLION)	% CHANGE
Hong Kong International Airport (HKG)	68.33	8.3
Changi International Airport Singapore (SIN)	55.45	2.5
Soekarno-Hatta International Airport Jakarta (CGK)	54.05	-5.5
Suvarnabhumi Airport Bangkok (BKK)	52.81	13.8
Incheon International Airport Seoul (ICN)	49.41	8.2
KL International Airport (KUL)	48.94	0.0

AIRPORT PERFORMANCE
BENCHMARK

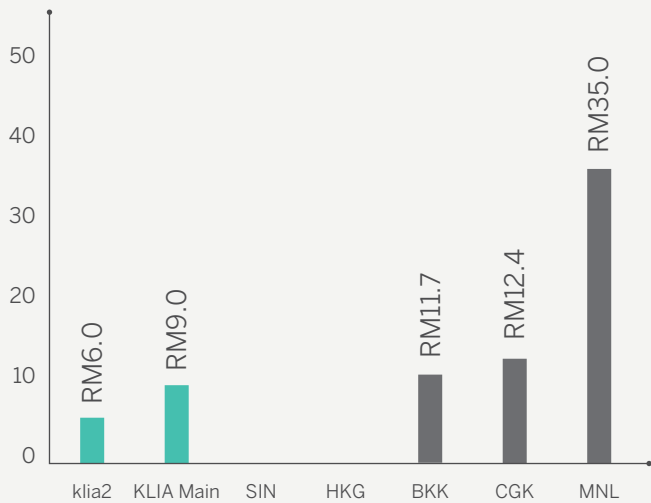
Source: ACI (Preliminary)

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

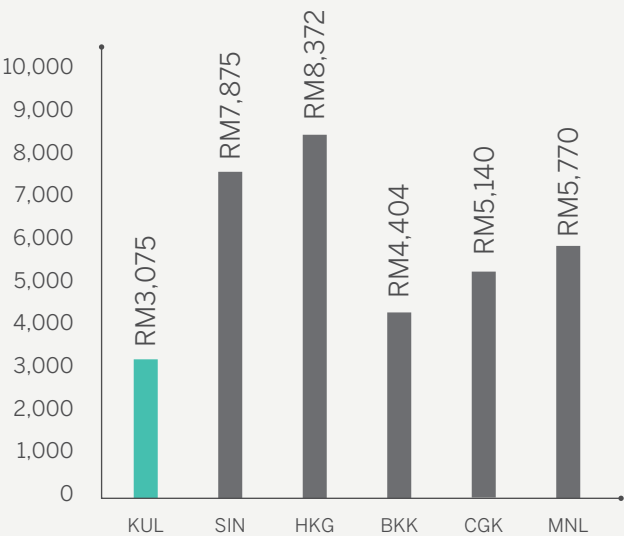
INTERNATIONAL PASSENGER SERVICE &
RELATED CHARGES OF PASSENGERS



DOMESTIC PASSENGER SERVICE &
RELATED CHARGES OF PASSENGERS



LANDING CHARGES (A330-300)



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

DIVIDEND POLICY

Dividend policy is one of Malaysia Airports' most important financial policies as shareholders' equity is an important source of a company's working capital.

A good dividend policy always serves in the best interests of the company and its shareholders.

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

Commencing from the financial year ended 31 December 2007, Malaysia Airports adopts a dividend policy with a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest, subject to availability of distributable reserves. The rationale for the dividend policy is as follows:

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

The summary of dividends declared and paid to the shareholders of Malaysia Airports for the financial years ended 31 December 2006 to 2015 are tabulated below:

Dividends declared from 2006 to 2015

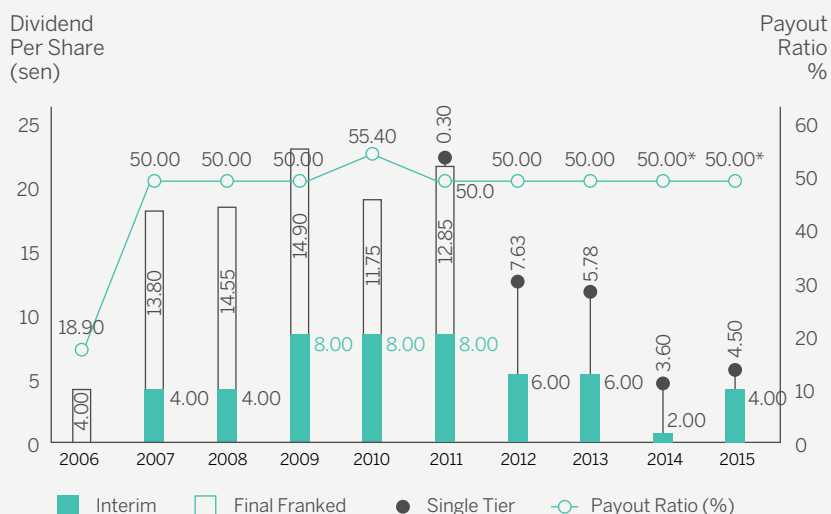
Financial Year	Interim Dividend (sen)		Final Dividend (sen)		Payout Ratio (%)*
	Franked	Single Tier	Franked	Single Tier	
2006			4.00		18.90%
2007	4.00		13.80		50.00%
2008	4.00		14.55		50.00%
2009	8.00		14.90		50.00%
2010	8.00		11.75		55.40%
2011	8.00		12.85	0.30	50.00% ¹
2012		6.00		7.63	50.00% ¹
2013		6.00		5.78	50.00% ¹
2014		2.00		3.60	50.00% ¹
2015		4.00		4.50	50.00%

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

¹ Excluding IC 12.

DIVIDEND POLICY

DIVIDEND PER SHARE (SEN)



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

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

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

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

FINANCIAL CALENDAR

FINANCIAL YEAR 2015

GENERAL MEETING

5 April 2016

NOTICE OF 17TH ANNUAL
GENERAL MEETING

27 April 2016

17TH ANNUAL GENERAL
MEETING

QUARTERLY RESULTS ANNOUNCEMENTS

5 May 2015

Unaudited consolidated
results for the 1st quarter ended
31 March 2015.

30 July 2015

Unaudited consolidated
results for the 2nd quarter ended
30 June 2015.

27 October 2015

Unaudited consolidated
results for the 3rd quarter ended
30 September 2015.

17 February 2016

Unaudited consolidated
results for the 4th quarter ended
31 December 2015.

HEADLINE KEY PERFORMANCE INDICATORS ANNOUNCEMENT

17 February 2016

2016 Headline Key Performance Indicators.

DIVIDENDS

Final Single-Tier Dividend of 3.60 sen per ordinary share of RM1.00 each

6 May 2015

Notice of
book closure date.

21 May 2015

Entitlement date.

18 June 2015

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

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

4 August 2015

Notice of
book closure date.

14 August 2015

Entitlement date.

28 August 2015

Payment date.

INVESTOR RELATIONS

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

QUARTERLY FINANCIAL RESULTS AND ANALYST BRIEFING

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

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

INVESTOR ENGAGEMENT

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

The Chief Financial Officer and Investor Relations team have been actively participating in meetings and conference calls with institutional investors, fund managers, analyst and rating agencies held in Malaysia as well as abroad. We participated in over 350 meetings, conference calls and large group presentations organised by local and foreign research houses, as an effort to continuously reaching out to wider investors base.

In addition to the above, the Investor Relations team has been actively engaging retail investors and the public by participating in Permodalan Nasional Berhad's 16th edition of Minggu Saham Amanah Malaysia on 19-27 April in Sibu and Khazanah's GLC Open Day on 7-9 August in Kuala Lumpur. An Investor Relations Day was also held on 11 August at klia2 which was participated by research analysts and institutional shareholders.



QR CODE
Scan this QR code to view MAHB's Investor Relations Portal.

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

• Investor Relations Portal

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

• Investor feedback

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

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

CREDIT RATING

Malaysia Airports is committed towards sound financial position and robust balance sheet. In FY2015, Malaysia Airports continues to exhibit strong fundamentals; evident by its strong investment grade credit ratings:

Rating Agency	Credit Rating
RAM	AAA
Moody's	A3

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

Investor Relations Contact:-

Zeid Abdul Razak, Investor Relations

Tel : +603 8777 7495

Fax : +603 8777 7830

E-Mail : investorrelations@malaysiaairports.com.my

CONFERENCES, ROADSHOWS AND EVENTS

6 JANUARY

CIMB Annual Malaysia Corporate Day,
Kuala Lumpur

7 JANUARY

DBS Pulse of Asia Conference,
Singapore

8 JANUARY

Credit Suisse ASEAN Conference,
Singapore

16 JANUARY

RHB ASEAN Corporate Day,
Kuala Lumpur

5 - 11 FEBRUARY

ISG Refinancing Roadshow in
Singapore, Istanbul, Dubai
and Abu Dhabi

23 - 24 MARCH

Credit Suisse Asian Investment
Conference, Hong Kong

19 - 27 APRIL

PNB 16th Minggu Saham Amanah
Malaysia, Sibul

20 - 21 APRIL

RHB Signature Infrastructure
Conference, Phuket

23 APRIL

Bursa Malaysia Invest Malaysia,
Kuala Lumpur

4 JUNE

Citibank ASEAN Conference,
Singapore

9 - 11 JUNE

Global Airport Development
Conference, Kuala Lumpur

17 JUNE

Bursa Malaysia In The Spotlight
Profiling, Kuala Lumpur

7 - 9 AUGUST

Khazanah GLC Open Day,
Kuala Lumpur

11 AUGUST

Investor Relations Day, klia2

23 NOVEMBER

JPMorgan Asia Rising Dragons
1x1 Forum, Kuala Lumpur

EQUITY RESEARCH COVERAGE

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



ENHANCING PASSENGER EXPERIENCE IN klia2

FREE BUGGY SERVICE

24 UNITS



42 WALKALATORS IN klia2 BY 2016

23 + 19

UNITS
(EXISTING)

UNITS
(BY END 2016)



TOTAL AIRPORT EXPERIENCE

EMBEDDING A CUSTOMER-CENTRIC CULTURE IN AIRPORT OPERATIONS TO PROVIDE AN INNOVATIVE AIRPORT EXPERIENCE FOR ALL PASSENGERS, AIRLINES AND RETAILERS



PASSENGER : NON-PASSENGER
(AIRPORT USER)

2:1



TOTAL AIRLINE INCENTIVES PAYOUT

RM560 MILLION

SINCE 2004



BEST SOCIAL MEDIA ENGAGEMENT AWARD

BY MALAYSIA SOCIAL
MEDIA CHAMBERS



BEST DUTY-FREE SHOPPING DESTINATION AWARD 2015

BY TRAVEL + LEISURE





CHAIRMAN'S STATEMENT

TAN SRI DATO' SRI DR WAN ABDUL AZIZ WAN ABDULLAH
CHAIRMAN



DEAR SHAREHOLDERS

I AM DELIGHTED TO REPORT THAT DESPITE A DIFFICULT OPERATING ENVIRONMENT AS A RESULT OF THE RUPTIONS IN THE GLOBAL ECONOMY, MALAYSIA AIRPORTS ACHIEVED ANOTHER YEAR OF HEALTHY REVENUE GROWTH, RECORDING A 44.3%* INCREASE TO RM3,870.2 MILLION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (FY2015) WITH EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (EBITDA) OF RM1,679.1 MILLION, ALMOST DOUBLE THAT OF FINANCIAL YEAR ENDED 31 DECEMBER 2014 (FY2014)*.

Istanbul Sabiha Gokcen International Airport (ISG), on the eastern side of Istanbul and now wholly-owned by Malaysia Airports, was a stand-out performer in contributing to the revenue and EBITDA growth. Our operations in ISG contributed more than 40% to the Group's EBITDA.

The release of our new business plan, Runway to Success 2020 (RtS2020) will ensure that Malaysia Airports is poised for further growth. I am excited to share with you our strategies for

the future, but first I would like to provide an insight into how Malaysia Airports fared over the past year.

The economic environment was challenging; even as the slump in oil prices heralded cheaper airfares, concerns grew about the health of the Chinese economy. At home, Malaysians grappled with the sharp decline in the value of the Ringgit, and a rise in the cost of living triggered partly by the implementation of a Goods and Services Tax in April 2015.



Strong growth experienced in ISG which registered double digit growth of 19.7%

We also felt the impact of Malaysia Airlines restructuring, while China passenger numbers have not yet fully recovered from the disappearance of MH370 nearly two years ago.

With the inclusion of ISG, Malaysia Airports handled a total of 112.0 million passengers in FY2015. The company had forecast passenger traffic growth of 3% year-on-year in its FY2015 KPI for its Malaysia operations. While growth had remained modest at 0.6% for our Malaysia operations in FY2015, the Group's traffic performance was compensated by the strong growth experienced in ISG which registered double digit growth of 19.7%. This had resulted in a total 4.8% growth when compared to FY2014 passenger traffic numbers.

At Kuala Lumpur International Airport, marking its 17th year in business, passenger movements remained steady at 48.9 million passengers. klia2 terminal grew 9.5% in its first full year of operations, handling 26.3 million passengers while passenger movements at KLIA Main Terminal fell 9.2% to 22.6 million passengers, as Malaysia Airlines' cut routes and frequencies.

I am also pleased to note that many of our domestic airports, including Langkawi International Airport, Penang International Airport and Sultan Abdul Aziz Shah Airport, Subang also reported growth in passenger traffic. Sultan Azlan Shah Airport, Ipoh and Melaka Airport both experienced more than double the amount of passenger traffic compared to FY2014. These were the results of improvements to facilities, and the ongoing efforts to liberalise the ASEAN aviation industry.

The Group continues to benefit from the arrival of new airlines, and I am delighted that we were able to attract five new operators in FY2015, including some of the most respected in the industry. Their arrival is testament to Kuala Lumpur's potential, underlined by some of the most competitive aeronautical charges in the region, and a range of attractive airline incentives.

2015 INDUSTRY OVERVIEW

The last year was an increasingly difficult one for the global economy, with growth easing to 3.1% in 2015, compared with 3.3% in 2014, according to the IMF. China's slowdown and economic restructuring, the gradual relaxation of the United States of America's extraordinarily accommodative monetary policy and the slump in commodity prices, particularly oil, all weighed on the world economy.

MAHB PERFORMANCE

Revenue

↑ **44.3%***
to RM 3,870.2 mil

EBITDA

↑ **113.4%***
to RM 1,679.1 mil

Passenger Traffic

↑ **4.8%**
million passengers

* Excluding the effects of IC 12 in FY2014

CHAIRMAN'S STATEMENT



However, cheap oil helped reduce airfares, even after accounting for the distortions caused by the rise in the value of the US Dollar, according to IATA, which helped boost passenger numbers. Global passenger traffic, measured as revenue per passenger kilometre, grew 6.5%, the highest since 2010.

It is heartening to see that demand rose in all parts of the world, with passenger traffic in the Asia-Pacific – of most importance to us – up 8.2%, the fastest growth among the three main aviation regions. In Europe, international traffic also climbed, as did capacity.

Malaysia's economy, one of the most open in the world, was not spared the impact of the global slowdown. As an oil

exporter – oil accounts for 30% of the country's revenues – the sharp drop in prices raised budgetary concerns, and contributed to a hefty depreciation in the Malaysian Ringgit.

However, the government continues to push ahead with reforms under the Economic Transformation Programme (ETP), which is designed to turn Malaysia into a high income economy by 2020. The ETP is built around key industry clusters – including aviation – with the aim of developing local champions, attracting foreign investment and creating new jobs.

Malaysia Airports takes its nation-building role seriously. We are committed to supporting government development

Malaysia Airports takes its nation-building role seriously. We are committed to supporting government development plans, and are an active partner in a number of government initiatives



plans, and are an active partner in a number of government initiatives, particularly as aviation is so crucial to so many aspects of the economy – from trade to tourism and skills development.

Aviation has also been identified as a key industry at the regional level, following ASEAN's adoption of the Asean Economic Community (AEC) at the end of 2015. Malaysia was an early advocate of open skies, which allows



carriers to fly without restriction to cities in other ASEAN nations, and the region is moving closer to the realisation of the ASEAN Single Aviation Market. Liberalisation has not only boosted demand for air travel, it has also fuelled the development of low-cost carriers across the region, with Malaysia's AirAsia leading the way. Malaysia Airports was the first to recognise the potential of the budget sector when it opened the Low-Cost Carrier Terminal (LCCT) in 2006, and with klia2, we are proud to have the world's largest terminal dedicated to low cost carriers. klia2 is designed to cater to as many as 45 million passengers a year, so we are well-placed to benefit from the expected increase in demand.

RtS2020 comprises two main thrusts – one is to strengthen our core business; and the other to expand and diversify our operations

A SUSTAINABLE BUSINESS STRATEGY

The volatility in the world economy has only underlined the need for a business strategy that can deliver results even in difficult economic times. Malaysia Airports is committed to fostering a sustainable business that delivers growth over the longer term and positions us to capitalise on future opportunities; while continuously being responsible towards the people and environment. Building a sustainable business ensures we have a firm financial base from which to grow and make further investments, creating benefits for all our stakeholders – from shareholders to employees and customers. This vision is outlined in our new five-year strategic business plan, Runway to Success 2020 (RtS2020). Our goal is to become the 'Global Leader in Creating Airport Cities' through the continuous improvement of our airport operations with a focus on service excellence, the development of complementary non-aeronautical sectors of our business, and by making strategic overseas investments.

RtS2020 comprises two main thrusts – one is to strengthen our core business; and the other to expand and diversify our operations. In strengthening our core, we have identified two strategic priorities –

CHAIRMAN'S STATEMENT

the establishment of KUL* as a hub; and improving the airport experience for all our stakeholders.

Apart from offering the best value in the region in terms of aeronautical charges, Kuala Lumpur's location within four to five hours flight time from various Asia Pacific destinations creates enormous potential for it to serve as a regional hub, especially with the current volatility in fuel prices and long-haul flight economics. The elevation of KLIA as a hub will focus on strategic route development, seamless connectivity and capacity expansion of our terminals.

As a service organisation, it is crucial for our growth strategy to focus on embedding a customer-centric culture in our airport operations in order to provide an innovative airport experience to passengers, airlines and retailers. This will have the effect of transforming KLIA into a digitised, efficient and differentiated hub, improving both aeronautical and non-aeronautical revenue.

The second thrust focuses on the strategic priorities of the development of Aeropolis; as well as focused and synergistic international investments. Airports are important links to global markets and crucial to a country's competitiveness. As such, our Aeropolis development is closely linked to Malaysia's development agenda. Clustered around three key areas - cargo and logistics; business and aviation parks; and MICE (meetings, incentives, conventions and exhibitions) and leisure, Aeropolis is envisaged not only as a hub for aviation, aerospace and logistics, but also as an engine for tourism growth.

Our plans took a significant step forward in November 2015, when the Ministry of Finance approved our request for a 60-year land lease extension at KLIA, and our other airports, on a rolling basis.

The initial development of the more than 1,214 hectares of land at the Aeropolis are already underway. The first phase of the Mitsui Outlet Park, on a 180,000 square meter plot near to Malaysia Airports' head office, opened in May 2015, and is intended as a pacesetter for the Aeropolis project – to provide an indication for investors and developers of the Aeropolis development value and commercial potential. By the end of 2015, the mall was drawing an average of 400,000 visitors a month.

Aeropolis' air cargo and logistics centre will be built on the site of the former LCCT and aims to improve connectivity within Malaysia and around the region, lifting cargo growth to 8% a year by 2020. Again, the project supports major federal government initiatives under the Logistics and Trade Facilitation Masterplan (2015 - 2020).

We also plan to attract and nurture aviation-focused businesses, including fixed base operators (FBO), maintenance, repair and operations (MRO) and original equipment manufacturers (OEM), mirroring the National Aerospace Blueprint (2015 - 2030). The aim is to capture about 50% of Southeast Asia's MRO business and create some 40,000 jobs centred on KLIA and the airports at Subang and Melaka.



The second strategic priority under the expand and diversify thrust is positioned to drive international investments within a structured framework to build a balanced diversified portfolio of international assets whilst exporting core airport consultancy and operator services.

Malaysia Airports became the first Asian airport operator to fully own a European airport when it took full control of ISG at the end of 2014. We believe ISG offers promising growth opportunities and significant financial upside. Meanwhile, we aim to capitalise on the trend towards privatisation around the world by investing in airport assets that can be repositioned and leverage on our airport management skills to improve their efficiency and profits.

* IATA Code for Kuala Lumpur International Airport

CHAIRMAN'S
STATEMENT

OUR COMMITMENT

Sustainability and good corporate governance are part of Malaysia Airports' business DNA. Our success was acknowledged in the GLC Transformation Programme (GLCTP), a ten-year plan to transform Malaysia's government-linked companies into high performing entities, from which Malaysia Airports graduated in August 2015 as the second top performing GLC in terms of total shareholder returns.

The programme recognised our ability to create value in what is a highly regulated industry, and acknowledged the Board's increasing effectiveness in improving corporate governance by defining frameworks for procurement, leadership development and social responsibility. I am proud to report that our Board is extremely hands-on in relation to its work.

Since 2014, an officer from the Malaysian Anti-Corruption Commission has been seconded to Malaysia Airports, which provides an independent avenue for employees to raise issues that concern them. The chairs of our Procurement and Whistleblowing Committees are also independent, reporting directly to the Board. The Group's Integrity Unit has embarked on a series of workshops to address questions of corruption, fraud and criminality.

CHAIRMAN'S STATEMENT

Malaysia Airports is attracting attention among ESG funds and was one of the first 24 stocks chosen for the FTSE4Good Bursa Malaysia index



In early 2015, we reinforced our commitment to integrity by extending the signing of the Corporate Integrity Pledge to the senior management team of Malaysia Airports. One example of our commitment to transparent business practices is the publication of monthly progress reports on klia2's special maintenance programme to address soil settlement and water ponding issues.

With the acquisition of ISG, we have also made sure that our corporate governance guidelines are aligned across the Group.

Malaysia Airports is committed to investing in its nearly 11,000 employees. They are key to our company's long-term success and we do not take them for granted. Malaysia Airports strives to recruit, nurture and retain the best talent by providing clear opportunities for career progression, and professional development. Some

18 employees graduated in September 2015 from the MBA/DBA programme developed in collaboration with the Arshad Ayub Graduate Business School, UiTM and Malaysia Institute of Transport. I am extremely proud to report that four of our candidates made the Dean's List.

In tandem with corporate Malaysia, we are also committed to bringing more women into senior leadership roles. As of FY2015, a third of our senior management team was female, but only two of ten board members. We aim to achieve 30% female representation on our Board as soon as noticeable.

As a sign of our commitment to the environment, Malaysia Airports aims to be a significant and direct contributor to the government's target of reducing carbon emissions intensity by 40% by 2025. In 2014, we had invested RM200 million in a solar power system at KLIA, the largest in Malaysia.

The GLCTP in its final report found Malaysia Airports Greenhouse Gas Emissions per employee dropped by 19% from 2004 – 2014, while energy consumption per employee declined by 6%, placing us among the best performing GLCs.

We joined the Airport Carbon Accreditation programme in 2015, which includes some 137 airports around the world, committed to reducing emissions by investing in new technologies in others such as electricity generation, lighting and air-conditioning provision.

These efforts have not gone unnoticed. Malaysia Airports is attracting attention among ESG funds and was one of the first 24 stocks chosen for the FTSE4Good Bursa Malaysia index, which was launched in December 2014 and measures environmental, social and governance practices at publicly-listed companies.

CHAIRMAN'S STATEMENT

OUTLOOK FOR 2016

At Malaysia Airports, we are prepared for 2016 to be another challenging year, but are confident that our business will continue to expand.

We are positioning ourselves for longer-term growth and, as we look towards 2020, we have set ourselves what we consider to be ambitious but achievable targets, some of which have been mentioned in the earlier part of my statement.

ISG is a crucial part of our future growth, promising highly attractive returns over the longer-term. Turkey is the sixth most-visited country in the world and Istanbul is fast becoming a major transit hub. The construction for the airport's second runway is underway and will at least double ISG's airside capacity by 2018.

We are also mindful of the need for us to be more pro-active in our communications with all our stakeholders, from investors to airlines, vendors and passengers.

Our airports are the gateway to Malaysia, and we are an active partner in the development of this nation. It is our duty as responsible corporate citizens to ensure that we are at all times, open, honest and transparent in what we do.

THE BOARD

Throughout 2015, the Board proved an invaluable resource to the success of Malaysia Airports operations.

In particular, I would like to thank Dato' Siti Zauyah binti Md Desa and Dato' Sri Dr Ismail bin Haji Bakar, as well as his alternate, Datuk Ruhaizah binti Mohamed Rashid for their invaluable service. Dato' Siti Zauyah had stepped down in May 2015 while Dato' Sri Dr Ismail had stepped down in December 2015. I also would like to take this opportunity to welcome Dato' Sri Dr Mohamad Isa bin Hussain who was appointed to the Board in May 2015.

I am confident that the Board's expertise will help move the company forward as it sets out to achieve the vision of RtS2020.

APPRECIATION

Finally, I would like to record my deepest appreciation to all those who have helped ensure the continued success of Malaysia Airports throughout 2015.

To the Government of Malaysia and the regulatory agencies for mapping out the regulatory framework that will guide our future development.

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

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

To our dedicated employees in Malaysia and elsewhere in the world, for their commitment to Malaysia Airports and all that it aims to achieve.

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

Thank you.



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

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

DATUK BADLISHAM BIN GHAZALI
MANAGING DIRECTOR



DEAR SHAREHOLDERS

THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (FY2015) WAS THE FIRST YEAR IN WHICH THE RESULTS FROM OUR TURKISH OPERATIONS WERE CONSOLIDATED INTO THE ACCOUNTS. MALAYSIA AIRPORTS IS NOW THE SECOND LARGEST AIRPORT OPERATOR GROUP IN THE WORLD IN TERMS OF NUMBER OF PASSENGERS HANDLED WHEN WE RECORDED 112.0 MILLION PASSENGERS FOR FY2015.

Despite challenging economic conditions in FY2015, sustained passenger growth in Istanbul Sabiha Gokcen International Airport (ISG), Turkey, as well as higher rental and retail sales contributed to a 44.3%* revenue growth compared to the financial year ended 31 December 2014 (FY2014).

There was a decline in profit before tax (PBT) for FY2015 - among others, resulting from our investments in

ISG. We are confident that our international growth strategy will provide revenue to capitalise on the growing global aviation industry for further growth in years to come.

This confidence in our future is reflected in our proposal of a final dividend payment of 4.50 sen per ordinary share for FY2015 as opposed to 3.60 sen per ordinary share for FY2014.

* Excluding the effects of IC 12 in FY2014

MANAGING DIRECTOR'S REVIEW OF OPERATIONS



HIGHLIGHTS OF THE FINANCIAL YEAR 2015

- ★ With the acquisition of ISG, Malaysia Airports is now the second largest airport operator group in the world in terms of passengers handled. Our Turkish operations contributed RM700.5 million, or more than 40% to the Group's earnings before interest, tax, depreciation and amortisation (EBITDA).
- ★ Passenger movements across all airports operated by Malaysia Airports in Malaysia and Turkey rose 4.8% to 112.0 million passengers. In Malaysia, passenger numbers rose by 0.6% to 83.8 million passengers. December remained the busiest month of the year in Malaysia with passenger movements crossing the eight million mark. Movements at ISG, rose 19.7% to 28.3 million passengers.
- ★ Malaysia Airports recorded revenue of RM3,870.2 million in FY2015, compared with RM2,681.3 million* for FY2014.
- ★ EBITDA almost doubled* in FY2015, to RM1,679.1 million, significantly higher than our KPI for the year, which was RM1,552.4 million.



- ★ Malaysia Airports recorded 1,021,520 commercial aircraft movements across the group in FY2015, an increase of 5.9% from FY2014. Movements in Malaysia rose 3.0% to 815,340, while movements at ISG increased 19.3% to 206,180.
- ★ In April 2015, Malaysia Airports successfully refinanced ISG's EUR500 million debt at a reduced rate of interest using an innovative reverse flex mechanism winning the International Financing Review (IFR) Asia Loan of the Year by Thomson Reuters.
- ★ The Mitsui Outlet Park KLIA (MOP KLIA), a retail outlet park and a model for the development of KLIA Aeropolis was opened officially at the end of May. By December it was attracting 400,000 people a month
- ★ Kuala Lumpur International Airport (KLIA) retained its position as the world's number two airport in its category of 40 - 50 million passengers per annum (mppa) in the Skytrax 2015 World Airport Awards. The airport took tenth place in the staff service category. Meanwhile, klia2 was recognised at number five under the Low-Cost Airline Terminal category.
- ★ In 2015, Langkawi International Airport (LIA) received Airports Council International (ACI) ASQ Award for Best Airport in Asia Pacific 2014 for the 0-2 mppa category. LIA has now moved into 2-5 mppa category.

* Excluding the effects of IC 12 in FY2014

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

According to IATA, 2015 was a boom year for aviation, as lower airfares encouraged more people to travel. Global passenger traffic, measured as revenue passenger kilometres (RPK), rose 6.5%, faster than both the ten-year global average growth rate and the fastest since 2010. Airfares were about 5% lower than in 2014, after adjusting for distortions caused by the appreciation of the US Dollar.

Demand grew in all parts of the world, with Asia-Pacific carriers recording the biggest increase of 8.2%. Improved connectivity helped boost demand, according to IATA. Across the globe, all domestic markets showed growth, with India recording a 24% jump in demand.

In Europe, international traffic climbed 5.0% in 2015, as consumer confidence improved. Load factors rose to 82.6%, the highest of any region in the world. Meanwhile, demand rose 3.1% in North America and 13.0% for Middle Eastern carriers.

Air travel and GDP growth are closely correlated. In 2015, the world economy expanded an estimated 3.1%, according to the IMF. ASEAN countries, with a combined population of more than 600 million people, saw economic growth across the region at 4.5%. In Malaysia growth slowed to 5%, according to the central bank, as oil prices dropped and the implementation of GST affected consumer spending in the middle of the year.

Nevertheless, lower oil prices are expected to have had a positive effect on the airline industry's bottom line. IATA estimates the airlines' fuel bill to be about USD180 billion with Brent at USD55 per barrel, and had expected airlines' profits to double to USD33 billion in 2015.

While the sharp drop in oil prices has helped the aviation industry, at Malaysia Airports, we continuously strive to ensure that the services we provide to airlines remain as efficient as possible. Shorter turnaround times and smooth traffic flow, due to KLIA's three runway configuration, all help reduce fuel burn and, as a result, costs for the airlines.

FINANCIAL PERFORMANCE

In recording its revenue, Malaysia Airports recognises construction revenues and costs of public sector infrastructure assets and services being undertaken by the Group in relation to their stage of completion. This is part of the company's obligations under the IC Interpretation 12: Service Concession Arrangements (IC 12) and Financial Reporting Standard 111: Construction Contracts (FRS 111), which were adopted on 1 January 2011. Excluding the effects of IC 12, revenue for the year was RM3,870.2 million, which was 44.3% higher from FY2014.

By the same token, Malaysia Airports recorded earnings before interest, tax, depreciation and amortisation (EBITDA) of RM1,679.1 million in FY2015, up 113.4%* from FY2014, and above the KPI target of RM1,552.4 million that we had set for the year. Strong revenue growth, primarily from airport operations in Turkey, boosted EBITDA.

With the completion of klia2, Malaysia Airports did not recognise any construction revenue in FY2015. Construction revenue was RM662.4 million in FY2014 when construction of klia2 was completed.

Airport operations revenue rose 44.2% to RM3,618.4 million, supported by the rapid growth at ISG, as well as a stronger performance from commercial operations in Malaysia. Our operations in Turkey contributed RM908.0 million to airport operations revenue.

Despite the rise in revenue, PBT fell to RM45.9 million in FY2015, compared with RM749.3 million in FY2015 primarily due to one-off net gains arising from the acquisition of our Turkish operations totalling RM567.3 million in FY2014. Excluding this and the amortisation on concession rights in Turkey as well as a revaluation associated with the Group's investment in ISG and LGM Havalimani Isletmeleri Ticaret Ve Turizm A.S (LGM), the Group PBT rose by RM65.8 million, or 36.1%.



* Excluding the effects of IC 12 in FY2014

MANAGING DIRECTOR'S REVIEW OF OPERATIONS



The increased revenue in FY2015 reflected the continued strength of the Group's core airport business. Malaysia Airports reported an 8.0% increase in airport operations revenue in Malaysia, thanks to the expansion of both aeronautical and non-aeronautical activities.

In Malaysia, sustained passenger and aircraft movements, supported by airlines' deployment of larger wide-bodied aircraft which incur higher charges, as well as a reduction in airline incentives and an increase in the Marginal Cost Support (MARCS) for the Passenger Service Charge helped lift aeronautical revenue by 6.1% to RM1,422.4 million in FY2015. EBITDA for the Malaysian operations rose by 24.4% to RM978.6 million. Landing and parking revenue rose 1.7% while PSC rose by 0.9% over the year.

The MARCS PSC reflects the difference between the actual PSC and the benchmark PSC. Under the Operating Agreement (OA) signed with the Government of Malaysia in February 2009, benchmark PSC rates are revised every five years, according to a calculation laid out in the OA. The second tariff cycle revision came into effect on 12 February 2014. MARCS PSC of RM87.7 million was recognised in FY2015, 9.2% more than in FY2014.

The decline in PBT for the year under review reflects the costs of our investments in Turkey. The accounts of ISG and LGM recognised a combined loss of RM172.0 million primarily from the amortisation of fair value for the concession rights. Without that, the two companies recorded a PBT of RM29.9 million.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

No construction profits were recognised in 2015. After removing the results from ISG and LGM, PBT was RM217.9 million, compared with RM720.8 million in FY2014.

The lower PBT reflects the one-off gain arising from the re-measurement of the fair value of investment in ISG and LGM of RM483.7 million; the difference between the carrying amount of previously held equity interest and the fair value of the assets at the acquisition date. In FY2014, the Group had also recognised a gain on bargain purchase of RM314.9 million arising from the acquisition of ISG, and an impairment of goodwill from the purchase of LGM of RM231.3 million. Excluding the ISG and LGM results, as well as the acquisition adjustments, the Group PBT was 19.7% higher than in FY2014. A one-off gain on foreign exchange arising from the translation of the bridging loan, and the gain from the sale of our stake in Indira Gandhi International Airport, Delhi, India (DIAL), contributed to the PBT.

In Malaysia, the significant expansion of retail and commercial space with the opening of klia2 – more than four times larger than the old Low-Cost Carrier Terminal (LCCT) – underpinned growth in non-aeronautical revenue, which rose 10.3% to RM1,288.8 million in FY2015. Retail revenue climbed 9.4% to RM672.5 million, while income from the rental of space, advertising and other commercial operations grew 11.2% to RM616.2 million despite weaker consumer sentiment. Including ISG, rental and royalties revenue was up 47.2%, thanks to its duty free business.

Malaysia Airports non-airport operations saw total revenue rise by 46.8% in the year under review to RM251.8 million. LGM contributed RM12.2 million of the RM80.3 million revenue increase.

Excluding LGM, non-airport revenue rose 39.7% to RM239.7 million in FY2015, compared with RM171.6 million in FY2014. Revenue for project and repair maintenance more than doubled to RM135.9 million, thanks to higher revenue at MACS Middle East LLC, which provides maintenance and IT services at the Doha International Airport in Qatar.



Revenue from hotel operations was at RM73.9 million. The occupancy rate at Sama-Sama Hotel softened to 69% in FY2015 compared with 75% the year before. The average room rate rose to RM392.09 a night in 2015, compared with RM371.30 a night. Revenue at Malaysia Airports agriculture business dropped 4.4% to RM29.9 million, even as output increased, because the price of fresh fruit bunches (FFB) dropped to RM440.23 per tonne in FY2015, compared with RM487.38 per tonne in FY2014.



MANAGING DIRECTOR'S REVIEW OF OPERATIONS



ECONOMIC PROFIT

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

Malaysia Airports recorded an economic loss of RM598 million for FY2015 compared with an economic loss of RM18.9 million in the previous year. The loss was due to the increase in average invested capital contributed by ISG and LGM's assets.

TRAFFIC PERFORMANCE

Passenger Movements

Malaysia Airports' Turkish and Malaysian operations registered 112.0 million passenger movements in FY2015. International traffic rose 2.0% to 49.7 million passengers, while domestic traffic rose 7.1% to 62.4 million passengers.

Growth was most marked at ISG, passenger movements rose 19.7% overall to 28.3 million passengers, with ISG retaining its position as Europe's fastest growing airport. Domestic passengers rose 23.6% and international, 12.8%.

In Malaysia, growth was more subdued. Overall, the Group's local airports registered 83.8 million movements, an increase of 0.6% over 2014. International movements declined marginally by 0.3% to 40.0 million passengers, while domestic passengers rose by 1.4% to 43.8 million passengers. This was partly contributed by challenging economic conditions and Malaysia Airlines routes rationalisation.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

KLIA handled 48.9 million passengers in FY2015, the same as in FY2014. Passenger volumes at KLIA Main Terminal fell 9.2% to 22.6 million (international passengers fell 7.4% and domestic by 14.9%) as Malaysia Airlines reduced capacity.

Total passenger numbers at klia2, the world's largest terminal dedicated to low cost carriers, rose 9.5% to 26.3 million passengers, as Malindo Air and AirAsia stepped up their operations. International passenger traffic rose 8.7% to 17.2 million while domestic passenger numbers increased by 11.2% to 9.1 million.

KLIA as a whole recorded double-digit increases in passenger traffic from India, Pakistan, the Philippines, Qatar and Thailand, and single-digit growth from Saudi Arabia, Singapore, the United Kingdom, Cambodia, Vietnam and China. We are particularly encouraged by the performance of secondary cities such

as Chongqing, Fuzhou, Tianjin, Xian, Xiamen and Zhengzhou where passenger growth was in the double and triple digits, suggesting the return of the China market.

Beyond KLIA, Malaysia Airports' other facilities reported steady passenger growth, notably at Langkawi International Airport; Penang International Airport; Sultan Ismail Petra Airport, Kota Bharu; Sultan Abdul Aziz Shah Airport, Subang and Sultan Abdul Halim Airport, Alor Setar. Terminal One at Kota Kinabalu International Airport was officially launched by the Prime Minister of Malaysia in September 2015 with AirAsia moving its operations there in December. Sultan Azlan Shah Airport, Ipoh and Melaka Airport both reported passenger numbers more than doubled albeit from a low base after airport upgrades lured new carriers.

Aircraft Movements

Overall aircraft movements at our airports increased by 5.8% to 1.04 million movements; a positive indication of the continuing demand for air travel despite the weaker economic conditions.

In Malaysia, domestic aircraft movements rose 3.2% to 519,855, while international movements increased by 2.6% to 295,485, as we welcomed new airlines and our existing carriers increased route frequencies. British Airways, All Nippon Airways and Air China all returned to KLIA in 2015. Another noticeable feature of the year was the expansion of charter and scheduled routes from Kota Kinabalu direct to North East Asia.



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Growth remained in double-digits at ISG throughout the year, with 206,180 movements in FY2015, compared with 172,808 in 2014, a rise of 19.3%. International air traffic rose 14.3% to 76,548 while domestic aircraft movements increased by 22.5% to 129,632.

Cargo Movements

Cargo movements at our facilities declined to 974,370 metric tonnes in 2015. This is in line with the general air cargo performance across the world.

OVERSEAS VENTURES

ISG, Istanbul's second airport is a key focus of our overseas ventures. We believe the airport, the only one on the "Asian side" of the Bosphorus, offers a highly attractive long-term growth story in which Malaysia Airports is able to take a lead role.

The Group completed the acquisition of its 100% stake in the airport, named after Turkey's first female fighter pilot, at the end of 2014, following EGM approval for both the acquisition and an accompanying rights issue. The refinancing of its EUR500 million term loan was successfully completed in April 2015.

BNP Paribas Fortis SA/NV, CIMB Bank Berhad, Labuan Offshore Bank and Deutsche Bank AG, Singapore were jointly the mandated lead arranger for the loan, which drew interest from 19 banks, along with firm commitments of EUR1 billion during syndication. As a result, Malaysia Airports was able to reduce the margin on the loan from 2.75% p.a. over Euribor to 2.5% p.a. over Euribor through an interest margin reduction mechanism, known as a reverse flex structure. The ISG deal was the first such exercise by a corporate borrower outside the United States of America.

Overall passenger numbers at ISG grew faster than the targeted 15%. Of that, international and domestic passenger movements both exceeded expectations. ISG was the world's fastest growing airport in 2009 and 2010, as well as in 2013 and 2014 and has been Europe's fastest growing for the past seven years.

ISG has a 20+2-year concession from the Turkish government to operate the airport on a design-build-operate agreement, which began in May 2008. Our aim is to expand ISG in order to cater to more than 60 million passengers a year by 2020. The construction of the second runway which is already underway, is expected to at least double ISG's airside capacity. The runway construction is funded by the Turkish government.



The airport is a second hub for Turkish Airlines, and the main hub for low cost carrier Pegasus Airlines. Some 51 airlines offer direct flights to 39 domestic and 97 international destinations from ISG, which was named Airport of the Year by CAPA (15-25 mppa) in 2014. Qatar Airways became an ISG customer in May 2013, and Emirates started a daily flight between ISG and Dubai, in December 2015.

While we are mindful of the potential for increased competition once the existing Ataturk airport is replaced, we are confident that ISG's strategic location and easy accessibility from Istanbul provide it with a competitive edge. We also believe that over the medium term there is the potential to raise tariffs. ISG increased its share of the Istanbul market to 31.6% in 2015, compared with 29.4% in 2014.

In May, we sold our remaining 10% stake in DIAL to GMR Airports Ltd. for USD80 million. More than 20 years after our first overseas foray, our long-term strategy is to look for international investments that would give us a significant amount of control.



**MANAGING DIRECTOR'S
REVIEW OF OPERATIONS**

RUNWAY TO SUCCESS 2020 (RtS2020)



The year 2014 marked the conclusion of Malaysia Airports' five-year strategic business plan, Runway to Success 2010-2014 (RtS 2010-2014). Over the five years of the plan, we transformed ourselves into one of the world's largest private sector airport operators, becoming the only Asian airport operator to run a European airport.

A key milestone in RtS 2010-2014 was the opening of klia2, the world's largest terminal dedicated to low cost carriers. The innovative addition of a shopping mall annexe to the terminal had served to enhance passenger experience and boosted non-aeronautical revenue. As part of the KLIA airport systems, klia2 strengthens KLIA's position as an attractive regional hub. With three independent runways and a combined capacity of 75 mppa (KLIA Main Terminal: 30 mppa; klia2: 45 mppa), KLIA is able to cater for future growth to accommodate the continued demand in air travel.

Our successes have been benchmarked internationally, and recognised at home where we graduated from the GLC Transformation Programme in August 2015 as the second top performing GLC in terms of shareholder return. Over the past decade, Malaysia Airports' shareholder return has been more than 500% and, our market capitalisation has grown more than six times over the same period.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

The Group is now embarking on Runway to Success 2020 (RtS2020), with the aim of becoming a 'Global Leader in Creating Airport Cities'. We have set ourselves ambitious targets, but we are confident they can be achieved.

In formulating RtS2020, we aim not only to support Malaysia's own national development plans, but also to leverage on the potential provided by our land bank. As airports become an increasingly important link to global markets and a major factor in a country's competitiveness, KLIA's extensive land bank provides us with a unique opportunity to establish a platform for business and trade that will enhance our operations and contribute to our country's future growth.

The plan has two key thrusts; firstly, to strengthen our core airport business and, secondly, to expand and diversify our operations.

In strengthening our airport business, we will intensify our efforts to establish KUL* as a preferred ASEAN hub by providing excellent connectivity and seamless transfers. Our target is to attract more than 17 new airlines to KUL* over the next five years, improving flight connectivity in the high-growth short to medium-haul market and expanding long haul destinations.



By 2020, we aim to reduce transfer times for full service and low-cost carrier passengers by between 18% and 40% by enabling airside transfers. More efficient use of check-in counters, a redesign of passenger flow and retail areas as well as the expansion of the contact pier and main terminal building at KLIA Main Terminal should also help us meet our target of adding capacity between 20 and 25 mppa on top of the current 30 mppa.

As a service organisation, our customers are our priority. Whether travellers, airlines, retailers or visitors, they will benefit from increased attention to service as we strive to create a 'Total Airport Experience'.

* IATA Code for Kuala Lumpur International Airport

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Notable initiatives include improved wayfinding in and around the airport terminals, themed gates and personalised service for premium passengers. We are also working on digital enhancements that will enable airport users to book car parking more easily, navigate their way around the airport with the assistance of time-to-gate notifications, and shop online.

The second thrust of RtS2020 – expanding and diversifying our business – focuses on the development of the Aeropolis, and strategic investments overseas.

The KLIA Aeropolis is a key enabler of our vision to be a 'Global Leader in Creating Airport Cities', and focuses on the development of logistics, aviation and technology parks complemented by world-class commercial and retail complexes. Our aim is not only to establish KLIA as a preferred ASEAN hub but also a destination in its own right; the ultimate airport city. Already, with the opening of gateway@klia2 shopping mall and the Mitsui Outlet Park KLIA (MOP KLIA), we are seeing more non-passengers making the trip to the airport and its vicinity. Our data has shown that there was a ratio of 2:1 passenger to non-passenger who visits klia2 in any given month. Meanwhile, the first phase of MOP KLIA which

opened in May 2015, involving 140 shops over 25,000 square metres, recorded some 400,000 visitors in December 2015.

The Aeropolis is also closely aligned with Malaysia's development agenda, with trade and logistics being a pillar of the government's Economic Transformation Programme (ETP), mapped out in the Logistics and Trade Facilitation Masterplan (2015 - 2020) and the 2nd Malaysia National Aerospace Industry Blueprint (2015 - 2030). The government's approval in November 2015 to grant our request for a 60-year land lease extension at KLIA and our other airports on a rolling basis, was an enormous boost to the initiative.



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

The Aeropolis plan envisages development will take place in phases over the next 15 to 25 years, bringing in about RM7 billion in investments.

Under Aeropolis, cargo and logistics will be expanded whereby we are targeting annual cargo growth of 8% a year by 2020.

Apart from this, three dedicated aviation parks will be developed, each with their own area of specialisation, at Subang, KLIA, and Melaka. It is planned that KLIA will focus on high-end maintenance, repair and operations (MRO), Subang will become a centre for private jets and helicopters, and Melaka will take on lower to mid-tier MRO activities. Under this initiative, we aim to capture about 50% of Southeast Asia's MRO market and create some 40,000 jobs, underpinning the government's plan to develop an aviation support industry as part of the country's ETP.

The Aeropolis plan will also leverage on the country's strategic development plans for tourism which aims to quadruple tourist receipts from RM19 billion in 2013 to RM79 billion in 2025.

MOP KLIA will be expanded in two phases, in 2018 and 2021, and will eventually accommodate 260 outlets covering a combined area of more than 46,000 square metres. We also envisage the development of theme parks and retail/commercial parks, modelled after successful joint ventures with Mitsui Fudosan Co. Ltd., which owns 70% of MOP KLIA and has a proven track record in both property development and retail through its operation of 12 factory outlets in Japan.



By 2020, the project is expected to have created 2,577 jobs and generated some RM221 million in Gross National Income. Again, this initiative supports the national development agenda. Outlet parks are a specific focus of the government's Entry Point Project 3 (EPP3), under the ETP.

The second priority in this part of the RtS2020 plan is to diversify our business through strategic overseas acquisitions. We aim to build a portfolio of airport-related assets by seeking out the best opportunities internationally and leveraging on our proven expertise in airport management to improve their financial performance.

With ISG, we are already the first Asian airport operator to fully own a European airport. As I mentioned earlier, we believe that the airport offers significant growth potential. As we scout for new opportunities, we will be looking for a significant degree of management control in whichever business we acquire.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

ENHANCING OUR AIRPORTS

Malaysia Airports has a policy of continual improvement at its facilities.

At Sultan Ismail Petra Airport, Kota Bharu, the country's third busiest domestic airport, the terminal exceeded its capacity of 1.5 million passengers per annum in 2014, creating congestion.

The expansion and upgrading at Kota Bharu will ensure the facility meets the targets set out in the 11th Malaysia Plan providing the capacity to handle four million passengers a year. Under the plan, the terminal will be expanded and its facilities improved. A multi-storey car park will also be built and the roads outside the terminal improved.

On the airside, future expansion includes runway extension to 2,500 metres, additional parking bays and a new taxiway. The funding for the project was approved by the government in Budget 2016.

Mukah Airport will also be developed to support the anticipated passenger growth resulting from the development of Mukah as a smart city under the Sarawak Corridor of Renewable Energy (SCORE) initiative. The new airport will be built with a capacity of 0.5 mppa inclusive of a 1,500-metre runway to cater to 3C ATR72 aircraft operations.

Enhancing Passenger Experience

In order to improve passenger experience, we have already taken measures to ensure that KLIA Main Terminal is able to handle up to 30 mppa as opposed to its design capacity of 25 mppa. We are currently improving our use of resources to ensure customers



enjoy a smoother experience at check-in, security, immigration and customs especially during peak periods. Further ahead, we are considering the possibility of an extension to the Main Terminal Building with additional parking apron to cater for additional capacity between 20 and 25 mppa in preparing for the growth in passenger numbers that we have laid out in RtS2020. Meanwhile, refurbishment of toilets at KLIA Main Terminal was undertaken to provide better experience for airports users.

The opening of the klia2 terminal on 2 May 2014 was a milestone for Malaysia Airports, ensuring a more enjoyable travelling experience to passengers on low-cost carriers and reducing congestion. In response to customer feedback, we have installed 23

walkalators to reduce walking time to the gate – with 19 more to be installed by the end of 2016, improved signboards and introduced a free buggy service for passengers.

At Penang International Airport, we implemented a flash flood mitigation system to address flooding issues. The system included the construction of an on-site detention tank with a collection sump and catch pits that can successfully drain out excess water within 30 minutes during heavy rain.



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

We are also working to resolve the depression and ponding issues that have arisen at the terminal. A Joint Inspection Committee comprising representatives from Department of Civil Aviation (DCA), Malaysia Airports and relevant airlines meets regularly to ensure that klia2 complies with safety standards laid down by the regulators.

We are proposing upgrades for Sultan Abdul Aziz Shah Airport, Subang, which breached its capacity of 1.5 million passengers a year in 2013 and continues to attract more travellers.

Langkawi International Airport unveiled a new VIP annexe '*Kompleks Lang Merah*' on 17 March 2015. The single-storey complex includes immigration, customs and quarantine services, and also offers free WiFi to VIP passengers.

Sultan Azlan Shah Airport, Ipoh welcomed Tiger Air on 29 May 2015 which flies four times a week between Singapore and Ipoh, using an Airbus A320.

AIR SERVICES DEVELOPMENT

Attracting Airlines to our Runways

Malaysia Airports has benefited from sustained economic expansion in emerging markets such as China, India, ASEAN and the wider Asia-Pacific, which has helped fuel the growth of the aviation industry.

Malaysia Airlines, the national carrier, has now embarked on a turnaround plan that is designed to create a leaner, more Asian-focused, and profitable airline. In the wake of the twin disasters of 2014, the company was taken private, and routes and frequencies reduced by a third. AirAsia X has also been restructuring, reducing capacity on its medium-haul routes from klia2, while Air France cited low yields for its decision to suspend its four weekly flights between Kuala Lumpur and Paris.

Malaysia Airports passenger numbers continued to sustain with the new airlines and increased operations from AirAsia, Malindo Air and foreign airlines. Malaysia Airlines' new code-sharing agreement with Emirates is a welcome move and we are confident this will help improve KLIA's connectivity further.

The Group pursues a number of strategies to encourage more airlines to fly to Malaysia, whether to KLIA/klia2 or one of the country's four other international airports, working closely with airline partners on market intelligence and traffic forecasts as well as providing carriers with the opportunity to market their promotional packages and fares through a dedicated section called Airlink within the KL Lifestyle magazine. The Airline Incentive Programme has also proved an effective tool in bringing in business and our aeronautical and landing charges remain the most competitive in the region, across all aircraft types.



MANAGING DIRECTOR'S REVIEW OF OPERATIONS

China was a key focus of our efforts in 2015, with Malaysia Airports undertaking a number of trade missions to the country in collaboration with Tourism Malaysia and the Ministry of Transport. As a result, Shanghai Airlines, a unit of China Eastern Airlines, started a three times a week service connecting Kota Kinabalu with Shanghai in July and China's national carrier, Air China, started operations between Kuala Lumpur and Beijing in October, flying four times a week using an Airbus A330-300.

British Airways resumed operations on 28 May after a break of 14 years. The carrier, flying daily to London, has recently upgraded its aircraft to the new Boeing 787 Dreamliner. All Nippon Airways, Japan's biggest airline and highly-regarded for the quality of its service, began daily services between Kuala Lumpur and Tokyo on 1 September.

Under RtS2020, we aim to attract more than 17 new airlines to KLIA over the next five years.

COMMERCIAL PERFORMANCE

Our Commercial Services division is responsible for the Group's retail offerings as well as the provision of services such as banking, lounges and hospitality to the passengers who use our terminals. As well as reviewing and improving the mix of retailers and service providers in order to boost the amount of money each passenger spends, the division is also responsible for marketing and advertising initiatives that are designed to increase awareness and engender loyalty among our frequent flyers. The division aims to put the customer first and ensure those who use our airports enjoy world-class services and the best experience possible.

Despite the difficult conditions and weaker regional and global economies, the Commercial Services division, recorded growth of 12% thanks to our tenant retention programme. Our decision to self-manage the car parks at Penang and Langkawi International Airports through a fully-automated system also helped the division's performance, boosting revenue in that area by 69%.

In FY2015, occupancy at KLIA Main Terminal reached 96% with the Brand Platform initiative resulting in a number of new outlets at the airport including a branch of the world famous toy shop, Hamleys, and the Fashion Gallery under the luxury Valiram Group. We also introduced a new sleeping service, SnoozeKL, and completed the renewal of our retail and food and beverage tenancies at KLIA Main Terminal with 153 contracts (covering 90% of the lots in the terminal) extended for three years. The remaining lots are undergoing a tender exercise.

At klia2 where some 12% of the 257,845 square metre mega terminal is devoted to commercial use, occupancy rose up to 80%, with 36% of commercial space leased to Bumiputera retailers. Retail at the terminal offers upper middle brands, including Furla, Oroton and LeSportSac.

Enhancing Engagement

The annual Indulge Till You Fly (ITUF) Campaign, themed 'Indulge & Relax', concluded in March 2015 with the Grand Winner receiving a stay at a private pool villa for four people at the Intercontinental Bali Resort in Indonesia. The campaign held at KLIA was designed to showcase the dual nature of our facilities – transportation hubs and lifestyle destinations.

Malaysia Airports has been an enthusiastic adopter of digital technology for its marketing campaigns, and we are now using augmented reality games to further our engagement with our customers. As a result of our new digital initiatives, sales were 81% above target and competition entries 360% more.

The ITUF Campaign continues to win major recognition as a marketing tool and was a finalist in the Excellence in Shopper Marketing and Event Management categories in Advertising and Marketing's Marketing Excellence Awards 2015.

Nurturing Small Businesses

The Entrepreneur Development Programme is designed to nurture small and medium sized enterprises owned by Bumiputera and is part of Malaysia Airports' Corporate Social Responsibility (CSR) initiatives. It is our response to the government's call for government-linked companies to participate in the Bumiputera Economic Empowerment Plan.

The Programme provides a platform for these SMEs to gain experience of retailing and services in an international airport environment. The entrepreneurs' performance is closely monitored to ensure it meets Malaysia Airports' standards in terms of quality products and service excellence.

The Group has designated 17 outlets at klia2 for the programme. Five were tendered out prior to the opening while a further six were awarded after the terminal opened. The outlets include fruit and vegetable retailer Agro Bazaar as well as spa operator, Santai Reflexology.

Including the CSR programme, Bumiputeras control 36% of klia2's retail lots. We expect to have at least 50% Bumiputera participation by 2020.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS



OPERATIONS PERFORMANCE

Sustainability of Airport Systems and Facilities

The Engineering division has embarked on a number of initiatives to maintain and improve the group's airport infrastructure to ensure we offer the most efficient and secure service to airlines as well as to the passengers who use our facilities. These are discussed each year at our engineering seminar, which is attended by all engineering personnel from across the company.

Malaysia Airports' Asset Management Programme reflects industry best practice and recognises that airport service levels are highly dependent on the proper maintenance and efficient operation of the facility infrastructure from runways and taxiways to specialised systems such as passenger boarding bridges, baggage handling systems, airfield lighting and fire safety vehicles.

In 2015, we started developing a life cycle cost structure for major assets including baggage handling systems, airfield ground lighting and passenger boarding bridges at KLIA, Penang International Airport, Kota Kinabalu International Airport and Kuching International Airport. This cost structure will help us determine the optimal operating and capital costs of maintaining the assets throughout their useful life.

In 2015, 19 baggage and passenger screen units were replaced at Kota Kinabalu International Airport and Kuching International Airport. Meanwhile, at KLIA, the In Line Baggage Screening will be replaced with a system which is in compliance with the European Civil Aviation Conference Standard 3. We also refurbished the air-conditioning systems in a number of our airport terminals including Langkawi International Airport and Miri Airport. Apart from this, in line with our green commitments, we have taken steps to improve energy efficiency at our facilities to reduce utility costs.

Measures include upgrading the building management system at KLIA in 2015, which controls air-conditioning, electrical power and lighting.

Additionally, we have also been preparing for the Energy Management System (EnMS) certification. This certification which adheres to the ISO 50001 EnMS standard is a globally accepted framework for managing energy, providing technical and management strategies for enterprises to increase energy efficiency, reduce costs, and improve environmental performance.

We embarked on measures to address ponding and differential settlement at klia2 in 2015 with precast slab installation and overlaying works. In October 2015, we started using the grouting injection method, which we found not only to be more effective, but also less disruptive to airport operations.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS



We successfully completed work to fill cracks, voids and honeycombs either in, or underneath the concrete in 11 areas of the parking apron in 2015, two more than anticipated. The work will continue into 2016 in 39 areas, including parking bays and four taxiway locations.

Malaysia Airports has adopted a proactive approach to communications on the detail and progress work, providing monthly updates to airlines and customers, and also posting the progress report on the company's website.

SAFETY AND SECURITY

Safety and security are crucial to passenger confidence and the continued success of the global aviation industry. Malaysia Airports takes this responsibility extremely seriously, and strives to ensure its facilities are secure by making full use of the latest technology, working in close collaboration with the police and intelligence services and ensuring our staff are properly, and effectively, trained.

Malaysia Airports is proud that KLIA is certified in full compliance with the International Civil Aviation Organisation (ICAO) Standards and Recommended Practices (SARPs) under the Universal Security Audit Programme (USAP) conducted by ICAO auditors.

Our airports are now equipped with the latest generation Walk Through Metal Detector, while x-ray machines for both cabin and check-in baggage have been upgraded. Heightened security checks, following the detention in Malaysia of suspected Islamic State supporters, has led to an increase of 20% in the confiscation of prohibited items.

ETHICS AND INTEGRITY

Corporate Integrity Unit

Malaysia Airports places a premium on good governance and is committed to operating a highly-principled business, reflected in its adoption of the Code of Ethics and Conduct. The Group has a clear whistleblowing policy and requires asset declarations from its employees as well as a strict 'no gift' policy.

The company's Corporate Integrity Unit (CIU), an independent body, has completed an assessment on corporate integrity that will serve as a blueprint for the Group's integrity plan and risk assessment.

The CIU also acts as the secretariat for the Whistleblowing Programme, which is designed to provide staff with a safe and secure environment in which to raise concerns regarding possible wrongdoing. Malaysia Airports is also implementing the Integrity Pact developed by anti-corruption group Transparency International. The pact involves a declaration by employees involved in the procurement process as well as by the vendors themselves and is expected to enhance the professionalism and integrity of our procurement processes. In retail and services, we have found open tender exercises to be the most effective way of securing the best brands and products for our airports.

CREATING A CONDUCTIVE WORKPLACE

Malaysia Airports had 10,783 staff on its payroll at the end of December 2015.

It is our goal that Malaysia Airports is an "employer of choice." As such, we invest heavily in training and career development and ensure that our best workers are properly recognised, particularly those who go beyond the scope of their duties.

The Employee of the Year award, initiated in 2013, is given to an individual who has shown exemplary achievement and contributed significantly to the company's development. It is based on four criteria: high performance in the employee's annual performance

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

appraisal, active involvement in company improvement initiatives, participation in company-organised initiatives and representation of the company at the state, national or international level. Meanwhile, Heroes of the Quarter is a recognition programme to reward extraordinary staff performance on a quarterly basis.

Employees who show their commitment to a healthy lifestyle by not taking any sick leave are also rewarded – 251 staff received the “No MC Award” in 2015. Long-term service of between 10 and 20 years is also recognised, with 569 staff conferred the Loyal Service Award in May 2015.

In addition, Malaysia Airports operates comprehensive career development programmes and participates in the Skim Latihan 1Malaysia (SL1M), a government-backed initiative. In 2015, we re-branded this initiative as the Airport Apprentice programme, providing selected graduates with a seven-month introduction to all aspects of the airport business. Some 150 trainees joined the Airport Apprentice programme in 2015.

The Group also seeks a harmonious relationship with its employees through their unions.

A RM140 monthly cost of living allowance was introduced on 1 January 2014 for 7,000 non-executive staff under an agreement with the union, Kesatuan Pekerja-Pekerja Malaysia Airports Berhad Semenanjung, Sabah and Labuan and Sarawak. The collective agreement also includes a salary adjustment, and improved allowances.

Malaysia Airports' employees also enjoy first class facilities to ensure their health and well-being including an on-site gymnasium at the corporate headquarters, a football field and a netball court. A child care centre and nursery opened in 2016 with the capacity to care for as many as 200 children up to the age of six.

OUTLOOK FOR 2016

Malaysia Airports expects its operations to record healthy growth in 2016. The IMF is predicting global GDP will rise 3.4% in 2016, and 3.6% in 2017, while ICAO and IATA are projecting global passenger traffic to expand 6.3% and 6.9% respectively in 2016. For the Asia Pacific, IATA is even more optimistic, with growth estimated at 8%, supported by lower fuel prices and improved airline profitability.

Undoubtedly, uncertainty persists in the global economy but we believe we are well-positioned to benefit, particularly as the Aeropolis begins to draw in new investments and provide new engines of growth.

The Philippines' recent ratification of the ASEAN Open Skies agreement should also fuel growth in South East Asian travel. As we work to make KLIA the regional hub of choice under Rts2020, there is also enormous potential in India and China, and Malaysia's decision to allow Chinese visitors visa-free travel, and introduce e-Visas for select countries, will also boost confidence.

The return of British Airways, ANA and Air China bodes well for Malaysia Airports, as does Malaysia Airlines' extensive partnership with Emirates. Malindo Air, which has positioned itself as an affordably priced full-service carrier, transferred its jet operations to

KLIA Main Terminal on March 15, 2016, citing enhanced connectivity and service for its premium passengers. It is also introducing new services to Hong Kong, Ho Chi Minh City and Lahore.

We are expecting passenger traffic at our Malaysian operations to rise 2.5% to 86.0 million passengers in 2016. At ISG, passenger traffic is expected to again record double-digit growth.

WORDS OF APPRECIATION

Before I conclude, I would like to thank Malaysia Airports' Board of Directors for their guidance and expertise in helping the company achieve its goals in what has again proved a challenging environment. I would also like to record my appreciation to the Board for putting their trust in the Senior Management team.

Appreciations is also due to my colleagues in senior management, as well as the company's employees in Malaysia and Turkey for their hard work and dedication in helping Malaysia Airports realise its ambitions.

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



Datuk Badlisham bin Ghazali
Managing Director

SUBSIDIARIES' PERFORMANCE



KL AIRPORT HOTEL SDN. BHD

KL Airport Hotel Sdn. Bhd. (KLAH) owns and operates the Sama-Sama group of hotels (Sama-Sama Hotel). Its flagship property and deluxe five star hotel - located within the vicinity of the KL International Airport - offers modern, chic and comfortable rooms as well as a rejuvenating experience and the ultimate in convenience for both business and leisure travellers alike. The other two Sama-Sama Express, at KLIA Main Terminal and klia2, extend Sama-Sama's exceptional hospitality to transit travelers, offering a convenient solution to Refresh, Relax and Renew.

FY2015 was a challenging year for the Sama-Sama Group, given the tough economic conditions globally and regionally. The weakening Ringgit as well

as the implementation of GST, meant Malaysians were also more prudent with their spending. Malaysia Airlines' twin tragedies in 2014, and the airline's subsequent routes rationalisation also affected business volume at the hotel.

In 2015, Sama-Sama Hotel had signed an exclusive identification affiliation agreement with Worldhotels AG, which supports the hotel with its global distribution system, reservation and marketing services. With 35 sales offices worldwide, Sama-Sama Hotels intends to use this opportunity to expand its corporate, MICE and leisure businesses. Some 25 airlines, including AirAsia, participate in Worldhotels partnership network through its frequent flyer programme.

The company, recognised as one of the best companies to work for in Malaysia, has also stepped up staff training to ensure even greater levels of guest satisfaction. The hotel brand promise 'Making Meaningful Connections' build up the importance of working together and ensuring the high standard of service is delivered and each associate doing their best in ensuring hotel guests enjoyed their stay. In 2015, Sama-Sama Hotel won the 'Best Luxury Airport Hotel' from the World Luxury Hotel Awards for the third year in a row. The hotel was named among the 'Top 10 Luxury Hotels in Malaysia' in 2014 & 2015 by TripAdvisor Travellers' Choice and also received a TripAdvisor 'Certificate of Excellence'. The Sama-Sama Express KLIA was recommended on Holiday Check as one of the 'Best Rated Hotels' while Sama-Sama Express klia2 won a 'Bravo Badge' and was voted 'Excellent' by the TripAdvisor's travellers.

SUBSIDIARIES' PERFORMANCE



MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.

Malaysia Airports (Properties) Sdn. Bhd. handles the Group's non-passenger related revenue (excluding aviation and hangar services). It also manages the Southern Common Amenities and Facilities area, and acts as an enforcement unit that monitors and reviews the Fixed Asset Management Policy, manages the Staff Home Stay and Child Care Centre for the MAHB Group and provides facilities management for the MAHB Corporate Office at KLIA.

Malaysia Airports (Properties) Memorandum of Association was amended during the year under review to enable the company to carry out the business of child care and child-minding at the Group's new crèche and kindergarten facility for staff, which opened in 2015 at the corporate headquarters.

A specialist pre-school company has been appointed to operate and manage the facility beginning January 2016.

Meanwhile, the development of AirAsia House, consisting of AirAsia's headquarters, a staff car park and office on a plot of land at KL International Airport will mean more revenue from lease and service rental once the work is completed. Since this is a private sector project, Malaysia Airports (Properties) has been involved in the preparation of the agreement on the lease rental, which includes the construction of the road and covered walkway from AirAsia headquarters to klia2.

MALAYSIA AIRPORTS (SEPANG) SDN. BHD.

Malaysia Airports (Sepang) Sdn. Bhd. is responsible for managing and operating our airport in Sepang.

Prior to its opening, klia2 secured the Aerodrome Certification from the Department of Civil Aviation (DCA) Malaysia in April 2014. The certification verified that klia2, especially the runway, aircraft parking, taxiways, terminal building structure and the area around the terminal complies with the International Civil Aviation Organisation (ICAO) Annex 14, Volume 1 and Airport Standards Directive 103 (ASD 103). As part of the aerodrome certification process, klia2 is audited annually by the DCA. klia2 also received its Fire Certification for the main terminal and satellite building from the Fire and Rescue Department Malaysia (JBPM), indicating Malaysia Airports' commitment in ensuring klia2 is fully compliant with the Fire Services Act 1988 and Uniform Building By-Laws, 1984.

The company continues in its effort to ensure a green airport. Malaysia Airports' was named one of Malaysia's Top 30

SUBSIDIARIES' PERFORMANCE

Green Catalysts for its installation of solar photovoltaic technology at KLIA Main Terminal, and incorporation of green features at klia2. KLIA joined the Airport Carbon Accreditation Programme under Airports Council International (ACI) and was certified to be at the Reduction level after decreasing KLIA's carbon emissions intensity in daily operations and development by 42.9%, according to the Greenhouse Gas (GHG) Inventory and Carbon Management Plan. The programme has four levels of certification. Reduction (carbon management towards a reduced carbon footprint) is the second level.

The company also received the Gold Class II award in the MSOSH Occupational Safety and Health Awards in November 2015. The award recognises companies that achieve commendable health and safety records and show improvement in the occupational health and safety process.

MALAYSIA AIRPORTS (NIAGA) SDN. BHD.

Malaysia Airports (Niaga) Sdn. Bhd. or better known as ERAMAN Malaysia is the premier duty free and travel retail operator at Malaysia Airports. MA (Niaga) offers a wide range of world-class products ranging from chocolates to liquor, wine and spirits, self-professed skincare and fragrances as well as tobacco and tobacco products in the country's international airports. Despite fewer arrivals from China and the impact of less steady consumer sentiment in Malaysia, the total sales saw good growth with the total revenue in year-to-date (YTD) October 2015 increasing 8.8% to RM538 million as compared to RM495 million in YTD October 2014. Marketing initiatives during major festivals as well

as strategic campaigns such as 'Spend and Win' facilitated in boosting sales. MA Niaga also seek to drive sales by collaborating with its brand principals through the first-of-its-kind campaign, tying in promotion and lucky draw elements that offer extravagant prizes such as Peugeot 308. The campaign which was held from September till October 2015 had increased its sales by 22% against the preceding period.

MA Niaga, operating 31 retail and 11 food and beverage outlets, aims to focus on its core 'duty free' retail business while enhancing its brand portfolio of Bibik Heritage, a Peranakan concept restaurant besides managing three franchise outlets for Gloria Jean's Coffee, Pastamania restaurant and Bar Metropole, a joint venture with Bacardi Asia Pacific in klia2. We were also recognised as 'The Belgian Fastest Growing Duty Free Operator Award 2015' for Chocolates & Confectionaries. MA (Niaga) participated in the Tax Free World Association Exhibition in Cannes and the Tax Free World Association Asia Pacific Conference in Singapore in 2015. The TWFA is the world's biggest duty free and travel retail association.

MAB AGRICULTURE-HORTICULTURE SDN. BHD.

A certified ISO9001:2008 company, MAB Agriculture-Horticulture Sdn. Bhd. (MAAH) is mainly involved in the cultivation and management of oil palm and coconut plantation covering 6,698.40 hectares and 126.78 hectares respectively.

During the year under review, MAAH replanted 300.00 hectares of oil palm at KLIA. As part of Malaysia

Airports' commitment in maximising land utilisation at our airports, new oil palm plantations were established at Miri and Bintulu, covering an area of 639.98 hectares. These green areas not only provide recurring revenue, they also help mitigate the effects of noise pollution and provide a pleasant view for surrounding areas.

Sales of oil palm fresh fruit bunches accounted for 88% of MAAH's total turnover, while coconut and landscape activities made up the remainder. MAAH expects to make a positive contribution to overall Group revenue in 2016, given the expected higher crop yield and an increase in the Crude Palm Oil (CPO) price.

MALAYSIA AIRPORTS CONSULTANCY SERVICES SDN. BHD.

Malaysia Airports Consultancy Services Sdn. Bhd. (MACS) has a proven track record in managing and providing consultancy in the airport business at home and overseas. Its first international project was in Cambodia 20 years ago when it won the contract to operate two airports in the Kingdom.

In August 2015, Pioneer Aerodrome Services awarded MACS a contract to provide training programmes for terminal and airside operations at Yangon International Airport and Nay Pyi Taw International Airport in Myanmar.

In October 2015, MACS was appointed by PETRONAS to conduct a comprehensive review and strategic assessment of Kerteh Airport against ICAO and DCA standards.

SUBSIDIARIES' PERFORMANCE

MACS had also completed training in the area of handling and operating an Ultra Large Fire Tender for 15 naval officers at the Malaysia Airports Training Centre in November and December 2015, at the request of the National Security Council.

MACS was appointed as a consultant to the Airport Service Quality programme in 2006, starting with KLIA before extending the initiative to Penang and Langkawi International Airports. Istanbul Sabiha Gokcen International Airport in Turkey was included in the scheme in 2015.

The company also provided consultancy services in 2015 to conduct a study for passenger movement trend at Kuah Ferry Terminal in Langkawi.

MALAYSIA INTERNATIONAL AEROSPACE CENTRE (MIAC) SDN. BHD.

Malaysia International Aerospace Centre Sdn. Bhd. (MIAC) is intended as a catalyst in realising the Malaysian government's aim of making the country a global aerospace hub, as well as to provide facilities and infrastructure to industry players at competitive rates.

With the launch of the 2nd National Aerospace Blueprint 2015-2030 (NABP 2) in March 2015, MIAC has started to re-align its business plan with the government's Economic Transformation Programme and the Group's aerospace corridor concept.

Over the last decade, MIAC has focused on land development around the Sultan Abdul Aziz Shah Airport (LTSAAS) at

Subang, which covers approximately 300 acres. Development clusters include maintenance, repair & overhaul (MRO), helicopters, fixed-base operations (FBO) and general aviation, aerospace training, aerospace technology, and a commercial and business centre.

Over the last decade, MIAC has focused on land development (aerospace industry) around the Sultan Abdul Aziz Shah Airport (LTSAAS) at Subang, which covers approximately 300 acres. Development clusters include maintenance, repair & overhaul (MRO), a helicopter centre (for rotor wing operations), the Aerospace Technology Park, the Aerospace Training & Education Centre, and the commercial and business centre.

LTSAAS, also known as Skypark Terminal, has become a hub for both commercial turbo-propeller flights as well as private and corporate aircraft. MIAC also helped establish Spirit Aerosystem's first aircraft components and aero-structure assembly facility outside the USA and Europe, which is based at a site adjacent to the runway at Subang.

BHIC Aero Services (BHICAS) and PLUS began operations at the helicopter centre in 2015, joining Airbus Helicopter Malaysia, the world's most prominent and integrated aerospace company; and four other local and international companies. The centre includes an all-weather heliport, six helipads, MRO workshops, a hangar and the first helicopter simulator in the Asia-Pacific region. The centre is being upgraded to meet existing usage and future demand.

In October 2015, MIAC had its first session with the newly-formed National Aerospace Industry Coordinating Office (NAICO), which is responsible for the progress and growth of the country's aerospace industry under the ETP.

URUSAN TEKNOLOGI WAWASAN SDN. BHD.

Urusan Teknologi Wawasan Sdn. Bhd. offers integrated facilities management services with a record dating back more than 16 years. Certified with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007, and backed by more than 500 qualified and experienced staff, UTW has strategically positioned itself as one of the nation's leading providers of asset and facilities management solutions.

UTW continues to perform an important role in ensuring KLIA remains one of the best international airports in the world. In 2015, UTW embarked on the installation of new LED lamps and a Customer Real Time Feedback Survey System (CRFSS) to enhance customer experience at both KLIA and klia2.

Over the years UTW has expanded its customer base, winning contracts with clients outside the Malaysia Airports group including KLCC Twin Towers & Tower 3, Masjid As-Syakirin KLCC, Sepang International Circuit, Sime Darby Plantation Commercial Buildings, Airbus Helicopters Malaysia and Mitsui Outlet Park KLIA.

CORPORATE RESPONSIBILITY



At Malaysia Airports, we put strong emphasis on managing our business honestly and responsibly. We have always been in constant search for innovative ways and practices to conduct and administer the impact of our business to those around us, be it in terms of profits, people or the planet itself.

We are also continuously committed in creating sustainable world-class aviation gateways; as we focus on four key areas of corporate responsibility in our business operations namely marketplace development, workplace development, community development and environmental sustainability.



For more information, refer to our Sustainability Report 2015.

MALAYSIA AIRPORTS' SEVENTH SUSTAINABILITY REPORT (2015)

Malaysia Airports' seventh Annual Sustainability Report is available as a complement to this Annual Report. Written in accordance with the Global Reporting Initiative (GRI) G4.0 framework and the GRI Airport Operator's Sector Supplement (AOSS), this report also contains some Standard Disclosures, which are in compliance with the GRI G4 sustainability reporting guidelines. This report has been assured by SIRIM QAS International Sdn. Bhd., an independent third party agency to ensure the accuracy and reliability of all the information published.

Guided by milestones as stated in our Business Direction document Runway to Success 2020 (RtS2020), we will constantly strive to help us shape our sustainability programme accordingly in our journey. As we commit to uphold the highest level of ethics and integrity in all our business transactions, we also continue to enhance our policies and procedures, particularly with regards to our procurement practices and risk management. Responsible environmental practices also remain at the forefront of the way we conduct our day-to-day business. At the top of our environmental priority list are resource management and effort to reduce waste.

Malaysia Airports continues to celebrate its most precious assets - its people. We are proud to have among our talented workforce, some of the most knowledgeable people in the aviation industry today. A variety of events and initiatives took place throughout the year not only to show our appreciation towards our employees, but also to enhance their professional and personal development. This year's Sustainability Report pays tribute to some of our company's longest-serving employees, recognising employees' notable contribution at the workplace, encouraging innovative ideas and solutions to face challenges in the aviation industry, providing higher education opportunity to generate greater productivity and skills amongst employees and facilitating our adopted schools to improve students' English proficiency level through our community development programme.

As we aim to create joyful experiences by connecting people and businesses, we continuously strive to enhance our customer experience while leveraging on technology innovations at our airports. Ultimately, we believe that ensuring a joyful experience at our airports make an excellent business sense.



MARKETPLACE DEVELOPMENT

As an airport operator, our stakeholders include the airlines, passengers, government agencies, suppliers, business partners, media and other members of the public who either utilise our facilities or are connected to our business. Hence, we are proud to develop strategic partnerships with our suppliers and vendors whether they are budding entrepreneurs or established business operators. We are also very committed in helping entrepreneurs develop their businesses across all our airports under our Vendor Development Programme. The scheme aims to give the best vendors – those who are reliable and competitive – the opportunity to participate in procurement activities at Malaysia Airports, whether in the provision of services, works or supply.



COMMUNITY DEVELOPMENT

Malaysia Airports' flagship community programme, Beyond Borders, is a nationwide school adoption initiative. Started in 2007, it aims to enhance self-esteem among under-privileged students by raising awareness about the importance of English language. At Beyond Borders, academic success is not the only measure of child development, we also seek to nurture children who are healthy, competitive and creative. Under the tagline 'Give Them Wings, Let Them Fly', the initiative is a partnership between selected schools and its overall school community which seeks to raise standards through engagement and support with the children, teachers and parents.



WORKPLACE DEVELOPMENT

At Malaysia Airports, business is not only about profits. We believe in providing a working environment where employees are not only valued, but also encouraged to reach their full potential. Our business success is highly dependent on the skills and talents of our people. Therefore, we also constantly strive to develop an organisation where respect, teamwork and effective communication are valued attributes. Our commitment to this philosophy is demonstrated through our Workplace Development Programme, which aims to create a healthy, safe and secure working environment for our employees. As part of the initiative, we offer training as well as educational and talent development programmes to our employees that not only offer the opportunity for our people to advance in their careers, but also enhance and hone their leadership skills while ensuring that our workforce is challenge-ready. On top of this, our employees participate in a yearly engagement survey conducted by an independent party in order to measure engagement level and solicit feedback.



ENVIRONMENTAL SUSTAINABILITY

Efficient energy management is the cornerstone of Malaysia Airports' commitment towards environmental responsibility. We are determined to run a sustainable business operation that is fully compliant with the laws and policies laid down by the Malaysian government. Our Energy Management Policy provides a framework for the whole organisation to manage energy more effectively, reduce consumption to the lowest practicable level while maintaining the demanding safety standards required of every airport operation. One of our top environmental management priorities also includes reducing carbon emissions at the airports and we are committed to ensuring our operations comply with the Environment Quality Act. We are also working towards carbon neutral growth and a carbon-free future as a signatory to the Aviation Industry Commitment to Action on Climate Change.



AEROPOLIS

STIMULATING ECONOMIC ACTIVITIES THROUGH LOGISTICS, AEROSPACE AND M.I.C.E. & LEISURE SEGMENTS WITH A STRONG FOCUS ON DEVELOPMENT WITHIN THE 100 SQ KM LAND BANK SURROUNDING KLIA

OVER **140** SHOPS*
AT MITSUI OUTLET PARK (MOP) KLIA



* First phase



AEROPOLIS DEVELOPMENT IS AN
ECONOMIC GENERATOR

RM7 BILLION
IN POTENTIAL INVESTMENTS

40,000
JOBS CREATED

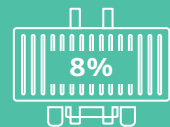


400,000

VISITORS AT MOP KLIA
IN DECEMBER 2015

IN SUPPORT OF
NATIONAL TARGET

RM79 BILLION
TOURIST RECEIPTS IN 2025



INCREASING CARGO
GROWTH TO

8%

ANNUALLY BY 2020

**AEROSPACE
TECHNOLOGY PARKS**

**CARGO /
LOGISTICS**

KLIA

klia2

**M.I.C.E.
AND LEISURE**



BOARD OF DIRECTORS

**1 TAN SRI DATO' SRI DR WAN
ABDUL AZIZ BIN WAN ABDULLAH**

Chairman/Non-Independent
Non-Executive

**2 DATUK MOHD BADLISHAM BIN
GHAZALI**

Managing Director/Non-Independent
Executive

3 JEREMY BIN NASRULHAQ

Senior Independent Non-Executive

4 DATO' MOHD IZANI BIN GHANI

Non-Independent Non-Executive

**5 TUNKU DATO' MAHMOOD FAWZY
BIN TUNKU MUHIYIDDIN**

Non-Independent Non-Executive



BOARD OF
DIRECTORS**6 DATUK SERI YAM KONG CHOY**

Independent Non-Executive

6



7

7 DATUK ZALEKHA BINTI HASSAN

Independent Non-Executive

8 ROSLI BIN ABDULLAH

Independent Non-Executive

**9 DATO' SRI DR MOHMAH ISA
BIN HUSSAIN**

Non-Independent Non-Executive

10 NORAZURA BINTI TADZIM

(Alternate Director to Dato' Sri
Dr Mohmad Isa bin Hussain)
(Non-Independent Non-Executive)
(Appointed w.e.f. 29 May 2015)
(Alternate Director to Dato' Siti Zauyah
binti Md Desa)
(Non-independent Non-Executive)
(Ceased w.e.f. 29 May 2015)



8



9



10



**BOARD OF
DIRECTORS****11 DATO' SITI ZAUYAH BINTI
MD DESA**

Non-Independent Non-Executive
(Resigned w.e.f. 29 May 2015)

11



12

**12 DATO' SRI DR ISMAIL BIN
HJ BAKAR**

Non-Independent Non-Executive
(Resigned w.e.f. 16 December 2015)

**13 DATUK RUHAIZAH BINTI
MOHAMED RASHID**

(Alternate Director to Dato' Sri Dr Ismail
bin Hj Bakar)

Non-Independent Non-Executive
(Ceased w.e.f. 16 December 2015)

**14 TAN SRI BASHIR AHMAD BIN
ABDUL MAJID**

Advisor to the Board

**15 SABARINA LAILA BINTI
DATO' MOHD HASHIM**

Company Secretary

13



14



15



BOARD OF DIRECTORS' PROFILE

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

Chairman
Non-Independent Non-Executive



Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah, Malaysian, aged 63, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director and Chairman of MAHB on 7 June 2012. He chairs the Board Finance and Investment Committee and Board Risk Management Committee of MAHB. He was the Chairman of the Board Procurement Committee from 2012 until 2014. He is also the Chairman of Malaysia Airports Consultancy Services Sdn. Bhd., K.L. Airport Hotel Sdn. Bhd., MAB Agriculture-Horticulture Sdn. Bhd., Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. and LGM Airport Operations Trade and Tourism Inc. all are wholly-owned subsidiaries of MAHB.

He began his career in the Administrative and Diplomatic Service as Assistant Director of the Economic Planning Unit in the Prime Minister's Department in 1975. He was later promoted to the position of Senior Assistant Director, Macroeconomics in 1984, Senior Assistant Director, Human Resource Section and Director, Energy Section in 1988. In the same year, he was seconded to the World Bank Group in Washington DC, USA, representing South East Asia Group as an Alternate Executive Director. He then served the Ministry of Finance as Deputy Secretary in the Economics and International Division in 2001. He later served the Economic Planning Unit in the Prime Minister's Department as Deputy Director General, Macro Planning Division in 2004. In 2005, he was appointed as the Deputy Secretary General of Treasury (Policy), Federal Treasury in the Ministry of Finance. In 2007, he was appointed as Secretary General of Treasury in the Ministry of Finance, the position he held until August 2012. He also served as an Executive Director of Islamic Development Bank Group based in Jeddah from 2011 until 2013.

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

He is currently Chairman of Bank Pembangunan Malaysia Berhad, Pembinaan BLT Sdn. Bhd., Sime Darby Motors Sdn. Bhd. and GOM Resources Sdn. Bhd., a subsidiary of Puncak Niaga Holdings Berhad. He is also the Deputy Chairman of Sime Darby Berhad and sits on the Boards of Permodalan Nasional Berhad and RAM Holdings Berhad.

BOARD OF DIRECTORS' PROFILE

DATUK BADLISHAM BIN GHAZALI

Managing Director
Non-Independent Executive



Datuk Badlisham bin Ghazali, Malaysian, aged 53, was appointed as Managing Director of MAHB on 23 June 2014. He is currently the Chairman of Malaysia Airports (Sepang) Sdn. Bhd. and Malaysia Airports Sdn. Bhd.

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

Datuk 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 Badlisham led the development of the National 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 Y. Bhg. Tan Sri KSN (Ketua Setiausaha Negara) on the Flagship Coordination Committee (FCC) and co-chair of the Ministry of Education Smart School Programme.

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

Datuk Badlisham currently sits on the Boards of MAHB wholly-owned subsidiaries companies namely Malaysia Airports (Niaga) Sdn. Bhd., K.L. Airport Hotel Sdn. Bhd., Malaysia Airports Capital Berhad and Malaysia Airports Capital (Labuan) Limited and MAHB (Mauritius) Private Limited. He also sits on the Boards of GMR Hyderabad International Airport Limited, GMR Male International Airport Private Limited, Delhi International Airport Private 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

JEREMY BIN NASRULHAQ

Senior Independent Non-Executive



Jeremy bin Nasrulhaq, Malaysian, aged 62, was appointed to the Board of MAHB as an Independent Non-Executive Director on 15 August 2007 and was subsequently appointed as Senior Independent Non-Executive Director on 22 March 2013. Following his appointment, he took on the role of Chairman, Board Nomination and Remuneration Committee of MAHB. He is the Chairman of Malaysia Airports (Niaga) Sdn. Bhd. and Urusan Teknologi Wawasan Sdn. Bhd. He also chairs the Whistleblowing Independent Committee.

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

He had held several key financial and supply chain positions in Unilever and the Fast-Moving Consumer Goods (FMCG) industry, throughout a period of 30 years, which include having served as the Regional Finance Officer for Unilever Asia Retail Foods in Singapore, Supply Chain Director for Unilever Malaysia, Commercial Director-cum-National Finance Director for Unilever Malaysia (where his portfolio covered Finance, IT, Legal and Logistics) and lastly Supply Chain Director for Unilever Malaysia and Singapore, a post he held until April 2007. He was also the Chairman for Safety, Health and Environment (S.H.E.) for the company. He sat on the Boards of Unilever (M) Holdings Sdn. Bhd. and Unilever Foods (M) Sdn. Bhd. He was trained in various fields in the UK, Thailand, Philippines, Indonesia, India and Singapore.

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

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

He is a Fellow Member of CIMA, UK and formerly served as Deputy President on the Malaysian CIMA Council. He is a registered Chartered Accountant of MIA. He also holds a Bachelor of Science Degree (with Distinction) in Agribusiness Science from Universiti Putra Malaysia. He is a member of MIA's Professional Accountants in Business Committee (PAIB Committee).

BOARD OF DIRECTORS' PROFILE

DATO' MOHD IZANI BIN GHANI

Non-Independent Non-Executive



Dato' Mohd Izani bin Ghani, Malaysian, aged 48, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director on 21 March 2011. He is a member of the Board Audit Committee, Board Finance and Investment Committee and Board Nomination and Remuneration Committee of MAHB. He is also a member 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 and Chief Financial Officer of Khazanah Nasional Berhad.

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

BOARD OF DIRECTORS' PROFILE

TUNKU DATO' MAHMOOD FAWZY BIN TUNKU MUHIYIDDIN

Non-Independent Non-Executive



Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin, Malaysian, aged 57, was appointed to the board of MAHB on 5 December 2012 as a Non-Independent Non-Executive Director and is a member of the Board Finance and Investment Committee.

Tunku Mahmood, received his BA (Hons) Business Studies from the Polytechnic of Central London, Masters in Business Administration from the University of Warwick, the Diploma in Marketing from the Chartered Institute of Marketing. He is a member of the Institute of Public Accountants Australia, Malaysian Institute of Management, and Malaysian Institute of Corporate Governance.

Tunku Mahmood is a professional company director and is currently a director of Telekom Malaysia Berhad, Packet One Networks (Malaysia) Sdn. Bhd., Hong Leong Assurance Berhad, Hong Leong MSIG Takaful Berhad, Hong Leong Asset Management Berhad, and Blue Stone Technology Sdn. Bhd. He was previously a Non-Executive Director of Energy Africa Limited, Pos Malaysia Berhad, SapuraKencana Petroleum Berhad/ Kencana Petroleum Berhad, and Ethos Capital One Sdn. Bhd.

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

BOARD OF DIRECTORS' PROFILE

DATUK SERI YAM KONG CHOY

Independent Non-Executive



Datuk Seri Yam Kong Choy, Malaysian, aged 62, was appointed to the Board of MAHB as an Independent Non-Executive Director on 1 December 2013. He is a member of the Board Audit Committee, Board Finance and Investment Committee and Board Risk Management Committee of MAHB.

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

Datuk Seri Yam was trained as a building engineer in United Kingdom with various companies including the British Civil Service. Upon his return to Malaysia, he had served in various large organisations which were 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.

He currently serves in various government and non-government organisations, including as Chairman of InvestKL Corporation, the Immediate Past President of the Real Estate and Housing Developers' Association and until recently a member of the Advisory Board to the City of Kuala Lumpur and a member of the NKEA Steering Committee for the transformation of Greater Kuala Lumpur and Klang Valley. He is also a member of the Board of Trustees of Standard Chartered Foundation and a Director of the British Malaysian Chamber of Commerce.

Datuk Seri Yam also sits on the Board of Paramount Corporation Berhad, Sunway Berhad, Cahya Mata Sarawak Berhad, Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad, and two (2) Government incorporated companies, namely Construction Labour Exchange Centre Berhad and Malaysia Property Incorporated. Datuk Seri Yam graduated in Building and Management Studies from the University of Westminster, United Kingdom and is qualified as a Fellow of the Chartered Institute of Building and also a Fellow of the Royal Institution of Chartered Surveyors.

**BOARD OF DIRECTORS'
PROFILE****DATUK ZALEKHA
BINTI HASSAN**

Independent Non-Executive



Datuk Zalekha binti Hassan, Malaysian, aged 62, 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 the Board Nomination and Remuneration Committee of MAHB.

She began her career in the Malaysian civil service in 1977, as an Assistant Director in the Training and Career Development Division of the Public Service Department. She continued to serve the Malaysian Government in several ministries including the Ministry of Health, the 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 in MOF, from June 2011 until June 2013.

She graduated with a Bachelor of Arts (Hons) from University of Malaya. In 2006, she attended the Advance Management Program at Harvard Business School, Harvard University, USA.

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



BOARD OF DIRECTORS' PROFILE

ROSLI BIN ABDULLAH

Independent Non-Executive



Rosli bin Abdullah, Malaysian, aged 62, was appointed to the Board of MAHB as an Independent Non-Executive Director on 1 January 2014. He chairs the Board Audit Committee and is a member of Board Nomination and Remuneration Committee, Board Procurement Committee and Board Risk Management Committee of MAHB. He is also a member of Malaysia Airports Consultancy Services Sdn. Bhd., Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. and LGM Airport Operations 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 from 1976 to 1983, Chief Accountant in the Ministry of Works from 1981 to 1983 and Ministry of Education from 1983 to 1987. He was attached to the Public Services Department and was Chief Accountant at the Government Pension Department and Secretary to the Teachers Provident Fund from 1989 to 1991.

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

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

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

He currently sits on the Boards of Keretapi Tanah Melayu Berhad, Time Engineering Berhad, and Global Maritime Venture Berhad and its Group of Companies.

BOARD OF DIRECTORS' PROFILE

DATO' SRI DR MOHMAD ISA BIN HUSSAIN

Non-Independent Non-Executive



Dato' Sri Dr Mohmad Isa bin Hussain, Malaysian, aged 58, was appointed as a Non-Independent Non-Executive Director of MAHB on 29 May 2015. He also sits on the Board Procurement Committee and Board Finance and Investment Committee of MAHB.

Dato' Sri Dr Mohmad Isa is currently serves as Deputy Secretary General (Investment), Ministry of Finance (MOF).

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

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

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

Dato' Sri Dr Mohmad Isa holds a Doctor of Philosophy (Ph.D) (Finance) from University Putra Malaysia. He also holds a Master in Business Administration (MBA) (Finance) from University Kebangsaan Malaysia, Bachelor of Economics (Hons) (Applied Statistics) from University of Malaya and a Post-graduate Diploma in Public Management from National Institute of Public Administration.

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

BOARD OF DIRECTORS' PROFILE

NORAZURA BINTI TADZIM

(Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain)
(Non-Independent Non-Executive) (Appointed w.e.f 29 May 2015)
(Alternate Director to Dato' Siti Zauyah binti Md Desa)
(Non-independent Non-Executive) (Ceased w.e.f. 29 May 2015)



Norazura binti Tadzim, Malaysian, aged 38, was appointed to the Board of MAHB as Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain on 29 May 2015. She also sits on the Board of Malaysia Airports (Sepang) Sdn. Bhd., a wholly-owned subsidiary of MAHB.

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

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



BOARD OF DIRECTORS' PROFILE

DATO' SITI ZAUYAH BINTI MD DESA

Non-Independent, Non-Executive
(Resigned with effect from 29 May 2015)



Dato' Siti Zauyah binti Md Desa, Malaysian, aged 56, was appointed to the Board of MAHB as a Non-Independent Non-Executive Director since 6 June 2014 until 29 May 2015.

She started her career as a Quantity Surveyor with the Public Works Department in 1982 after graduating from the University of Reading, United Kingdom with Bachelor of Science (Hons) in Quantity Surveying, and later moved on to hold several other positions with a higher learning institution and several private sectors before pursuing her Diploma in Public Administration from the National Institute of Public Administration (INTAN). Upon graduation, she joined the Ministry of Finance Malaysia (MOF) and served in the Contract Management Division as Assistant Secretary from 1989 to 1993 before pursuing her Master in Business Administration (International Banking) at University of Manchester, United Kingdom.

She continued to serve as Assistant Secretary with the Tax Division and Finance Division at MOF before being promoted as Principal Assistant Secretary in 2001. In 2003, she was seconded to the Asian Development Bank, Manila as Director's Advisor until August 2006. Upon her return, she continued her service with MOF in the Loans Management Division and was appointed as the Deputy Secretary (Economy, Public Transportation and Infrastructure), Investment, MOF (Inc.) & Privatisation Division in April 2008. She was promoted as Secretary, Loan Management Division in November 2012 and later assumed the position of Secretary, Government Investment Company Division on 13 January 2014. On 12 December 2014, she was promoted as the Director of National Budget Office and on 2 February 2016, was further promoted to her current position as Deputy Secretary General (Policy) to the Treasury.

She currently holds directorships in Johor Corporation, Malaysia Debt Ventures Berhad, Majlis Amanah Rakyat, Bank Kerjasama Rakyat Malaysia Berhad and DanaInfra Nasional Berhad.

BOARD OF DIRECTORS' PROFILE

DATO' SRI DR ISMAIL BIN HJ BAKAR



Non-Independent Non-Executive
(Resigned with effect from 16 December 2015)



Dato' Sri Dr Ismail bin Hj Bakar, Malaysian, aged 56, was a Non-Independent Non-Executive Director of MAHB since 16 February 2015 until 16 December 2015.

Dato' Sri Dr Ismail holds a Bachelor of Economics (Hons) in Applied Economics from University of Malaya, and obtained his Master of Business Administration (MBA) and a Doctor of Philosophy (Ph.D.) in Economics from the University of Hull, UK. He also has a Diploma in Public Administration from National Institute of Public Administration (INTAN).

He is a member of the Chartered Institute of Purchasing and Supply (CIPS), UK and an Adjunct Professor of the School of Engineering and Entrepreneurship of University Malaysia Perlis (UNIMAP).

Dato' Sri Dr Ismail was the Secretary General for the Ministry of Transport before being appointed as the Secretary General for Ministry of Agriculture & Agro Based Industry on 16 December 2015.

Prior to his current position, he has held various positions in several ministries, amongst others, as Assistant Secretary, Contract and Supply Division, Ministry of Finance Malaysia (MOF), Assistant Director, Anti Narcotic Task Force, Malaysia, Assistant Secretary, Economic and International Division (External Trade and Balance and Payment), MOF, Assistant Secretary, Economic and International Division (Capital Market, Money Market and Banking Section), MOF, Principal Assistant Secretary, Economic and International Division (Public Finance Section), MOF, Head of Planning, Research and Policy, Government Procurement, MOF, Head of Section, Government Procurement, MOF and Deputy Secretary General (Policy), Ministry of Defence Malaysia.

In 2013, he was appointed as the Director of the National Strategic Unit, Treasury, MOF and was subsequently appointed as the Director of National Budget, National Budget Office, Treasury, MOF. He was also appointed as the Senior Advisor to the Executive Director (SEA Group), World Bank from 2008 to 2010.

Dato' Sri Dr Ismail resigned as a member of the Board of MAHB and Board Committees namely Board Procurement Committee and Board Risk Management Committee on 16 December 2015. He also resigned as a member on the Boards of Malaysia Airports (Sepang) Sdn. Bhd. and Malaysia Airports Sdn. Bhd., both wholly-owned subsidiaries of MAHB, on 16 December 2015.

BOARD OF DIRECTORS' PROFILE

DATUK RUHAIZAH BINTI MOHAMED RASHID

Alternate Director to Dato' Sri Dr Ismail bin Hj Bakar
Non-Independent Non-Executive
(Ceased with effect from 16 December 2015)



Datuk Ruhaizah binti Mohamed Rashid, Malaysian, aged 58, was an Alternate Director to Dato' Sri Dr Ismail bin Hj Bakar since 16 February 2015 until 16 December 2015.

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

Datuk Ruhaizah is currently the Deputy Secretary General (Policy) for the Ministry of Transport. She holds a Bachelor of Economic Studies from University Kebangsaan Malaysia and a Diploma in Public Administration, National Institute of Public Administration (INTAN).

Datuk Ruhaizah has ceased as Alternate Director to Dato' Sri Dr Ismail bin Hj Bakar effective from 16 December 2015.



Notes:

None of the Director has any:

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

Details of the Directors' attendance at Board meetings are set out in the Statement on Corporate Governance on pages 124 to 147.

BOARD OF DIRECTORS' PROFILE

TAN SRI BASHIR AHMAD BIN ABDUL MAJID

Advisor to the Board



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

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

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

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

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

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



**BOARD OF DIRECTORS'
PROFILE****SABARINA LAILA BINTI
DATO' MOHD HASHIM**

Company Secretary



Sabarina Laila binti Dato' Mohd Hashim, is currently General Manager, Secretarial and Legal Services and the Company Secretary for MAHB and its Group of Companies. She obtained a Degree in Bachelor of Laws from University of Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992. She also obtained a Masters of Science Degree in Corporate Governance from London South Bank University, UK.

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

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

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

GROUP SENIOR MANAGEMENT



1

Datuk Badlisham Bin Ghazali
Managing Director



2

Dato' Abd Hamid Mohd Ali
Chief Operating Officer



3

Raja Azmi Raja Nazuddin
Chief Financial Officer



4

Dato' Azmi Murad
Executive Director ISG & LGM



5

Muhamad Khair Mirza
Senior General Manager
Planning



6

Ir. Suradini Abdul Ghani
Senior General Manager
Non-Aviation Business



7

Ir. Mohd Zaifuddin Idris
Senior General Manager
Technical Services



8

Md. Shamsuri Md Isa
Senior General Manager
Human Resources



9

Mohammad Nazli bin Abdul Aziz
Senior General Manager
Commercial Services



10

Mohammad Suhaimi Abdul Mubin
General Manager
Malaysia Airport Sdn. Bhd.



11

Zainol Mohd Isa
General Manager
Malaysia Airports (Sepang) Sdn. Bhd.



12

Mohamed Sallauddin
Mohamed Shah @ Mat Sah
General Manager
Airline Marketing



13

Sabarina Laila Dato' Mohd Hashim
General Manager,
Secretarial & Legal Services and
Company Secretary



14

Nasrein Fazal Sultan
General Manager
Internal Audit



15

Rokmah Abdullah
General Manager
Procurement & Contract



16

Ir. Khairiah Salleh
General Manager
Engineering

GROUP SENIOR
MANAGEMENT

17

Nik Anis Nik Zakaria
General Manager
Corporate Communications



18

Nornajihah Ismail
General Manager
Finance Services



19

Veelayudan Krishnan Nair
General Manager
Special Projects



20

Nor Azlina Mohd Isa, IAP
General Manager
Planning & Development



21

Abd Malik Mohd Yunus
General Manager
Airport Fire & Rescue Services



22

Randhill Singh
General Manager
Corporate Planning



23

Ahmad Tarmizi Mohd Hashim
General Manager
Malaysia Airports Consultancy Services
Sdn. Bhd.



24

Mohd Nasir Ismail
General Manager
MAB Agriculture-Horticulture Sdn. Bhd.



25

Brian Iskandar Zulkarim
General Manager
Transformation Management Office



26

Zulhikam Ahmad
General Manager
Malaysia Airports (Niaga) Sdn. Bhd.



27

Radin Asrul Adza Radin Soenarno
General Manager
Information Technology



28

Rosli Mohd Isa
General Manager
Aviation Security



29

Datuk Abdullah Kadir Bacha
General Manager
Stakeholder Relations & Regulatory Affairs

GROUP SENIOR MANAGEMENT PROFILE

1

DATUK BADLISHAM GHAZALI

Managing Director

Profile is presented on page 78.

2

DATO' ABD HAMID MOHD ALI

Chief Operating Officer

Dato' Abd Hamid holds a Bachelor Degree in Civil Engineering from University of Glasgow and a Master of Science Degree in Airport Planning and Management from Loughborough University of Technology, United Kingdom. With 35 years of experience in airport planning, development, operations and maintenance, Dato Abd Hamid was involved in many of the company's transformation initiatives such as the site selection and drafting the Master Plan for KLIA and Subang Aerospace Park. He has also set up many MAHB joint ventures both locally and abroad including Cambodia, India, Kazakhstan, Turkey, Male and Qatar.

As a civil engineer, he has extensive experience in fast track airport development projects. Among the more prominent ones were the construction of Formula One Racing Circuit in KLIA, development of Langkawi International Airport, MAHB Corporate Headquarters and the construction of klia2. He was also the Chairman of Operations and Development Committee for Istanbul Sabiha Gokcen Airport, Turkey, when the airport was constructed in 2008. He was also involved in the consultancy and management services of airports in Middle East and Central Asia. He held several senior positions at the Department of Civil Aviation and KL International Airport Berhad. In MAHB, he has held the positions of General Manager of MACS, Executive Director of Urusan Teknologi Wawasan Sdn. Bhd. (a subsidiary of MAHB), Senior General Manager of MA (Sepang) and Senior General Manager of Technical Services, before assuming his current position.

3

RAJA AZMI RAJA NAZUDDIN

Chief Financial Officer

Raja Azmi joined MAHB in 2016. Prior to this, he had held the positions of Executive Director and Group Chief Financial Officer of UDA Holdings Berhad. His previous work experiences included as 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 back in 1987 with Coopers & Lybrand Malaysia before moving on to Malaysian Tobacco Company Berhad as an Internal Auditor and Marketing Accountant. He holds a Master of Business Administration from the University of Bath, UK. He is also a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

4

DATO' AZMI MURAD

Executive Director ISG & LGM

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

GROUP SENIOR MANAGEMENT PROFILE

5

MUHAMAD KHAIR MIRZA

Senior General Manager Planning

Muhamad Khair Mirza joined MAHB in 2011 and was focused on the business-side of the aviation-related units (Airline Marketing and Research & Planning) and the overall group-level activities (Corporate Planning and Overseas Ventures). Additionally, he also carries responsibilities in leading horizontals serving corporate-level and operational business units (Corporate Quality Management, Information Technology and Risk Management). Khair carved out a niche in Equities and broader transactions whilst at AmResearch and then Maybank from 2005, after five years at Euromonitor International having risen to a regional research head position for industries including Travel & Tourism, Retail Industry, Consumer Foodservice and Trends Monitoring. In both instances, Khair served customers both locally and internationally across various industries assisting in both broader business decision-making and detailed tactical assessments. Khair graduated from the University of Warwick, UK with a second upper degree, having read the multi-disciplinary Economics and International Studies.

6

IR. SURADINI ABDUL GHANI

Senior General Manager Non- Aviation Business

Ir. Suradini is responsible for three subsidiaries namely, K.L Airport Hotel Sdn. Bhd., Malaysia Airports Agriculture Sdn. Bhd and Malaysia Airports Properties Sdn. Bhd. Over the past 24 years, she has served in various departments in MAHB including as Head of Engineering at KLIA, General Manager of Malaysia Airports Consultancy Services Sdn. Bhd. and Senior General Manager Human Resource Services. Her experience covers engineering design and supervision, operation and maintenance of airport facilities, airport planning, project and contract management, airport consultancy and operation and management of airports abroad. She is a member of the Malaysian Institute of Human Resource Management (MIHRM), member of the Institute of Engineers Malaysia and a member of 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 Master in Business Administration (MBA) from Universiti Teknologi MARA (UiTM). She started her career as an Electrical Engineer with the Public Works Department in 1983 and later joined the Department of Civil Aviation Malaysia which was subsequently privatised to MAHB in 1992.

7

IR. MOHD ZAIFUDDIN IDRIS

Senior General Manager Technical Services

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

8

MD. SHAMSURI MD ISA

Senior General Manager Human Resources

Md. Shamsuri graduated with a Bachelor of Science in Business Administration majoring in Human Resource Management & Marketing with a minor in Counselling Psychology from Drexel University of Pennsylvania, USA and Masters of Science in Management Psychology from University of Nottingham, UK. He is also a Certified Member of British Psychology Society (BPS). He has diverse experience on strategic and operational human resources in various multinational and government-linked organisations. Prior to his appointment in MAHB, he was with Khazanah Nasional Berhad and was responsible for the development and implementation of national talent management practices, organisation and resources development.

GROUP SENIOR MANAGEMENT PROFILE

9

MOHAMMAD NAZLI ABDUL AZIZ

Senior General Manager Commercial Services

Mohammad Nazli joined MAHB in 2016. He is a Chartered Building Professional who graduated from the University of New South Wales, Australia and started his career in quantity surveying and project management. He was instrumental in the initial planning, marketing and sales of the award-winning 2,300 acres 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 the property, F&B and healthcare industries, both in Malaysia and the South East Asia region. In 2004, he was appointed as Senior General Manager, Commercial of KLCC Property Holdings Berhad, managing top-end commercial real estate and in charge of the operations of the various development components within the KLCC precinct. His wealth of experience in large scale property development, commercial real estate and retail will be essential to the on-going KLIA Aeropolis master plan.

10

MOHAMMAD SUHAIMI ABDUL MUBIN

General Manager Malaysia Airports Sdn. Bhd.

Mohammad Suhaimi graduated with a Bachelor Degree in Economics from University of Malaya in 1989 and a Graduate Diploma in Aviation and Airport Management from the National University of Singapore. He was accredited under the ACI-ICAO Airport Management Professional Accreditation Program as an International Airport Professional (IAP) in 2011. He started his career with the Department of Civil Aviation (DCA) at Subang International Airport in 1990 and continued to bring his expertise and experience to MAHB after its corporatisation. Suhaimi has more than 20 years of experience and has held several managerial positions at domestic and international airports. He is currently a Director on the Board of Malaysia Airports (Properties) Sdn. Bhd.

11

ZAINOL MOHD ISA

General Manager Malaysia Airports (Sepang) Sdn. Bhd.

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 (UiTM) under the Malaysia Airports Corporate Development Programme (MACDP). He is a certified International Airport Professional (IAP) and a Member of the Institute of Value Management Malaysia (IVMM). He is responsible for the management of KLIA, which includes klia2, cargo and Aeropolis. He began his career with the Public Works Department (JKR), then seconded to the Department of Civil Aviation (DCA) in 1981 and joined MAHB when it was privatised in 1992. He now has 35 years of experience in airport operations and maintenance, planning and development, project management including pioneering event operation management for MotoGP and Formula 1, planning and development of LCCT and klia2, formulation of National Airport Master Plan (NAMP), the study and preparation for A380 new large aircraft operations and airport development works at Kota Kinabalu, Kuching, Penang, Sandakan, Labuan, Kuala Terengganu and others. He was also involved in the airport certification programme, value management, knowledge management and various studies for operations excellence. He lead the team to catapult Langkawi International Airport into achieving the Asia Pacific Best Airport (Small Airport) for two consecutive years, 2013 and 2014.

12

MOHAMED SALLAUDDIN MOHAMED SHAH @ MAT SAH

General Manager Airline Marketing

Mohamed Sallauddin graduated with a Bachelor of Science Degree in Accountancy and Computer Science from Northern Illinois University, USA in 1985. He also holds a Master in Business Administration (MBA) (Strategic Management) Degree from the International Business School, Universiti Teknologi Malaysia. His association with the aviation industry began when he was recruited by Malaysia Airlines as a Management Trainee in 1986. He further enriched his aviation repertoire when he joined Malaysia's first aircraft manufacturing company Composite Technology Research Malaysia (CTRM) Sdn. Bhd. in 1997, which afforded him the opportunity to serve in general aviation

GROUP SENIOR MANAGEMENT PROFILE

sectors in the USA and Australia. His employment with MAHB in 2001 saw him joining the cadres that led the marketing of the international gateways managed by MAHB. This eventually allowed him to lead MAHB to organise Asia's first World Route Development Forum in Kuala Lumpur in 2008. He is highly committed to make KLIA as the Next Generation Hub for both commercial airlines and travellers, which is aligned to MAHB's vision. He currently serves as a Council Member of the Institute of Marketing Malaysia since 2007 and was also Executive Board Member of the Pacific Asia Travel Association (PATA) for 2013-2015. His present appointment as Deputy Chairman of the PATA Malaysia Chapter underlines his belief that aviation and tourism are complementary to each other in generating sustainable air travel.

13

SABARINA LAILA DATO' MOHD HASHIM

General Manager Secretarial & Legal Services,
and Company Secretary

Sabarina Laila is currently General Manager, Secretarial and Legal Services and the Company Secretary for MAHB and its Group of Companies. She obtained a Degree in Bachelor of Laws from University of Malaya and was admitted to the High Court of Malaya as an advocate and solicitor in 1992. She also obtained a Masters of Science Degree in Corporate Governance from London South Bank University, UK. She is licensed by the Companies Commission of Malaysia and is an Affiliate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She joined MAHB in 1995 as a Legal Advisor. Prior to joining MAHB, she was a practicing lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies. She is also at present the secretary for all five Board Committees of MAHB.

14

NASREIN FAZAL SULTAN

General Manager Internal Audit

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

15

ROKMAH ABDULLAH

General Manager Procurement & Contract

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

GROUP SENIOR MANAGEMENT PROFILE

16

IR. KHAIRIAH SALLEH

General Manager Engineering

Ir. Khairiah holds a Bachelor of Science Degree in Civil Engineering from Old Dominion University, Virginia, 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 the total productive maintenance under world-class maintenance for KLIA and other airports in the Group. She is also known for her knowledge in energy efficiency, energy management and asset management. Her diversified expertise covers most of professional engineering services, such as engineering study and analysis (O&M), 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 KLIA and other airports managed by MAHB.

17

NIK ANIS NIK ZAKARIA

General Manager Corporate Communications

Nik Anis holds a Bachelor of Science Degree in Economics from Northern Illinois University, USA, and has 26 years of working experience in various capacities. This includes managing sales and marketing, customer service and operations and corporate communications in a public listed IT company prior to joining MAHB in 2009. Her corporate communications portfolio includes marketing and brand communication, employee communication, customer satisfaction management, corporate responsibility programs, public relations and media relations. She is a former president of International Association of Business Communicators (IABC) Malaysia Chapter, a global association that promotes communication excellence within the industry.

18

NORNAJIHAH ISMAIL

General Manager Finance Services

Nornajihah is a registered Chartered Accountant with Malaysian Institute of Accountants (MIA) as well as a fellow member of the Association of Chartered Certified Accountants (ACCA). She recently graduated with Airport Concentration with a Master in Business Administration (MBA) and received the distinguished Vice Chancellor Award 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 Universiti Teknologi MARA (UiTM). She joined MAHB in 2006 as Senior Manager, Finance drawing on a vast experience and knowledge in Group accounting and auditing. In 2008, she was appointed as 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 subsequently seconded for one year 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, a member of Internal Audit Management Committee and also a Board member of Malaysia International Aerospace Centre Sdn. Bhd., Malaysia Airports Capital Berhad and Malaysia Airports Cities Sdn. Bhd.

She has been entrusted to cover for the role and responsibilities of the Chief Financial Officer from September 2015 to January 2016 Prior to MAHB, she was the Head of Group Accounts in Padiberas Nasional Berhad.

GROUP SENIOR MANAGEMENT PROFILE

19

VEELAYUDAN KRISHNAN NAIR

General Manager Special Projects

Veelayudan holds a Bachelor of Science Degree in Agribusiness Science from Universiti Putra Malaysia. He began his career in the Malaysian civil service as Assistant Director in the Malaysian Administrative Modernisation Planning Unit (MAMPU) at the Prime Minister's Department in 1983. He later joined the Department of Civil Aviation in 1986 and continued to serve Malaysia Airports upon its corporatisation in 1992. During his 26 years in the aviation industry, he has held a variety of positions such as Assistant Director of Air Transport Operations, Head of Administration, Finance and Public Relations, as well as Head of Terminal Operations at the Subang International Airport. In 1996, he was tasked to set up the Research and Planning division and has been heading it since. He carries out economic, statistical and strategic analysis for the company and provides business intelligence and input on matters related to traffic performance, traffic forecasts, charges and other air transport economics-related matters. He sits on the Board of Malaysia Airports (Sepang) Sdn. Bhd.

20

NOR AZLINA MOHD ISA

General Manager Planning & Development

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

21

ABD MALIK MOHD YUNUS

General Manager Airport Fire & Rescue Services

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

22

RANDHILL SINGH

General Manager Corporate Planning

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

GROUP SENIOR MANAGEMENT PROFILE

23

AHMAD TARMIZI MOHD HASHIM

General Manager Malaysia Airports Consultancy Services Sdn. Bhd.

Ahmad Tarmizi holds a Master of Business Administration (MBA) from Keele University, UK and a Postgraduate Diploma in Airport Management from the International Aviation Management Training Institute (IAMTI), Canada. Prior to his appointment as MACS's General Manager, he was MAHB's Technical Director and Senior Airport Consultant. He started his career with the Department of Civil Aviation as an Air Traffic Controller. When the KLIA project was announced, Tarmizi was selected to be a project manager in the KLIA Shadow Management Group (SMG). Prior to joining MAHB, Tarmizi was in Montreal, Canada, heading International Air Transport Association's (IATA) Airport Development and Terminal Design. In IATA, he expanded his credentials to include Airport Master Planning, Airport Certification, Airport Benchmarking, Airport Operational Readiness and Transfer, Airport Capacity Studies and much more. Throughout his career, Tarmizi has been involved in more than 30 airport projects and the most notable being: KLIA (Malaysia), Incheon (Korea), Ataturk Istanbul (Turkey), Harare (Zimbabwe), Wilmington (USA), and Sheremetyevo Moscow (Russia). Under his leadership, MACS successfully penetrated not only into the Middle East market by securing two airport projects in Qatar but also into non airport industry in the provision of Data Gathering and Simulation Works Phase II at Kuah Ferry Terminal in Langkawi. Tarmizi also holds the position of Chief Executive Officer of MACS Middle East LLC in Qatar.

24

MOHD NASIR ISMAIL

General Manager MAB Agriculture-Horticulture Sdn. Bhd.

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

25

BRIAN ISKANDAR ZULKARIM

General Manager Transformation Management Office

Brian Iskandar holds a Master of Business Administration and a Bachelor of Science Degree in Mechanical Engineering. In 1997, Brian became a Computerised Maintenance Management System Consultant (CMMS) serving clients throughout Massachusetts, New Jersey, Connecticut, Rhode Island and New York of the USA. In Malaysia, Brian held the post of Regional Director (Asia) for an international company specialising in Chemical, Biological, Radioactive and Nuclear (CBRN) and Explosives and Narcotics detection and identification systems. During this time, Brian became a certified professional Radiation Protection Officer (RPO). He was the CEO of a multimodal international logistics company before joining MAHB in 2009. He held the post of General Manager (Overseas Ventures) for MAHB for two years and in 2011, he was appointed to lead Urusan Teknologi Wawasan Sdn. Bhd. (UTW). Since then, UTW registered a cumulative growth of 453% with an average growth of 151% year-on-year. This immediately catapulted UTW to be within the top five facilities management company in the country. Brian was also one of the key people involved in the klia2 Operational Readiness and Airport Transfer (ORAT) in 2014 to oversee the successful facilities management and operations of the new terminal. Brian was appointed to his current position in 2015.

GROUP SENIOR MANAGEMENT PROFILE

26

ZULHIKAM AHMAD

General Manager Malaysia Airports (Niaga) Sdn. Bhd.

Zulhikam graduated with a Bachelor Degree (Hons) in Accountancy from Nanyang Technological University, Singapore in 1996. Although a certified public accountant, he has instead found his passion in retail. With more than 12 years' experience in a leading oil and gas company, Zulhikam started as a graduate trainee and was subsequently groomed to take on various roles within the organisation. His previous portfolio included Finance, Sales and Marketing, HSSE (Health, Safety, Security and Environment), as well as Training and Learning Development for Malaysia, Singapore and Asia Pacific. His last position before joining Malaysia Airports was as General Manager, Sales and Operations of 7-Eleven stores in Malaysia where he has served for five years from 2010 to 2015.

27

RADIN ASRUL ADZA RADIN SOENARNO

General Manager Information Technology

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

28

ROSLI MOHD ISA

General Manager, Aviation Security

Rosli holds a Bachelor of Science (Hons) degree from Universiti Sains Malaysia and was appointed to his current position in 2015. He was seconded from Royal Malaysia Police (RMP) where his previous position was as Head of Special Investigation and Technical of 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 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 Officer in Charge of Police District Sandakan and not long after that, as Deputy Officer in Charge of Criminal Investigation Intelligence & Operations Selangor. He has also served as an advisor to the Sierra Leone Police in Criminal Investigations while serving the United Nation Missions in Sierra Leone (UNAMSIL). He was part of the pioneer group when ESSCOM was established and held the post of Head of Special Investigation and Technical for two years.

29

DATUK ABDULLAH KADIR BACHA

General Manager Stakeholder Relations & Regulatory Affairs

Datuk Abdullah was appointed to his current position in 2016. Datuk Abdullah has over 39 years of working experience, of which 33 years were spent serving the Government of Malaysia in a number of key positions at the Federal level as well as in other agencies such as Multimedia Development Corporation (MDeC). Prior to joining MAHB, he was the CEO of Alkarismi Technologies Sdn. Bhd. and Director of a few IT companies under the AIBukhary Group such as Altel Sdn. Bhd., MYTV Broadcasting Sdn. Bhd. and Puncak Semangat Sdn. Bhd.

CORPORATE PROFILE



MALAYSIA HAS COME A LONG WAY SINCE THE COUNTRY RECORDED ITS FIRST FLIGHT MORE THAN A CENTURY AGO WITH FIVE INTERNATIONAL AIRPORTS IN MALAYSIA AND ONE IN TURKEY, 16 DOMESTIC AIRPORTS AND 18 SHORT TAKE-OFF AND LANDING PORTS, MALAYSIA AIRPORTS IS NOW THE SECOND LARGEST AIRPORT GROUP IN THE WORLD IN TERMS OF NUMBER OF PASSENGERS HANDLED.



Once a state-run airport operator, Malaysia Airports Berhad was corporatised in 1992 and listed on the Malaysian Stock Exchange (Bursa Malaysia) seven years later, 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. The company draws its revenue from aeronautical operations – aircraft landing and parking fees, passenger service charges and other airline charges – and commercial activities from airport-related services such as duty free shops and other retail outlets, hotel operations and commercial leasing.

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

Over the past three decades the company has developed a business model that focuses not only on the airports portfolio, but also on optimising the commercial opportunities presented by the travel and aviation industry. As we move forward, our vision is to be a global leader in creating airport cities – providing world-class aeronautical services while fully utilising surrounding land banks to develop malls, hotels and leisure facilities to ensure a joyful experience not only for the contemporary traveller, but also for all Malaysia Airports' clients and business partners.



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

A slew of awards and accolades is testament to our continued success in the aviation business. The KL International Airport won the world's number two airport (40-50 million passengers per annum) in Skytrax 2015. Langkawi International Airport won 'Best Airport' in Asia Pacific under the 0-2 million passengers category at ASQ Airports Council International in its 2014, while Istanbul Sabiha Gokcen International Airport was recognised as the fastest growing airport in Europe in 2015.

In moving forward, Malaysia Airport's next five-year business plan is encapsulated in its Runway to Success 2020 (RtS2020) document where priority will be put on the establishment of KLIA as a preferred

ASEAN hub, improving airport experience for all stakeholders, the development of Aeropolis and strategic investments overseas.

KL INTERNATIONAL AIRPORT

KL International Airport, the premier gateway to Malaysia, opened in June 1998 with the capacity to handle as many as 25 mppa. Its capacity is currently being enhanced through minor reconfiguration such as more efficient use of check-in counters and redesign of passenger flow and retail areas to allow it to handle up to 30 mppa. With its world-class facilities, 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 the Main Terminal and klia2. The airport is the only one in the region to offer three independent runways. Total passenger traffic at KLIA and klia2 was 48.9 million passengers in 2015.

KLIA is located in Sepang, in the western state of Selangor about 50 kilometers from the capital city, Kuala Lumpur. It is easily accessible via a network of highways that connect the airport to the rest of Peninsula Malaysia. An express rail link

CORPORATE PROFILE

(ERL) connects KLIA to the city in only 28 minutes and other forms of public transport, including buses, taxis and limousines are readily available.

KLIA has won numerous awards since it opened nearly two decades ago. It is one of Malaysia Airports' strategic priority to establish KLIA as the preferred ASEAN hub offering passengers increased connectivity and seamless transfer experience.

With the opening of klia2, KLIA has strengthened its 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. Together, KLIA Main Terminal and klia2 offer long and short-haul capability with facilities that integrate both full-service and low-cost carrier operations. With a land bank measuring 10km by 10km, there is also ample room for expansion, as well as space for a fourth runway.

klia2

Malaysia Airports was proud to welcome its first passengers and airlines to klia2, the world's largest terminal dedicated to low cost carriers, in 2014. The 257,000 square meter building with aerobridges and support facilities was built at a cost of RM4 billion, replacing the Low-Cost Carrier Terminal (LCCT), and redefining the budget traveller experience with world-class services and connectivity. Situated just two kilometers from KLIA Main Terminal, klia2 has 128 check-in counters, 52 self-check-in kiosks and a fully automated baggage handling system. A dedicated runway and control tower ensure efficient aircraft operations.



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

Some 35,200 square meters of space is dedicated to retail including food and beverage outlets and a supermarket as part of Malaysia Airports' "Airport in a Mall; Mall in an Airport" concept.

Passengers also enjoy seamless connectivity between the airport and to the city centre through the ERL, which also provides onward travel to Kuala Lumpur. Buses, taxis and ample covered car parks are also available to both travellers and staff.

ISTANBUL SABIHA GOKCEN INTERNATIONAL AIRPORT

Istanbul Sabiha Gokcen International Airport (ISG) is Istanbul's second airport, the only one on the "Asian side" of the Bosphorus. Malaysia Airports' involvement in ISG began in 2008 in the planning and development of its new terminal. The Group had gradually increased its stake over the subsequent years which culminated in a full acquisition in 2014.

ISG was the world's fastest growing airport in 2009, 2010, 2013 and 2014 and Europe's fastest growing airport for the past seven years.

Its currently capacity is at 33 mppa with 51 airlines offering direct flights to 39 domestic and international destinations from ISG. 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 2015, ISG handled 28.3 million passengers.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

(Chairman/
Non-Independent Non-Executive)

DATUK MOHD BADLISHAM BIN GHAZALI

(Managing Director/
Non-Independent Executive)

JEREMY BIN NASRULHAQ

(Senior Independent Non-Executive)

DATO' MOHD IZANI BIN GHANI

(Non-Independent Non-Executive)

TUNKU DATO' MAHMOOD FAWZY BIN TUNKU MUHIYIDDIN

(Non-Independent Non-Executive)

DATUK SERI YAM KONG CHOY

(Independent Non-Executive)

DATUK ZALEKHA BINTI HASSAN

(Independent Non-Executive)

ROS LI BIN ABDULLAH

(Independent Non-Executive)

DATO' SRI DR MOHMAD ISA BIN HUSSAIN

(Non-Independent Non-Executive)
(Appointed w.e.f. 29 May 2015)

NORAZURA BINTI TADZIM

(Alternate Director to Dato' Sri Dr Mohamad Isa bin Hussain)
(Non-Independent Non-Executive)
(Appointed w.e.f. 29 May 2015)
(Alternate Director to Dato' Siti Zauyah binti Md Desa)
(Non-independent Non-Executive)
(Ceased w.e.f. 29 May 2015)

DATO' SITI ZAUYAH BINTI MD DESA

(Non-Independent Non-Executive)
(Resigned w.e.f. 29 May 2015)

DATO' SRI DR ISMAIL BIN HJ BAKAR

(Non-Independent Non-Executive)
(Resigned w.e.f. 16 December 2015)

DATUK RUHAIZAH BINTI MOHAMED RASHID

(Alternate Director to Dato' Sri Dr Ismail bin Hj Bakar)
(Non-Independent Non-Executive)
(Ceased w.e.f. 16 December 2015)

COMPANY SECRETARY

SABARINA LAILA BINTI

DATO' MOHD HASHIM

(LS 0004324)

REGISTERED OFFICE

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E-mail : sabarina@malaysiaairports.com.my

WEBSITE

www.malaysiaairports.com.my

SHARE REGISTRAR

SECURITIES SERVICES (HOLDINGS) SDN. BHD.

Level 7, Menara Milenium
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Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 603-2084 9000
Fax : 603-2094 9940/2095 0292

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Citibank Berhad

AUDITORS

MESSRS. ERNST & YOUNG

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

STOCK EXCHANGE LISTING

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

GROUP CORPORATE STRUCTURE

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

Investment holding.

100% MAHB

Malaysia Airports Sdn. Bhd.
(230646-U)

Management, operations and maintenance of designated airports and provision of airport related services in Malaysia other than KL International Airport (KLIA), Low Cost Carrier Terminal (LCCT) and klia2. The designated airports comprise:-

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

100% MAHB

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

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

30% MA (Sepang)

MFMA Development Sdn. Bhd.
(1053024-K)

Development operation and maintenance of a factory outlet centre and its complementary components known as "Mitsui Outlet Park KLIA".

100% MAHB

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

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

49% MACS

Malaysia Airports Consultancy Services Middle East LLC
(62645)

Facilities maintenance services at airports.

100% MACS

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

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

100% MAHB

Malaysia International Aerospace Centre Sdn. Bhd.
(438244-H)

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

100% MAHB

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

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

100% MA (Niaga)

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

Dormant. Intended principal activity is general trading.

100% MA (Niaga)

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

Investment holding.

100% MAHB

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

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

100% MA (Properties)

K.L. Airport Hotel Sdn. Bhd.
(330863-D)

Owner of the hotel known as Sama-Sama Hotel, KLIA; Sama-Sama Express, KLIA; and Sama-Sama Express, klia2

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

Ceased operation/Dormant.

100% MA (Properties)**MAB Agriculture-Horticulture Sdn. Bhd.** (467902-D)

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

20% MA (Properties)**Kuala Lumpur Aviation Fueling System Sdn. Bhd.** (395396-X)

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

100% MAHB**Airport Ventures Sdn. Bhd.** (512527-U)

Investment holding.

100% AV**Malaysia Airports Technologies Sdn. Bhd.** (512262-H)

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

100% MA Technologies**Malaysia Airports MSC Sdn. Bhd.** (516854-V)

Investment holding.

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

Investment holding management.

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

Investment holding management.

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

Investment holding management.

100% MAHB**Malaysia Airports (Labuan) Private Limited** (LL05298)

Investment holding management.

23% MA (Labuan)**GMR Malè International Airport Private Limited** (C0490/2010)

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

100% MAHB**MA Construction (Labuan) Private Limited** (LL08348)

Investment holding management.

20% MAHB**Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc.** (656447)

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

30% MAHB**Segi Astana Sdn. Bhd.** (916663-H)

Development, management and operations of property.

23% MAHB**Airport Cooling Energy Supply Sdn. Bhd.** (923025-D)

Development, management and operations of chilled water plant.

20% MAHB**LGM Airport Operations Trade and Tourism Inc.** (689548)

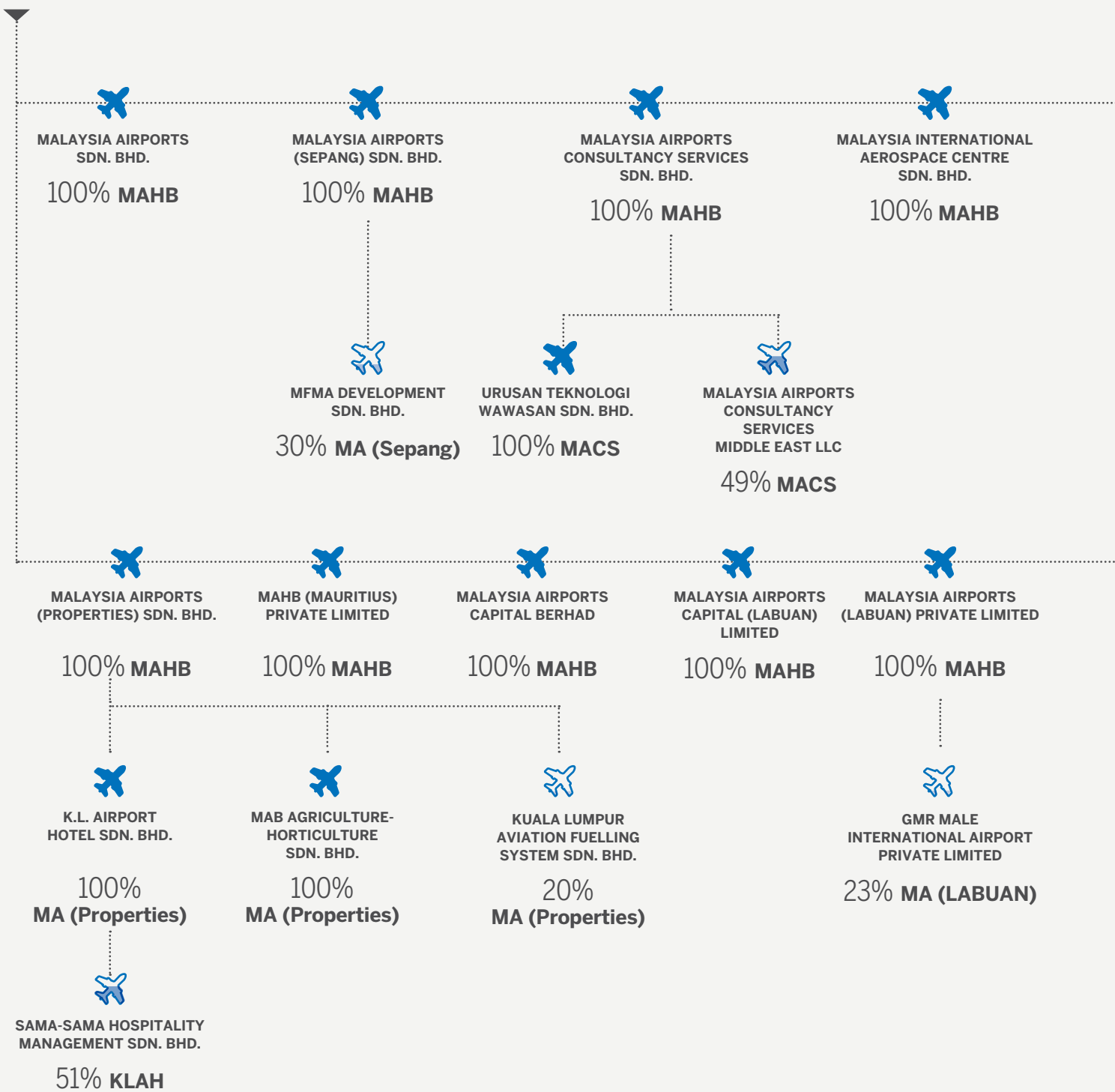
Provision of management services in respect of transportation, parking, food and beverages, cleaning at the airport and construction of hotel and car park within the airport.

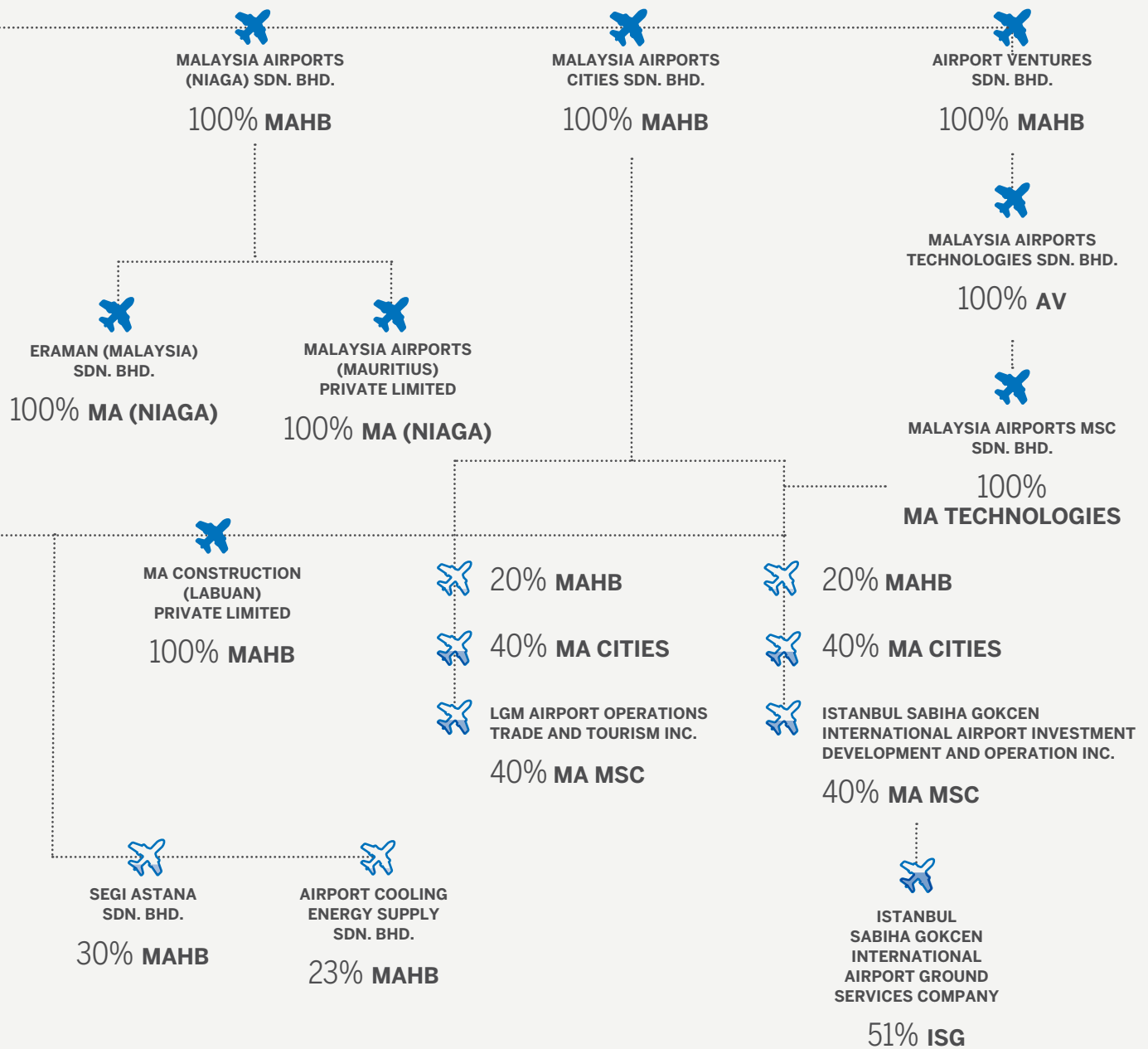
100% MAHB**Malaysia Airports Cities Sdn. Bhd.** (1114062-X)

Investment holding.

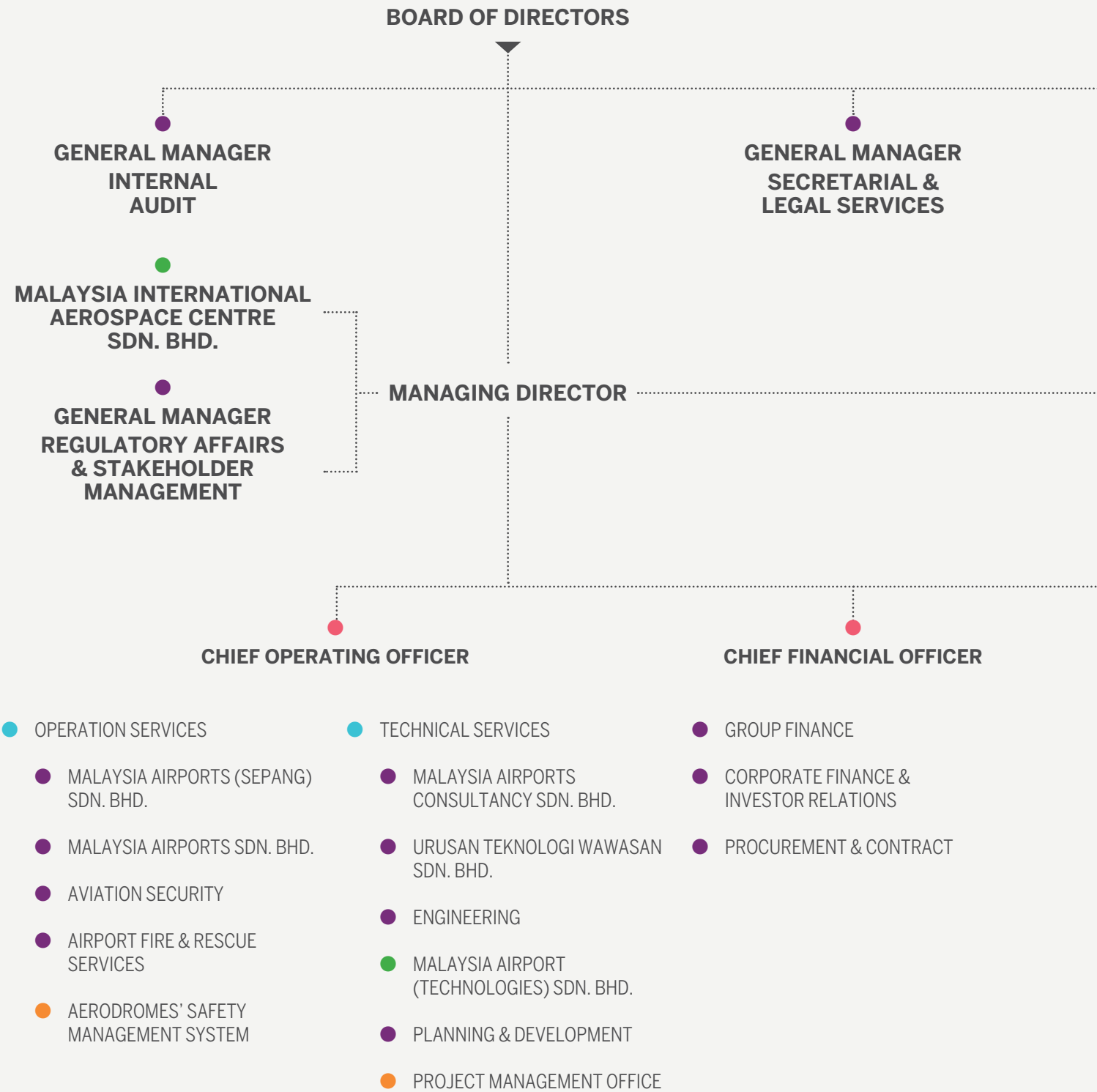
GROUP CORPORATE
STRUCTURE

MALAYSIA AIRPORTS
HOLDINGS BERHAD

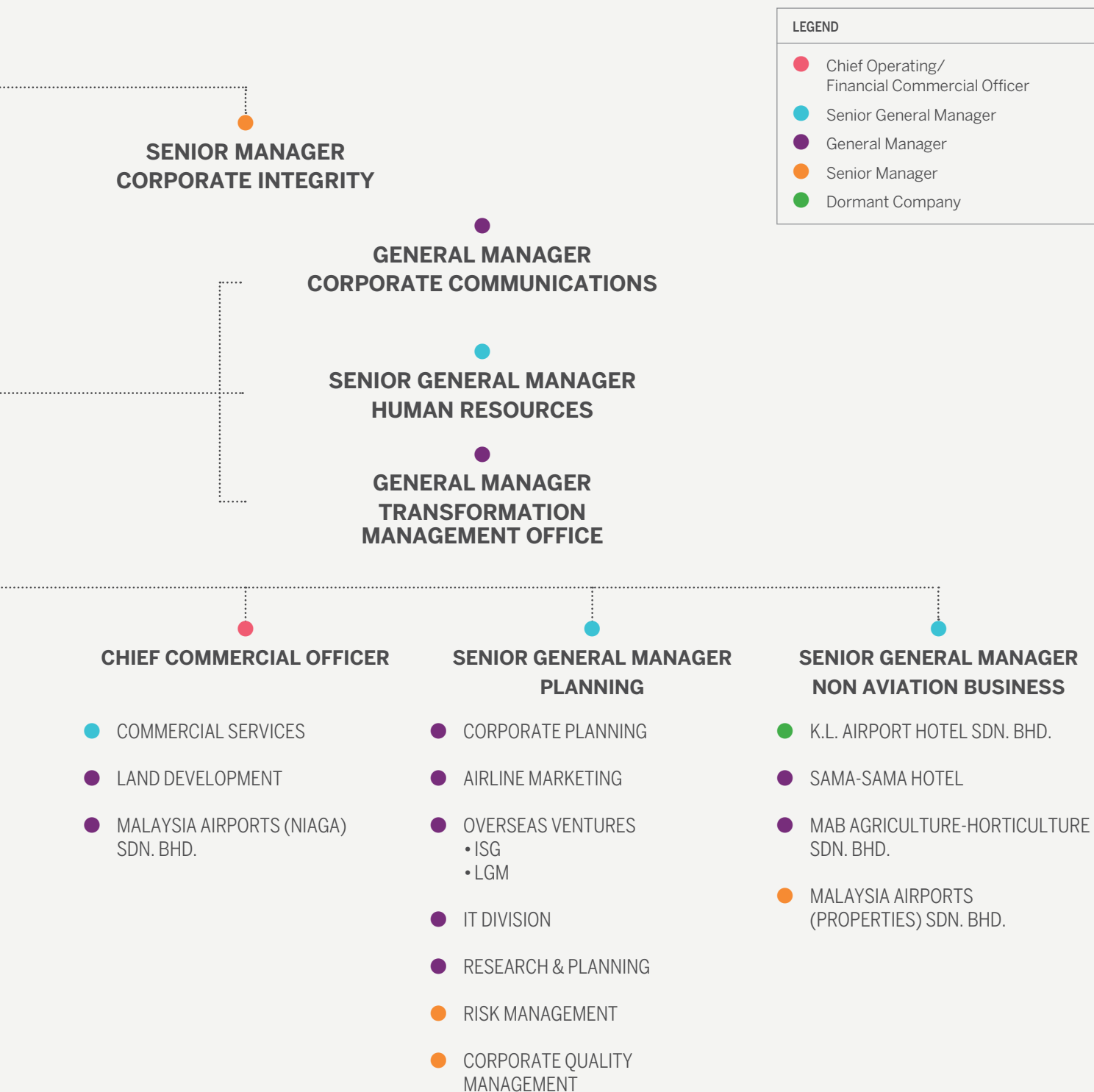


GROUP CORPORATE
STRUCTURE

GROUP ORGANISATIONAL STRUCTURE



GROUP ORGANISATIONAL STRUCTURE





INTERNATIONAL EXPANSION

ACTIVELY IDENTIFYING INVESTMENT OPPORTUNITIES TO BUILD A BALANCED DIVERSIFIED PORTFOLIO OF INTERNATIONAL ASSETS AND EXPORTING SELECTED CAPABILITIES WITHIN A STRUCTURED FRAMEWORK

MALAYSIA AIRPORT INTERNATIONAL EXPANSION JOURNEY



**ISTANBUL SABIHA GOKCEN
INTERNATIONAL AIRPORT**

**FULL
ACQUISITION**
IN 2015



**FASTEST GROWING
AIRPORT IN
EUROPE**
IN 2015



TERMINAL CAPACITY

33 MPPA



2015 PASSENGER TRAFFIC GROWTH

19.7%
28.3 MILLION IN 2015





CALENDAR OF EVENTS 2015

CORPORATE

FEBRUARY 14

klia2 Shopping Hunt

A collaboration with Mix FM, the hunt was initiated to promote shopping within KLIA and klia2 as well as to familiarise the public with the klia2 terminal.

MARCH 17

Signing off Concession With NADI

We signed a long-term concession with National Aerospace & Defence Industries (NADI) to develop 14 acres land at Lapangan Terbang Sultan Abdul Aziz Shah (LTSAAS), Subang for maintenance, repair & overhaul (MRO) services, and aircraft conversion hangars.

MARCH 17

LIMA 2015, Langkawi

We participated in the Langkawi International Maritime & Aerospace Exhibition (LIMA), a biannual event that attracts trade visitors for the defense and civilian industries.

MARCH 17

Launching of Langkawi International Airport's Brand New VIP Annex Complex

Officiated by Prime Minister YAB Dato' Sri Mohd Najib, the new complex was named Kompleks Lang Merah.



MARCH 5

Senior Management Team Signs Corporate Integrity Pledge

This signing signifies our unilateral declaration against corrupt practices and commitment towards ensuring a highly-principled business environment.



MAY 28

British Airways Retuns to KL International Airport

British Airways commenced its service on a daily basis utilising the Boeing 777-200 airplane with a four-class cabin configuration.

JUNE 05

Introduction of Tactical Simulator

At par with recent aviation safety technology, we introduced the high-octane Rosenbauer Panther Tactical Simulator for the usage of our Airport Fire Rescue Services unit.

JUNE 09-11

Global Airport Development (GAD) Asia

We hosted the inaugural GAD Asia 2015, a conference to discuss and share strategies regarding airport development and finance.

JUNE 29

KLIA Celebrates Its 17th Birthday!

We celebrated KLIA's 17th birthday with our stakeholders and airport partners. Since its opening in 1998, KLIA has earned many regional and international accolades thus strengthening its position as a regional hub.

JUNE 16

Launching of Eraman-CIMB Campaign

A collaboration with CIMB Bank, the campaign provided greater and value-added benefits for our shoppers at our airports.

JULY 29

Launching of Mitsui Outlet Park KLIA

Part of the KLIA Aeropolis plan, the highly-anticipated retail outlet park was launched by the Prime Minister YAB Dato' Sri Mohd Najib.

SEPTEMBER 18

KLIA Awards 2014

KLIA Awards was initiated to recognise the best in Malaysian aviation industry and also serve as an ideal platform for Malaysia Airports to reward its partners for their outstanding performances and services.

AUGUST 07-09

GLC Open Day

A Government-Linked Company (GLC) Open Day was held in conjunction with the graduation of the ten-year GLC Transformation Programme. The open day was held to highlight achievements and contribution of GLCs to the development of the country.



SEPTEMBER 01

All Nippon Airways Begins Flying to Kuala Lumpur International Airport

The non-stop daily service from Tokyo's Narita Airport operates using a Boeing 787-8 Dreamliner aircraft.



CALENDAR OF EVENTS 2015

OCTOBER 25

Air China Begins Flying between Beijing and Kuala Lumpur International Airport

Air China operates four times a week service from Beijing Capital International Airport using an Airbus A330-300 aircraft.

NOVEMBER 20

Prime Minister of New Zealand Visits klia2

Rt Hon John Key paid a visit to klia2 and was briefed on its Baggage Handling System (BHS), developed by a New Zealand company, BCS Airport Systems.

NOVEMBER 30

Launch of MYFIT System

Developed in collaboration with the National Sports Institute, the MYFIT System is a web-based system used to analyse data on fitness components for our Airport Fire Rescue Services officers.

DECEMBER 08

Indulge & Explore Campaign

This campaign was launched to provide an exciting platform for our travellers to shop and contribute to wildlife conservation efforts.



DECEMBER 27

'Miss Joyful KLIA'

Miss Tourism Queen of the Year International made a successful debut of its subsidiary title, 'Miss Joyful KLIA' in the Kuala Lumpur International Airport (KLIA). Miss Uganda, Sheila Kirabo, was crowned as the first 'Miss Joyful KLIA'.



EMPLOYEE

MAY 11 - 13

13th Loyal Service Award

The event was held at KL International Airport, Kuching International Airport and Kota Kinabalu International Airport to recognise and reward employees who have served the company for more than ten years.



MAY 25

Heroes of the Quarter

To recognise outstanding employees who have shown exemplary individual achievement by performing beyond their job duties.

MAY 26

Kempen Selamat Sampai ke Tempat Kerja Kebangsaan

Officiated by YB Dato' Sri Richard Riot Anak Jaem, Minister of Human Resource, the campaign focused on road safety awareness especially during daily commutes to work.

CALENDAR OF EVENTS 2015

SEPTEMBER 28

Launch of Leadership and Talent Development Programme

A Memorandum of Understanding (MoU) was signed with INSEAD Executive Education and The IA Group as the training provider for our Leadership and Talent Development Programme. We also signed an MoU with Learning Edge as the training provider for the Airport Apprentice Programme.



OCTOBER 10

Hari Sukan Negara @ KLIA

We celebrated Hari Sukan Negara, an initiative by the Ministry of Youth and Sports. More than 180 employees participated in the aerobics session.



COMMUNITY

JANUARY 12-14

Flood Aid & Relief Mission in Kelantan

We assisted families of effected airport employees and Malaysia Airports adopted school, SK Che Latiff with food, drinks and clothing supplies. We also sent volunteers to help with clearing up activities.



FEBRUARY 05

Green Day Programme

Launched at Kuching International Airport, this event aimed to inculcate environmental awareness among employees while promoting staff camaraderie.

APRIL 25

Youth for Integrity

Partnering with Empowering Youth Endeavours (EYE), we took part in this initiative to share with the youth from various institutions in Klang Valley on the importance of integrity in our business environment.

OCTOBER 27

Beyond Borders' English Day 2015

A total of seven schools were adopted under the Beyond Borders corporate responsibility programme to help improve the level of English among primary school students. Competitions such as story telling, drama and essay writing were held.

2015 AWARDS

1

INTERNATIONAL FINANCING REVIEW (IFR) ASIA LOAN OF THE YEAR AWARD

Bagged for innovative refinancing solution for Istanbul Sabiha Gokcen's borrowings by Thomson Reuters.



2

QUALITY MANAGEMENT EXCELLENCE AWARD 2015

Conferred by the European Society of Quality Research (ESQR) for our success in reducing the numbers of Non-Conformance Report (NCR) and efficiency in identifying and managing risks.



3

FTSE4GOOD

Recognised by FTSE Group for meeting globally recognised corporate responsibility standards.



7

MARKET PIONEER AWARD 2015

A testament to the success of the RM1 billion Perpetual Subordinated Sukuk issued by RAM Holdings Berhad.

9

AIRPORT CARBON ACCREDITATION

Certified by Airports Council International (ACI) under its Airport Carbon Accreditation Programme (Reduction) for KLIA's effort in reducing carbon dioxide emissions.

8

BEST DUTY-FREE SHOPPING DESTINATION AWARD 2015

Acknowledged by Travel + Leisure, India's leading luxury and travel magazine for KL International Airport's duty-free shopping experience.

10

MAIDEN EUROMONEY AWARD

Clinched for innovation in Islamic Finance 2015 by Euromoney for our inaugural RM1 billion Perpetual Subordinated Sukuk.

2015 AWARDS

4

**SPECIAL RECOGNITION
AWARD FOR BEST CULTURE
OF RELIABILITY**

Presented to the Engineering division by Uptime (a magazine for maintenance Reliability Leaders and Asset Management Professionals) for providing positive exposure on maintenance reliability.



5

**SOCIAL MEDIA EXCELLENCE
AWARD 2015**

Recognised for Best Social Media Engagement by Malaysia Social Media Chambers.



6

**GREEN TECH
AWARDS 2015**

Awarded by Malaysian Green Technology Corporation (GreenTech Malaysia) for being one of Malaysia's Top 30 Green Catalysts company.

**11 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.

**12 MSOSH OSH GOLD CLASS 1 AWARD &
MSOSH OSH GOLD CLASS 2 AWARD**

Won for Malaysia Airports Corporate Office and KLIA for Occupational, Safety and Health efforts respectively.

13 GOLD FOR 'SERVICE' CATEGORY

Bagged for PULSE BHS' (Engineering division) 'Timing Belt Maintenance Improvement' innovation project by the Malaysia Productivity Corporation.

14 2015 BEST COMPANIES TO WORK FOR

Conferred by HR Asia to our award-winning subsidiary, Sama-Sama Hotel in KL International Airport.

15 GREEN TECH AWARDS 2015

Awarded by Malaysian Green Technology Corporation (GreenTech Malaysia) for being one of Malaysia's Top 30 Green Catalysts company.

PAST AWARDS AND ACCOLADES



QR CODE

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

YEAR 2014

- Green Tech Awards 2015
Malaysia's Top 30 Green Catalysts for its bold initiative to incorporate solar photovoltaic technology at the KL International Airport (KLIA) and incorporating green features at klia2.
- The Malaysia Book of Records
 - Biggest Low-Cost Carrier Terminal
 - First Airport Terminal Skybridge in Asia
- Malaysian Society for Occupational Safety and Health (MSOSH)
 - Occupational Safety and Health Awards 2013
 - MSOSH OSH Gold Class I Award Winner for 2013 – Kuala Lumpur International Airport
 - MSOSH OSH Gold Class II Award Winner for 2013 – Kota Kinabalu International Airport
 - MSOSH OSH Silver Award Winner for 2013 – Malaysia Airports Corporate Office
- Human Resources Excellence Awards 2014
 - Silver Winner Excellence In Employee Development
 - Bronze Winner Excellence In Workplace Well-Being
- Large Airport of the Year Award at CAPA Awards for Excellence in Asia Pacific Aviation 2014.
- National Award for Management Accounting (NAfMA) 2014, CFO of the Year – Faizal Mansor, Chief Financial Officer, Malaysia Airports Holdings Berhad.
- The BrandLaureate Aviation Man of the Year – Tan Sri Bashir Ahmad, Advisor to Malaysia Airports Holdings Berhad.
- 1Malaysia Employer Award 2014, Large Corporations Category – Malaysia Airports Holdings Berhad.
- Skytrax 2014 World Airport Awards – 2nd World's Best Airport (40 - 50 mppa), KL International Airport.
- Top Hotels in 2014 Travellers' Choice Awards – 10th place in Luxury and Romance category, Sama-Sama Hotel KL International Airport.
- Best Small Airport (Asia-Pacific) 2013 ASQ Awards – Langkawi International Airport.
- DRI Malaysia KL 2014 – Best BCM Organisation in GLC/Public Sector – Malaysia Airports Holdings Berhad.
- Best in Travel 2014 World's Best Airports – Ranked the Third Best Airport Worldwide by SmartTravelAisa.com readers – Kuala Lumpur International Airport.
- Malaysia's 100 Leading Graduate Employers – Most Popular Graduate Employer Finalist in Government Linked Companies – Malaysia Airports Holdings Berhad.

YEAR 2013

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

PAST AWARDS AND ACCOLADES

YEAR 2012

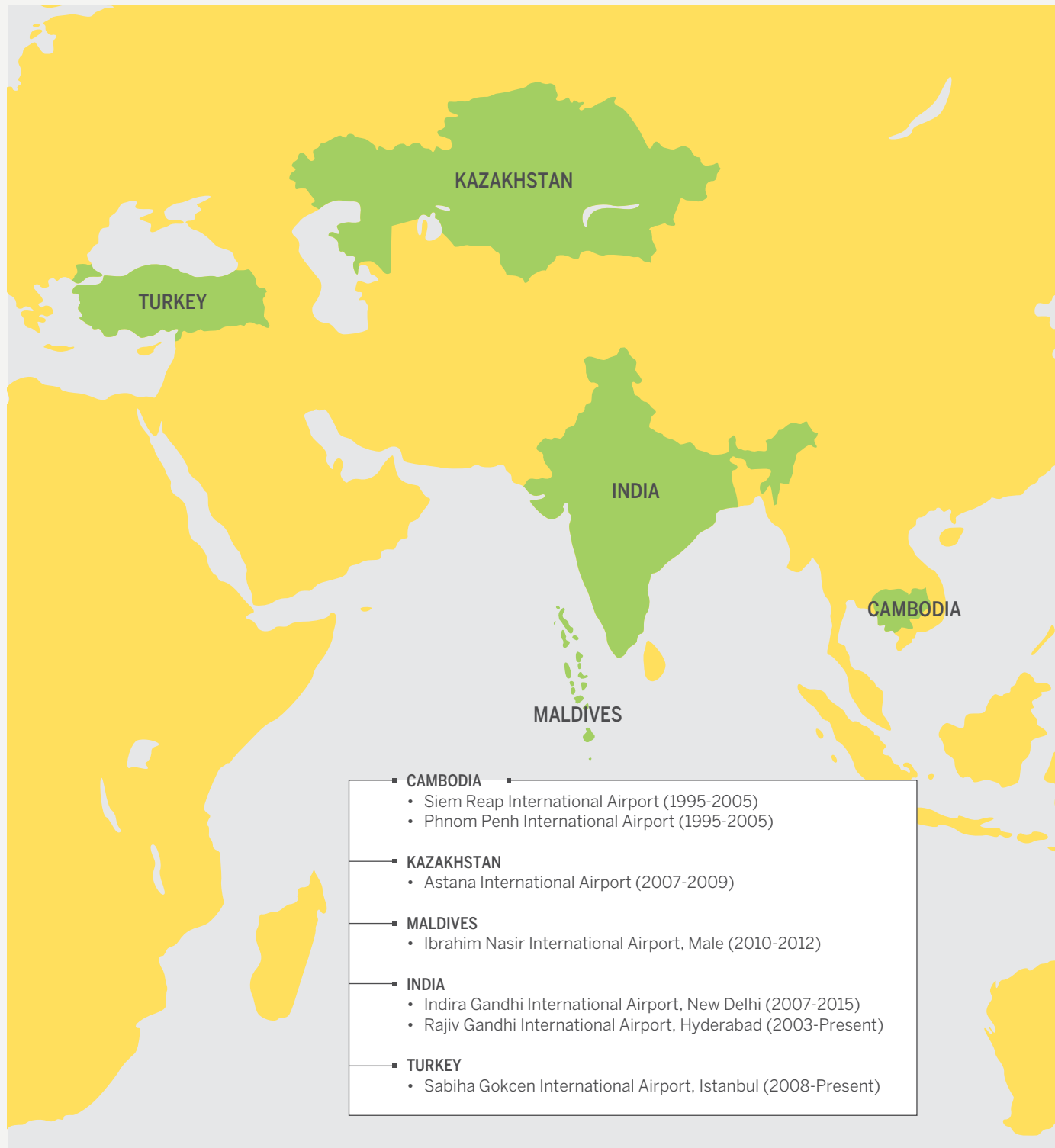
- Malaysia Airports is one of the finalists in the Air Cargo Award of Excellence for the category Airports Asia 400,000 to 999,999 tonnes, for achieving Air Cargo Excellence and the superior overall rating as determined by the readers of Air Cargo World Magazine.
- KLIA won the 'Best Airport Staff Asia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

YEAR 2011

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

AIRPORTS MANAGED BY MALAYSIA AIRPORTS

OVERSEAS AIRPORTS MANAGED BY THE GROUP



MALAYSIAN AIRPORTS OPERATED BY THE GROUP



LEGEND				
	INTERNATIONAL	PENINSULAR MALAYSIA <ul style="list-style-type: none">• KL International Airport• Langkawi International Airport• Penang International Airport		SABAH <ul style="list-style-type: none">• Kota Kinabalu International Airport
		SARAWAK <ul style="list-style-type: none">• Kuching International Airport		
	SHORT TAKE-OFF AND LANDING PORTS (STOLPORTS)	PENINSULAR MALAYSIA <ul style="list-style-type: none">• Pulau Redang• Pulau Pangkor• Pulau Tioman	SABAH <ul style="list-style-type: none">• Kudat• Long Pasia• Semporna	SARAWAK <ul style="list-style-type: none">• Lawas• Marudi• Long Semado• Long Seridan• Long Lellang• Long Banga
				<ul style="list-style-type: none">• Bario• Kapit• Mukah• Ba'kelalan• Long Akah• Belaga
	DOMESTIC	PENINSULAR MALAYSIA <ul style="list-style-type: none">• Sultan Abdul Halim Airport, Alor Setar• Sultan Ismail Petra Airport, Kota Bharu• Sultan Mahmud Airport, Kuala Terengganu• Sultan Ahmad Shah Airport, Kuantan• Sultan Azlan Shah Airport, Ipoh• Skypark Terminal Sultan Abdul Aziz Shah Airport, Subang• Melaka Airport		SABAH <ul style="list-style-type: none">• Sandakan Airport• Labuan Airport• Tawau Airport• Lahad Datu Airport
				SARAWAK <ul style="list-style-type: none">• Miri Airport• Bintulu Airport• Sibu Airport• Limbang Airport• Mulu Airport

STATEMENT ON CORPORATE GOVERNANCE



QR CODE
Scan this QR code to
view MAHB's Investor
Relations Portal.

INTRODUCTION

The Board of Directors (the Board) is accountable to the shareholders and takes ultimate responsibility for the Group’s adherence to a high standard of corporate behaviour and ethics. Effective corporate governance requires due diligence in rallying the support and commitment of the broad network of business stakeholders, including shareholders, employees, customers and communities. The Board strongly believes that adopting and operating in accordance with high standards of corporate governance are the most essential elements for long-term sustainable performance and economic value creation for our shareholders as well as other stakeholders.

In our quest to achieve the Group’s vision and mission, we are committed to continue our efforts to bring Malaysia Airports to greater heights to become a “*Global Leader in Creating Airport Cities*”. We are also committed to strive for the highest level of governance in Malaysia Airports, and to endeavour in exceeding the expectations of all our shareholders and stakeholders.

Corporate Governance Framework

Malaysia Airports constantly strives to maintain a high standard of corporate governance throughout the Group, as well as continue to elevate the standards further. This is fundamental to fulfilling its responsibility of protecting and enhancing shareholders’ value and the financial performance of the Group.

Thus, the Board is fully committed towards achieving full compliance with the principles and adoption of recommendations on corporate governance, such as:

Sound corporate governance practice is at the core of Malaysia Airports’ business conduct and it involves more than meeting regulatory responsibilities and compliance. It is aimed at achieving the highest standards of conduct, business integrity, ethics; as well as the promotion of fairness, transparency, accountability and professionalism across all the Group’s activities. The Board acknowledges the importance of corporate governance in enhancing stakeholder value, increasing investor confidence, establishing customer trust and building a competitive organisation to support the Group’s corporate mission and vision.

The commitment of the Board, Management and staff of Malaysia Airports in ensuring the interests of investors and all other stakeholders are well taken care of, is affirmed by the awards and recognitions received by Malaysia Airports highlighted in page 118 to 121.

Business Direction

In 2016, Malaysia Airports launched its next five-year business plan, “Runway to Success 2020 (RtS2020)” which maps out our ambition of becoming a global leader in creating airport cities, charting our business direction for 2016 to 2020. RtS2020 is a follow-through from our earlier five-year business plan “Runway to Success 2010 – 2014”.

BURSA MALAYSIA SECURITIES BERHAD	<ul style="list-style-type: none">• Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia Listing Requirements).• Corporate Governance Guide: Towards Boardroom Excellence – 2nd Edition (CG Guide 2) issued by Bursa Malaysia.
SECURITIES COMMISSION OF MALAYSIA	<ul style="list-style-type: none">• Malaysian Code on Corporate Governance 2012 (MCCG 2012)• Corporate Governance Blueprint issued by the Securities Commission of Malaysia
GLC TRANSFORMATION MANUAL	<ul style="list-style-type: none">• The Green Book: Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies (GLC) High Performance (Green Book)

STATEMENT ON CORPORATE GOVERNANCE

The Board consistently and diligently ensures that the Group's businesses and affairs strictly adhere to the doctrine and principles of good corporate governance, while endeavouring to achieve the goals of RtS2020. The Board's fundamental approach in this regard is to ensure that the right executive leadership, transparent business conduct and internal controls are well in place, as Malaysia Airports shape Malaysia's aviation industry and at the same time, contribute to the nation's wealth building efforts.

THE BOARD OF DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD

Monitoring corporate performance is a critical function of every Board. The Board is responsible for the overall governance of the Group by ensuring the strategic guidance and succession plan of the Group, the effective monitoring of the implementation of management goals and accountability to the Group and its shareholders.

Board Charter

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

The Board Charter clearly outlines the principles and adoption of best practices on the structures and processes towards achieving the highest governance standards. The Board Charter addresses among others, the following pertinent matters:

- The right balance and composition of the Board;
- The Board's obligations and liabilities;
- Directors' Code of Ethics;
- Appointment of new directors;
- Roles of the Board, Chairman and Managing Director;
- Remuneration policy; and
- The establishment of Board Committees together with the term of reference.

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

The current Board Charter is accessible on the Malaysia Airports website at www.malaysiaairports.com.my.

Code of Ethics

Malaysia Airports had established a code of ethics for its Directors and employees that govern the standards of conduct and behaviour expected from Directors and employees.

The Board continues to adhere to the Directors' Code of Ethics formulated in the Board Charter, which is based on principles in relation to integrity, sincerity, honesty, responsibility, social responsibility and accountability in order to enhance the standard of corporate governance and behaviour. The Board Procurement Committee (BPC) emphasises on the need for every Committee member and Management to sign a Declaration of Interest and Non-Disclosure Form for every BPC meeting attended.

The Board will be updated as and when the need arises on any changes of the applicable rules and regulations as well as the policies and procedures that govern the conduct of the Directors.

The Code of Ethics for employees promote integrity and ethical conduct in all aspects of the Company's operations including privacy, confidentiality, conflict of interest and business integrity.

Malaysia Airports strongly believes in the value of conducting the business in an open and transparent manner which is based on ethical values and respect for the community, employees, environment, shareholders and other stakeholders.

Corporate Integrity

In 2011, Malaysia Airports had pledged to an Integrity Pact, a declaration made against any corrupt practices. Integrity Pact establishes mutual contractual rights and obligations to reduce the high cost and distortionary effects of corruption in public contracting. Its implementation is to increase awareness among Malaysia Airports' employees and vendors on corruption offences and subsequently eradicate corrupt practices in Malaysia Airports.

The implementation process of the Integrity Pact is currently ongoing in Malaysia Airports, specifically Procurement and Contract division in order to enhance the governance and the integrity practices in Malaysia Airports. The Integrity Pact is a set of declaration made by Malaysia Airports' employees who are involved in the procurement activities, as well as Malaysia Airports' vendors who declare to refrain themselves from getting involved in any corrupt practices throughout the procurement process.

STATEMENT ON CORPORATE GOVERNANCE

The Balance and Composition of the Board

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

The Board currently comprises four (4) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors and one (1) Managing Director. The current Board composition are in compliance with the Company's Articles of Association and exceeded the minimum one-third (1/3) requirement as set out in the Bursa Malaysia Listing Requirements. The Directors' profiles are enclosed from pages 77 to 91 of this Annual Report.

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

Resignation of Directors/Alternate Directors

Name	Designation	Date of Resignation/ Cessation
Dato' Siti Zauyah binti Md Desa	Non-Independent Non-Executive	29 May 2015
Norazura binti Tadzim (Alternate Director to Dato' Siti Zauyah binti Md Desa)	Non-Independent Non-Executive	29 May 2015
Dato' Sri Dr Ismail bin Hj Bakar	Non-Independent Non-Executive	16 December 2015
Datuk Ruhaizah binti Mohamed Rashid (Alternate Director to Dato' Sri Dr Ismail bin Hj Bakar)	Non-Independent Non-Executive	16 December 2015

Appointment of Directors/Alternate Directors

Name	Designation	Date of Appointment
Dato' Sri Dr Mohamad Isa bin Hussain	Non-Independent Non-Executive	29 May 2015
Norazura binti Tadzim (Alternate Director to Dato' Sri Dr Mohamad Isa bin Hussain)	Non-Independent Non-Executive	29 May 2015

The composition of the Board fairly reflects the interest of the significant shareholders, which is adequately represented by the appointment of their nominee directors without compromising the interest of the minority shareholders. Currently, two (2) of the Non-Independent Non-Executive Directors are nominee directors of Khazanah Nasional Berhad (Khazanah Nasional), the major shareholder of the Company. The Independent Directors 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.

The Board Diversity

The Board acknowledges the need to enhance board diversity, as it is essential to the efficient functioning of the Board and indicates good governance practices.

The Board endeavour diversification in terms of experience, skills, expertise, competencies, gender, ethnicity and age to enable Malaysia Airports to maximise its business and governance performance. The Board encourages female candidates to take up board position in order to promote gender equality. The Board aim to appoint additional female representative on the Board as soon as possible to reach at least 30% of female representation on the Board.

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Currently, there are two (2) women Directors on the Board, comprising of an Independent Non-Executive Director namely Datuk Zalekha binti Hassan and Non-Independent Non-Executive Alternate Director namely Norazura binti Tadzim.

Senior Independent Non-Executive Director

In line with best practices on Corporate Governance, Jeremy bin Nasrulhaq has been appointed as Senior Independent Non-Executive Director with effect from 22 March 2013. Following his appointment, he has taken up the role of Chairman of Board Nomination & Remuneration Committee.

The Senior Independent Non-Executive Director will serve as a point of contact for shareholders and other stakeholders to voice their concerns. The creation of the said position will provide a sounding board for the Chairman and will also serve as an intermediary for other Directors when necessary.

The Senior Independent Non-Executive Director is accessible to whom concerns of shareholders and stakeholders may be conveyed. Shareholders and other interested parties may contact Jeremy to address any concerns in writing to the Company's registered address or electronic mail to jeremy@malaysiaairports.com.my.

Roles and Responsibilities of the Board

The Board has a legal duty to act in the best interest of the Group in order to ensure that high ethical standards are applied through compliance with relevant rules and regulations, directives and guidelines in addition of adopting the

practices and act in the best interest of the Group and shareholders.

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

The Board exercises its due diligence and care in discharging its duties and responsibilities based on the following six (6) core responsibility as recommended by MCCG 2012:-

- Reviewing and adopting a strategic plan for the Group

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

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

- Overseeing the conduct of the Group's business

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

- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

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

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

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• Succession planning

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

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

• Overseeing the development and implementation of a shareholder communications policy for the Group

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company, thus, the Board is committed to ensure the implementation of an investor relations programme and an appropriate shareholder communication policy. The Board Charter also outlines the Group's policy on communication with stakeholders with the aim of building long-term relationship with shareholders and potential investors.

• Reviewing the adequacy and integrity of management information and internal controls system of the Company

The Board reviews and implements the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

In order to ensure that Directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Board has adopted in the Board Charter the restriction on the number of directorships held by the Directors.

The Board is in compliance with the Bursa Malaysia Listing Requirements on the number of directorships held in other Listed Issuers. The Board was informed of changes to the directorships held by their peers as and when notified by the respective Directors and is satisfied that the current external directorships held by the Board members will not impair their ability to contribute to the Company and that the Directors are able to devote sufficient time to the Company in discharging their roles and responsibilities effectively.

The Roles of the Executive Director and Non-Executive Directors

The Executive Director (i.e. Managing Director) and the Non-Executive Directors have been given clear roles and accountabilities for intensifying performance management within the Group. The principal responsibility of the Executive Director and the Non-Executive Directors, amongst others, is as follows:

Executive Director	Non-Executive Directors
<ul style="list-style-type: none"> Implementation of the overall design of the performance management scheme, particularly developing the strategy, defining the Key Performance Indicators and cascading them down the organisation; 	<ul style="list-style-type: none"> Providing independent judgement on the Group's Strategies and Policies;
<ul style="list-style-type: none"> Review of the performance of the businesses, taking corrective actions and reporting them to the Board; and 	<ul style="list-style-type: none"> Overseeing that the internal control systems and the risk management processes are appropriate and effective;
<ul style="list-style-type: none"> Review of the performance of Senior Management and delivering meaningful rewards and compensation. 	<ul style="list-style-type: none"> Setting the appropriate targets/objectives and reviewing the performance of the Company and the Executive Director; and Setting the right remuneration of the Executive Director, and evaluating the effectiveness of the Company's succession planning programme.

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The Board opines that the quality of its directors, each of whom possesses an impeccable leadership background and offers relevant experience, are able to challenge and help develop and drive the Group's vision and strategy, scrutinise performance and controls in ensuring that the governance standards are continuously upheld. The Chairman will always ensure that the Board's decisions are based on consensus, and any concerns expressed by any Director, will be recorded in the minutes of meetings by the Company Secretary accordingly.

Matters Reserved to the Board

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

- (a) Approval of the overall strategy, vision, values, and governance framework of the Group;
- (b) Approval of the Company's Annual Report and Quarterly Financial Statements;
- (c) Approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;
- (d) Approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets and capital expenditure over a specified amount;
- (e) Approval of the Company's long term financial plan and the annual capital expenditure programme;

- (f) Approval of any significant change in the accounting policies and practices;
- (g) Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;
- (h) Approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;
- (i) Appointment, re-appointment or removal of the Directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Articles of Association;
- (j) Appointment or removal of the Managing Director and Company Secretary;
- (k) Recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;
- (l) Approval of the division of responsibilities between the Chairman and Managing Director; and
- (m) Approval for the establishment of the Board Committees, their terms of reference, reviewing their activities and, where appropriate, ratifying their decisions.

Role of Chairman and Managing Director

The responsibilities and authorities between the Chairman and the Managing Director are clearly separated and defined in order to maintain a balance of power and authority between the running of the Board and the Group's business, as outlined below:

Chairman	Managing Director
<ul style="list-style-type: none"> Ensure orderly conduct and working of the Board, where healthy debates on issues being deliberated are encouraged to reflect any level of scepticism and independence; 	<ul style="list-style-type: none"> Implementing the policies and decisions of the Board, overseeing the operations, as well as coordinating the development and implementation of business and corporate strategies;
<ul style="list-style-type: none"> Ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of the majority; 	<ul style="list-style-type: none"> Developing and translating the strategies into a set of manageable goals and priorities;
<ul style="list-style-type: none"> Ensure that the Board agrees on the strategy formulated by the Company and monitors its implementation; 	<ul style="list-style-type: none"> Setting direction of the business operations, investment and other activities based on effective risk management controls;

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Chairman	Managing Director
<ul style="list-style-type: none"> Exemplify the highest standards of corporate governance practices and ensure that these practices are regularly communicated to the stakeholders; 	<ul style="list-style-type: none"> Ensuring that the financial results are accurate and not misleading;
<ul style="list-style-type: none"> Ensure the appropriateness and effectiveness of the succession planning programme at the Board and Senior Management levels; 	<ul style="list-style-type: none"> Ensuring that the financial management practice is carried out at the highest level of integrity and transparency for the benefit of the shareholders;
<ul style="list-style-type: none"> Ensure a healthy working relationship with the Managing Director and provide the necessary support and advice as appropriate; and 	<ul style="list-style-type: none"> Ensuring that the businesses and affairs of the Company are carried out in an ethical manner and in full compliance with the relevant laws and regulations;
<ul style="list-style-type: none"> Determine the agenda for the Board meetings in consultation with the Managing Director and the Company Secretary. This is to ensure effective time management and allow the Board to have constructive and in-depth discussions during the meetings. 	<ul style="list-style-type: none"> Ensuring that whilst the ultimate objective is to maximise shareholders' return, the social and environmental factors are not being neglected;
	<ul style="list-style-type: none"> Developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts, etc.; and
	<ul style="list-style-type: none"> Providing the leadership and representing the Company with major customers and industry organisations together with the involvement of the Chairman.

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

The Responsibility of Management

The Board has established a main management committee, namely Executive Committee (ExCo), chaired by the Managing Director. ExCo meetings were held on a frequent basis of at least once a month, to discuss key strategic matters and to monitor the Company's performance and operations.

The Board has adopted policies and procedures such as "Procurement Policies and Procedures (3Ps)" and "Group Approval Limit of Authority (GALOA)" in determining which issues require Board approval and which issues can be delegated for approval to any Committees established by the Board or the Management, or level of management.

Independence of Non-Executive Directors (INED)

The Board considers all the four (4) INED, namely Jeremy bin Nasrulhaq, Datuk Seri Yam Kong Choy, Datuk Zalekha binti Hassan and Rosli bin Abdullah to be independent based on the definition set out under the Bursa Malaysia Listing Requirements. The Board was satisfied that the four (4) Independent Non-Executive Directors represent the interest of the minority shareholders by virtue of their roles and responsibilities.

The Board reviews the issue of Directors' independence on an annual basis and has concluded that each of them continues to demonstrate behaviours that reflect their independence, which are in accordance with the definition under the Bursa Malaysia Listing Requirements therein.

Having a Non-Independent Non-Executive Chairman on the Board, the Board endeavours and has taken steps to achieve a Board that comprises a majority of Independent Directors in accordance to the Recommendation 3.5 of Principle 3: Reinforce Independence of Malaysia Code on Corporate Governance 2012 (MCCG 2012). The Board aims to achieve a majority number of Independent Non-Executive Directors on the Board in order to ensure balance of power and authority.

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The MCCG 2012's recommendation on reinforcement of independence, provides a limit of a cumulative term of nine (9) years as the tenure for an Independent Director, after which, the said Director may either seek shareholders' approval to continue to remain on the Board or be re-designated to a Non-Independent Non-Executive Director. To date, the Independent Non-Executive Directors of the Board have served less than nine (9) years and therefore not subject to this recommendation.

Induction and Continuous Professional Development

All newly-appointed Directors have undergone a comprehensive induction programme arranged by the Company Secretarial division, tailored to their individual requirements, comprising briefings by the Senior Management, training on Directors' duties and responsibilities, and visits to the airports. The training is normally initiated within the first six (6) months period following the date of the Director's appointment.

Newly appointed Directors are provided with comprehensive information containing the Board Charter, Terms of Reference of Malaysia Airports' Board Committees, the Company's Memorandum and Articles of Association, relevant Acts and the latest Annual Report, in order to facilitate the Directors in discharging their duties.

All the Directors have attended and successfully completed the Mandatory Accreditation Programme (MAP) as required by the Bursa Malaysia Listing Requirements.

In this context, the Bursa Malaysia Listing Requirements also prescribed that the onus is on the Board to determine and oversee the training needs of its members, whereby they should be encouraged to attend talks, seminars and training programmes to enhance their skills and knowledge as a means of life-long learning, and to keep abreast with new developments within the business environment.

As an effort to provide continuous training programmes for the Directors, the Company has embarked upon seven (7) in-house training programmes for the Directors during the financial year 2015, as follows:

- Talk on Board Effectiveness Assessment & Individual Director Evaluation
- Q-SHE Conference (Quality – Safety, Health and Environment Conference)
- Talk on Malaysian Anti-Corruption Commission (MACC) Act 2009
- 2015 Risk Management Conference
- Talk on Goods & Services Tax (GST) briefing by KPMG
- Talk on Airline Route Planning and Its Impact on Airports
- Talk on Directors' and Officers' (D&O) Liability Insurance

Apart from that, the Malaysia Airports Directors have attended the following training programmes during the financial year 2015:

Name of Director	Conference/Training Programmes Attended
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah	<ul style="list-style-type: none"> • RAM-World Bank Talk: World Bank's Economic Monitor on the Malaysian Economy and Malaysia's Middle Income Class • 11th Khazanah Annual Review Briefing • ACI Economic 2015 – 7th Annual ACI Airport Economics & Finance Conference & Exhibition • The 30% Club Malaysia by PEMANDU • Briefing on GST for Directors' by Sime Darby Berhad • Global Airport Development (GAD) Asia 2015 • Capital Market Programme, by Permodalan Nasional Berhad (PNB) Module

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Name of Director	Conference/Training Programmes Attended
Tan Sri Dato' Sri Dr Wan Abdul Aziz Wan Abdullah (cont'd.)	<ul style="list-style-type: none"> • Forum Perdana: Kisah Tranformasi GLC • Khazanah Megatrends Forum 2015 • Capital Market Director Programme (CMDP) Module 2B – Business Challenges and Regulator Expectations (What Directors Need to Know – Fund Management) by PNB • CMDP – Module 3: Risk Oversight and Compliance – Action Plan for Board of Directors by PNB • ACI Conference on Investing in Airports – Economic Oversight and Regulation • Sime Darby Corporate Governance Conference • Capital Market Director Programme for Fund Management (Modules 1, 2B & 3) by SIDC • Anti-Money Laundering and Anti-Terrorist Financing and Proceeds of Unlawful Activities (AMLATFPUAA 2001) for Directors by SIDC
Datuk Mohd Badlisham bin Ghazali	<ul style="list-style-type: none"> • Khazanah Megatrends Forum 2015 • Seminar on Air Transport 2015 • Global Airport Development (GAD) Asia 2015
Jeremy bin Nasrulhaq	<ul style="list-style-type: none"> • Tax Free World Association (TFWA) Conference, 2015 • CIMA Research Conference • Global Airport Development (GAD) Asia 2015 • Khazanah Megatrends Forum 2015 • MIA International Conference, 2015 • MeLearn Global – 2nd Annual Malaysia's War on Corruption Symposium, 2015 • Talk by Dr Nigel Osborne by Khazanah • MIA Roundtable – Competency Framework for Finance Function by Malaysian Institute of Accountants • Economic Outlook – the Way Forward by Harvard Business School & UTM
Datuk Seri Yam Kong Choy	<ul style="list-style-type: none"> • Airport Cities World Conference & Exhibition • Forbes Global Conference "Toward A Winning Vision - On Visionary Leadership" • Khazanah Megatrends Forum 2015 • 7th International Conference On World Class Sustainable Cities 2015 • Forum: Does Greater Prosperity Come With Less Housing Affordability? • Property Watch - Buy, Sell or Hold? • The 18th National Housing & Property Summit 2015 • 4th Distinguished Board Leadership Series • Focus Group Session on Strengthening Corporate Governance (CG) Disclosure amongst the Listed Issuers • 12th ASEAN Leadership Forum • 4th Southeast Asian Studies Symposium • Conference on Regional Corporate Outlook 2015 "Gearing Up For a Challenging Economic Environment" • Economic Wrap Up 2014 by 3 Ministers

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Name of Director	Conference/Training Programmes Attended
Datuk Zalekha binti Hassan	<ul style="list-style-type: none"> • Mobile World Congress 2015 GSMA Conference • Remuneration Reward Practices Seminar 2015 by MICG • Corporate Directors Advanced Programme (CDAP) 2015: Finance for Non Finance Directors “Financial Language in the Boardroom” by MINDA • Digital Transformation by Zeinal Bava, former CEO of Oi SA & Portugal Telecom • Productivity & Simplification by Bouke Hoving, EVP Simplification and Innovation, KPN, Netherlands • Visit from YB Senator Dato’ Sri Abdul Wahid Omar: Dialogue with Telekom Malaysia Berhad • 3rd Engagement Session between MSWG and TM Board: Assessment for the Malaysian-ASEAN Corporate Governance Scorecard (CG) 2015 - CG, Best Practices & Sustainability • ASEAN Sustainability Series
Rosli bin Abdullah	<ul style="list-style-type: none"> • “Qualified Risk Director: Corporate Culture & Enterprise Risk Management” by Institute of Enterprise Risk Practitioners • Directors Forum 8/2015 – “Talent and Human capital : The Drivers of Growth and Creativity” by Malaysian Directors Academy • Forum on Corporate Governance – “Balancing Rules & Practices” by Association of Chartered Certified Accountants, KPMG and MSWG • “Innovation Strategy” by Malaysian Directors Academy • Capital Market Director Programme (CMDP) for Fund Management (Modules 1, 2B, 3 & 4) • Anti-Money Laundering and Anti-Terrorist Financing and Proceeds of Unlawful Activities (AMLATFPUAA 2001) for Directors by SIDC
Dato’ Mohd Izani bin Ghani	<ul style="list-style-type: none"> • 6th Securities Commission and Oxford Centre for Islamic Studies (SC-OCIS) Roundtable 2015, London • IFN Forum Asia • Global Fixed Income Institute (GFII) Conference, Madrid • IFN Forum 2015 • Amanie Unitar Islamic Finance Forum (AUIFF) 2015 • Khazanah Megatrends Forum 2015 • CPA Australia Congress 2015 • Islamic Finance Roundtable, Bank Negara Malaysia • WIEF 2015, Kuala Lumpur
Tunku Dato’ Mahmood Fawzy bin Tunku Muhiyiddin	<ul style="list-style-type: none"> • Mobile World Congress • Technology That Transform by Asia Policy Partners • Capital Markets Directors Programme (CMDP) by SIDC • Khazanah Megatrends Forum • Digital Transformation by Zeinal Bava, former CEO of Oi SA & Portugal Telecom • Productivity and Simplification by KPN Netherlands

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Name of Director	Conference/Training Programmes Attended
Dato' Sri Dr Mohmad Isa bin Hussain	<ul style="list-style-type: none"> • Euromoney Asia - Project Finance – Infrastructure Project Finance
Norazura binti Tadzim	<ul style="list-style-type: none"> • Analysing Private Entities Reporting Standards Financial Statement • Transit-Oriented Development Breaking Down Barriers to Your Transit Oriented Development • MOF Inc. Directors Onboarding Programme • 5th Modern Railway Conference

From time to time, the Company would conduct several in-house training programmes in regard to various tasks and disciplines in relation to aviation and airport industry in order to aid the Board members in discharging their duties.

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

Board Performance Evaluation (BPE)

BPE framework and processes for the Board of Malaysia Airports have been developed and adopted in accordance with the principles as outlined in the Green Book and the MCCG 2012 and the framework shall be reviewed periodically, to ensure BPE analysis shall enhance the Board's overall effectiveness and is part of an ongoing effort to drive continuous effectiveness of the Board and its Committees.

BPE involves with the setting of the Board's annual objectives, followed by Director Self-Assessment by the Board at the conclusion of the year to evaluate the extent to which the Board had achieved the objectives, identify areas

of improvement, and develop a range of new initiatives to improve Board's performance. Similar topics were covered in respect of the questionnaire for each of the Board Committees.

The findings of the BPE would be used as a yardstick to measure the Board's effectiveness, which will form the basis to formulate a "moving forward initiatives" glance for the following year.

The Board is committed to conducting such performance evaluation, as this enables the Board's performance to be properly gauged and to have a continuous improvement process.

Whistleblowing Programme

In order to improve the overall organisational effectiveness and to uphold the integrity of Malaysia Airports in the eyes of the public, whilst at the same time being an entity that serves the interest of the nation, Malaysia Airports has instituted the whistleblowing programme which acts as a formal communication channel, where employees and external parties can communicate their concerns in cases where the Group's business conduct is deemed to be contrary to Malaysia Airports' common values. The issues of concern may cover the following:

- (a) Commission of fraud, bribery and/or corruption;
- (b) Unauthorised use of Company's money, properties and/or facilities;
- (c) Exposure of Company's properties, facilities and/or staff to the risks of safety and security;
- (d) Abuse of position;
- (e) Involvement in unlawful act;
- (f) Failure to meet Professional Standards;
- (g) Negligence/malpractice;
- (h) Disclosure of Company's information without proper authorisation; and
- (i) Any act or omissions which constitute act of misconduct under Malaysia Airports Code of Ethics or any criminal offence under relevant legislations in force.

All concerns should be addressed to the Whistleblowing Independent Committee (WIC). Effective from 1 January 2013, BAC was tasked with overseeing the WIC, whereby an independent member of BAC was appointed as the Chairman of WIC. Pursuant thereof, Jeremy bin Nasrulhaq was appointed as the Chairman of WIC with effect from 22 January 2014 to promote transparency and independence.

The WIC will assess all information received and act in accordance to its terms of reference. Subsequently, the WIC will submit a report to the BAC at every BAC meeting. All details pertaining

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to the identity of the whistleblower will be kept strictly confidential throughout the investigation proceedings.

Complaints can be channelled online at www.malaysiaairports.com.my via Whistleblowing Programme Reporting of Concern Form, email to wic_secretariat@malaysiaairports.com.my or by calling the hotline at 019-659 2263.

During the year, a total of 17 information was received, which cover broad areas of concerns as mentioned above, and where appropriate, actions have been taken to address the issues raised.

Meetings and Attendances

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as Directors, and to use their best endeavours to attend the meetings.

The Board meetings as well as the Board Committee meetings are scheduled in advanced before the end of each financial year so as to enable the Directors to plan accordingly and fit the year's meetings into their schedules. Special Board meetings may be convened to consider urgent proposals or matters that require expeditious decision or deliberation by the Board.

The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During the financial year 2015, 11 Board meetings were held, of which, two (2) were Special Board meetings. All the Directors had proportionately attended more than 50% of the Board meetings held for the financial year 2015, in compliance with the Bursa Malaysia Listing Requirements.

The following table sets out the number of Board meetings held during the financial year 2015 and the attendance of the respective Directors. Directors who were unable to attend the Board meetings would review the relevant Board papers and thereafter convey their comments to the Chairman or the Company Secretary prior to the proceeding of the meetings. Alternatively, the Alternate Director will attend the meetings on behalf of the Principal Director.

Directors	Number of Board Meetings attended/held (during the Directors' tenure)	Percentage
Non-Independent Non-Executive		
Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah	11 out of 11	100%
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	10 out of 11	96%
Dato' Mohd Izani bin Ghani	10 out of 11	96%
Dato' Sri Dr Mohmad Isa bin Hussain ¹	4 out of 6	62%
Norazura binti Tadzim ¹ (Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain)	2 out of 2	100%
Dato' Sri Dr Ismail bin Hj Bakar ²	7 out of 11	60%
Datuk Ruhaizah binti Mohamed Rashid ² (Alternate Director to Dato' Sri Dr Ismail bin Hj Bakar)	2 out of 2	100%
Dato' Siti Zaayah binti Md Desa ³	4 out of 5	96%
Norazura binti Tadzim ³ (Alternate Director to Dato' Siti Zaayah binti Md Desa)	1 out of 1	100%
Datuk Seri Long See Wool ⁴	2 out of 3	96%
Chua Kok Ching ⁴ (Alternate Director to Datuk Seri Long See Wool)	1 out of 1	100%
Independent Non-Executive		
Jeremy bin Nasrulhaq	11 out of 11	100%
Datuk Seri Yam Kong Choy	10 out of 11	96%
Datuk Zalekha binti Hassan	11 out of 11	100%
Rosli bin Abdullah	11 out of 11	100%
Non-Independent Executive		
Datuk Mohd Badlisham bin Ghazali	11 out of 11	100%

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Notes:

- ¹ Appointed as Director / Alternate Director with effect from 29 May 2015
- ² Appointed as Director / Alternate Director with effect from 16 February 2015 / Resigned as Director / Ceased as Alternate Director with effect from 16 December 2015
- ³ Resigned as Director / Ceased as Alternate Director with effect from 29 May 2015
- ⁴ Resigned as Director / Ceased as Alternate Director with effect from 16 February 2015

The Directors have complied with the minimum attendance as stipulated in the Bursa Malaysia Listing Requirements, which requires being present at not less than 50% of the Board meetings held during the financial year.

Quality of Information

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

Under the current practice, notices pertaining to all Board meetings are issued to the Directors, at least 14 days from the date of the meeting, whilst the notices of the Board Committee meetings are circulated to the Committee members and all those invited to attend the meetings, at least seven (7) days before each meeting. The agenda and the Board papers are circulated within seven (7) days from the date of the meeting. Furthermore, in order to provide an in-depth discussion of the respective matters within a reasonable and sufficient time, the Managing Director, together with the Chairman would decide on the

agenda, and structure and prioritise the respective matters accordingly based on their relevancy and importance. Confidential papers or urgent proposals are presented and tabled at the Board meetings under special agenda.

The format and structure of the Board papers are in such a way that they contain the right amount of details and are clear and concise. Furthermore, an executive summary to the Board papers will be prepared to enable the Directors to comprehend the subject matters within the first few minutes of reading. The minutes of each Board meeting are circulated together with the Board papers to all Directors for their perusal before confirmation of the minutes.

The summary of the minutes of meetings is also enclosed to ensure that decisions, requests and requirements were recorded accurately and could be tracked and monitored upfront for clarity and ease of reference, as well as for the Board's comfort that actions are being followed up. The Board may, if required, and in the best interest of time, refrain from considering any last minute agenda items during the proceedings of the Board meetings, unless the matter is of genuine and exceptional circumstances.

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

Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable them to discharge their duties. They also have full and unrestricted access to the advice and services of the Senior Management and the Company Secretary of the Group.

Ensure Timely and High Quality Disclosure

Corporate Disclosure Policy

Malaysia Airports is committed to ensure that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by Malaysia Airports.

Malaysia Airports' practice is to release all price sensitive information to Bursa Malaysia in a timely manner as required under the Bursa Malaysia Listing Requirements and to the market and community generally through Malaysia Airports' media releases, social media platforms (namely, Twitter, Facebook, Instagram and YouTube), corporate website and other appropriate channels. Each division in Malaysia Airports is required to inform the Company Secretary on any potential price sensitive information concerning Malaysia Airports as soon as this becomes known.

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Leverage on Information Technology for Effective Dissemination of Information

Malaysia Airports employs a wide range of communication approaches such as direct communication and publication of all relevant Group information on the website at www.malaysiaairports.com.my.

Malaysia Airports utilises its corporate website and social media platforms as a means of providing information to its shareholders, stakeholders and the broader investment community. Malaysia Airports disclose information on the latest news and happenings via media releases, featured in a section called “News Centre” in the website. Staff will also be informed of any important news, to be issued via internal communications platform (namely, K-Office email). 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 of Investor Relations are disclosed on page 36 to 37 of this Annual Report.

Qualified and Competent Company Secretary

Sabarina Laila binti Dato’ Mohd Hashim, the Company Secretary for the Group, is responsible for advising the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the principles of best practices on corporate governance. The Company Secretary is also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of material information.

Apart from playing an active role as the advisor to the Directors, the duties of the Company Secretary also include, amongst others, attending all Board and Board Committee meetings, ensuring that the proceedings of Board meetings and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purpose of meeting statutory obligations, as well as obligations arising from Bursa Malaysia Listing Requirements or other regulatory requirements, communicating the decisions of the Board for Management’s attention and further action, ensuring that all appointments and resignations of Directors are in accordance with the relevant legislations, BPE is properly executed, the Board succession planning programme is put in place, review of Board Charter periodically, handling company share transactions, such as issuance of new shares, arranging for payment of dividends, ensuring that the Board initiatives are achieved, liaising with external auditors, lawyers, tax advisors, bankers and shareholders as well as to promote high standard of corporate governance.

Independent Professional Advice

The Board allows the Directors, in furtherance of their duties, to obtain independent professional advice from external consultants, at the Company’s expenses. Copies of any reports, advice and recommendations provided by the independent professional adviser to a respective Director, will be forwarded by the said Director to the Company Secretary, who will, where appropriate, circulate them to other Directors to ensure that they are informed of pertinent issues, which may have an impact on the Group’s sustainability. However, no such advice sought by any Director during the year.

Appointment to the Board

There is a formal and transparent procedure for the appointment of new Directors to the Board, the primary responsibility of which is delegated to the BNRC, with the membership comprising exclusively, Non-Executive Directors, the majority of whom are independent. This composition of only Non-Executive Directors in the Committee ensures that any decisions made are impartial and in the best interest of the Group, without any element of fear or favour.

The BNRC is responsible for identifying and determining clear criteria for the selection and appointment of new Directors. The BNRC is also responsible for the review, evaluation and recommendation of suitable candidates for appointment as Directors based on the criteria set, amongst others, skills set, experience, competency, gender, ethnicity and age, and on the needs of the Board and the current composition of the Board, pertaining to balance of skills, knowledge and experience of the Board and future strategic direction.

The BNRC is also responsible for assessing and ensuring, amongst others, that the candidate possesses technical competencies, a strong sense of professionalism and integrity, organisational and strategic awareness, and the ability to add value, as well as adherence to the highest standards of business conduct. The potential candidates, upon such review and evaluation, will be recommended to the Board for appointment.

STATEMENT ON CORPORATE GOVERNANCE

Meanwhile, the BNRC is responsible for evaluating the findings of the BPE for the Board and the relevant Board Committees. Each Director's ability and capability will be individually self-assessed by them, and any weaknesses identified will be discussed, and thereafter a plan will be formulated to address the gap.

The BNRC, upon analysing the results of the annual BPE, is satisfied that the size of the Board is sufficiently appropriate and that there is a good mix of knowledge, skills, attributes and core competencies in the composition of the Board. The BNRC is also satisfied that all the Board members are suitably qualified to maintain their positions as Directors of the Board and members of the Committees in view of their respective academic and professional qualifications, experience and qualities.

Promoting Sustainability

The Board believes the sustainability is integral to the long-term success of Malaysia Airports. Malaysia Airports manage 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 2015'. The sustainability report is also available to the public on the Company's official website.

DIRECTORS' REMUNERATION

The BNRC is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Directors, Managing Director, and to deliberate the remuneration package for the Senior Management as well as Malaysia Airports' employees. The component parts of the remuneration are structured as such, to link rewards to corporate and individual performance, in line with the aspiration of the RtS2020.

The Managing Director's remuneration comprises of basic salary and other customary benefits which reflect his performance for the year, whilst the Non-Executive Directors' remuneration package, comprises of directors' fees and emoluments as well as benefits-in-kind, which reflect the individual's roles and responsibilities. The calibre of the Non-Executive Directors serving the Company is essential in upholding the standards of Corporate Governance.

The Board remuneration structure is reviewed by benchmarking the Chairman and the Directors' remuneration against peer companies, locally and regionally. The Board hopes that the alignment of the remuneration package offered to the Non-Executive Directors of the Company will continue to attract and retain Directors of such calibre to provide the necessary skills and experiences required for the effective management and operations of the Group.

The Chairman and Non-Executive Directors received the following fees in respect of the financial year 2015:

1. MAHB

No.	Fee	Chairman	Non-Executive Director
1.	Directors' Fee	Monthly: RM15,000.00 Annually: RM180,000.00	Monthly: RM9,000.00 Annually: RM108,000.00
2.	Meeting Allowance		
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

STATEMENT ON CORPORATE GOVERNANCE

2. Subsidiaries of MAHB

Tier	Companies	Chairman	Non-Executive Director
Meeting Allowance			
First Tier	1. Malaysia Airports Consultancy Services Sdn. Bhd. 2. Malaysia Airports (Niaga) Sdn. Bhd. 3. K.L. Airport Hotel Sdn. Bhd. 4. Istanbul Sabiha Gokcen International Airport Investment Development and Operation Inc. 5. LGM Airport Operations Trade and Tourism Inc.	RM3,500.00 per meeting	RM3,000.00 per meeting
Second Tier	1. Malaysia Airports Sdn. Bhd. 2. Malaysia Airports (Sepang) Sdn. Bhd. 3. Urusan Teknologi Wawasan Sdn. Bhd. 4. MAB Agriculture-Horticulture Sdn. Bhd.	RM3,000.00 per meeting	RM2,000.00 per meeting

3. Management Committee of MAHB

No.	Management Committee	Chairman	Members
Meeting Allowance			
1.	Land Development Advisory Committee	RM3,500.00 per meeting	RM3,000.00 per meeting
2.	Whistleblowing Independent Committee	RM1,500.00 per meeting	RM1,000.00 per meeting

The details of the total remuneration of Directors for the financial year 2015 are as summarised below:

Category	Salary, Bonus and Other Emoluments (RM)	Directors' Fees (RM)	Directors' Other Emoluments^ (RM)	Benefits-in-Kind^^ (RM)	Total (RM)
Non-Executive Directors					
Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah	0	180,000.00	244,398.75	10,000.00	434,398.75
Datuk Seri Long See Wool (Resigned with effect from 16 February 2015)	0	18,000.00	12,000.00	10,000.00	40,000.00
Chua Kok Ching (Alternate Director to Datuk Seri Long See Wool) (Ceased with effect from 16 February 2015)	0	0	2,000.00	0	2,000.00
Dato' Siti Zaayah binti Md Desa (Resigned with effect from 29 May 2015)	0	54,000.00	34,000.00	10,000.00	98,000.00
Norazura binti Tadzim (Alternate Director to Dato' Siti Zaayah binti Md Desa) (Ceased with effect from 29 May 2015)	0	0	10,000.00	0	10,000.00
Eshah binti Meor Suleiman (Resigned with effect from 6 June 2014)^#	0	0	0	9,992.00	9,992.00

STATEMENT ON CORPORATE GOVERNANCE

Category	Salary, Bonus and Other Emoluments (RM)	Directors' Fees (RM)	Directors' Other Emoluments [^] (RM)	Benefits-in- Kind ^{^^} (RM)	Total (RM)
Non-Executive Directors					
Dato' Sri Dr Mohmad Isa bin Hussain (Appointed with effect from 29 May 2015)	0	54,000.00	22,000.00	5,189.00	81,189.00
Norazura binti Tadzim (Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain) (Appointed with effect from 29 May 2015)	0	0	15,528.00	0	15,528.00
Jeremy bin Nasrulhaq	0	108,000.00	138,962.94	10,000.00	256,962.94
Datuk Seri Yam Kong Choy	0	108,000.00	68,646.00	0	176,646.00
Datuk Zalekha binti Hassan	0	99,000.00	92,528.00	10,000.00	201,528.00
Rosli bin Abdullah	0	108,000.00	124,528.00	10,000.00	242,528.00
Dato' Mohd Izani bin Ghani	0	*108,000.00	*80,646.00	10,000.00	198,646.00
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin	0	108,000.00	56,966.00	10,000.00	174,966.00
Dato' Sri Dr Ismail bin Haji Bakar (Appointed with effect from 16 February 2015) (Resigned with effect from 16 December 2015)	0	90,000.00	40,528.00	5,857.00	136,385.00
Datuk Ruhaizah binti Mohamed Rashid (Appointed with effect from 16 February 2015) (Ceased with effect from 16 December 2015)	0	0	15,000.00	4,857.00	19,857.00
Total		1,035,000.00	957,731.69	105,895.62	2,098,627.31
Executive Directors**					
Datuk Mohd Badlisham bin Ghazali	1,458,255.96	0	0	131,498.82	1,589,754.78
Grand Total	1,458,255.96	1,035,000.00	957,731.69	237,394.44	3,688,382.09

This disclosure is for the payment made to the respective Directors in financial year 2015.

* The amount of fee paid to Khazanah Nasional Berhad, the immediate holding company, in respect of services rendered to the Company by Dato' Mohd Izani bin Ghani.

** Being the Managing Director.

[^] Directors' Other Emoluments comprise meeting allowance, car allowance, entertainment allowance and out-of pocket expenses.

^{^^} Benefits-in-kind comprise car, petrol, toll, driver, telecommunication devices, club and professional membership, leave passage and Directors' appreciation gift.

STATEMENT ON CORPORATE GOVERNANCE

The number of Directors of the Company whose total remuneration falls within the specified bands during the financial year 2015 is tabulated, as follows:

Number of Directors			Number of Directors		
Executive Director	2015	2014	Executive Director	2015	2014
Less than RM600,000	-	-	RM1,550,001 – RM1,600,000	1	-
RM600,001 – RM650,000	-	1	RM1,600,001 – RM1,650,000	-	-
RM650,001 – RM700,000	-	-	RM1,650,001 – RM1,700,000	-	-
RM700,001 – RM750,000	-	-	RM1,700,001 – RM1,750,000	-	-
RM750,001 – RM800,000	-	-	RM1,750,001 – RM1,800,000	-	-
RM800,001 – RM850,000	-	-	RM1,800,001 – RM1,850,000	-	-
RM850,001 – RM900,000	-	-	RM1,850,001 – RM1,900,000	-	-
RM900,001 – RM950,000	-	-	RM1,900,001 – RM1,950,000	-	-
RM950,001 – RM1,000,000	-	-	RM1,950,001 – RM2,000,000	-	-
RM1,000,001 – RM1,050,000	-	-	RM2,000,001 – RM2,050,000	-	-
RM1,050,001 – RM1,100,000	-	-	RM2,050,001 – RM2,100,000	-	-
RM1,100,001 – RM1,150,000	-	-	RM2,100,001 – RM2,150,000	-	-
RM1,150,001 – RM1,200,000	-	-	RM2,150,001 – RM2,200,000	-	-
RM1,200,001 – RM1,250,000	-	-	RM2,200,001 – RM2,250,000	-	-
RM1,250,001 – RM1,300,000	-	-	RM2,250,001 – RM2,300,000	-	-
RM1,300,001 – RM1,350,000	-	-	RM2,300,001 – RM2,350,000	-	-
RM1,350,001 – RM1,400,000	-	-	RM2,350,001 – RM2,400,000	-	-
RM1,400,001 – RM1,450,000	-	-	RM2,400,001 – RM2,450,000	-	-
RM1,450,001 – RM1,500,000	-	-	RM2,450,001 – RM2,500,000	-	1
RM1,500,001 – RM1,550,000	-	-			
Non-Executive Director					
Less than RM50,000	5	5	RM300,001 – RM350,000	-	-
RM50,001 – RM100,000	2	-	RM350,001 – RM400,000	-	-
RM100,001 – RM150,000	1	2	RM400,001 – RM450,000	1	-
RM150,001 – RM200,000	3	2	RM450,001 – RM500,000	-	1
RM200,001 – RM250,000	2	4	RM500,001 – RM550,000	-	-
RM250,001 – RM300,000	1	1			

STATEMENT ON CORPORATE GOVERNANCE

Board Committees

The Board delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined Terms of Reference (TOR), to assist the Board in discharging its responsibilities:

Key Functions	Composition
Board Audit Committee (BAC)	
Review and evaluate performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance to established policies and procedures, transparency in decision-making process and accountability of financial and management information. Review on any Related Party Transactions during each quarter.	BAC comprises of no fewer than four (4) members, all of whom are Non-Executive Directors with the majority being Independent Directors. At least one (1) member must be a member of 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 Securities Berhad.
Board Nomination & Remuneration Committee (BNRC)	
Review, assess and recommend to the Board, remuneration packages of the Managing Director and Senior Management as well as to review matters relating to employees of Malaysia Airports Group, limiting to Collective Agreement for Non-Executives, Terms and Conditions of Executives and staff bonus and annual increment. Determine criteria for Board or Board Committees' membership, structure, responsibilities and effectiveness, and to formulate and review policies and procedures on human resource matters with regard to recruitment, appointment, promotion and transfer of Managing Director and Senior Management.	BNRC shall have at least three (3) members, all of whom shall be Non-Executive Directors with the majority being Independent Directors. The Senior Independent Director shall be the Chairman of BNRC in compliance with the Recommendation in the Malaysian Code on Corporate Governance 2012 (MCCG 2012).
Board Finance and Investment Committee (BOFIC)	
Review and monitor the financial performance of the Group, including the budgets, and monitor investment policy and portfolio of the Group.	BOFIC comprises of no fewer than four (4) members and at least one (1) member must be an Independent Director.
Board Risk Management Committee (BRMC)	
Formulate the overall risk management, occupational safety and health, ICAO safety management system and information security strategy of the Group and recommend for approval and/or approve (whenever applicable) any major risk financing decisions by the Group.	BRMC comprises of at least four (4) members, made up of both Independent Non-Executive Directors and Non-Independent Non-Executive Directors.
Board Procurement Committee (BPC)	
Approve procurement value above RM5.0 million up to RM200.0 million, review and approve procurement policies and procedures, oversee and monitor the overall implementation of the Red Book, ensuring efficiency and effectiveness of procurement process, and support national development objectives.	BPC comprises of at least three (3) members, made up of both Independent Non-Executive Directors and Non-Independent Non-Executive Directors.

STATEMENT ON CORPORATE GOVERNANCE

Key Functions	Composition
Integrated Steering Committee (ISC)	
To assist the Management and Board of ISG and LGM in fulfilling its fiduciary responsibilities relating to the running and the managing of ISG and LGM and any other related company, including but not limited to policy, strategy and operational issues, accordingly.	ISC comprises of the following members: (i) Director of Malaysia Airports as Chairman; (ii) Advisor of Malaysia Airports as member; (iii) Managing Director of Malaysia Airports as member; and (iv) Senior General Manager as member.

The details of the TOR for each Board Committee are available at www.malaysiaairports.com.my. The summary of the TOR and activities carried out by the BAC are set out under the Board Audit Committee Report from pages 155 to 157 of this Annual Report.

Each Board Committee reviews its TOR at least once in every two (2) years to assess its relevancy and clarity, whilst BAC review its TOR on annual basis.

The Chairman and members of each Board Committee shall be appointed by the Board. As a matter of good practice prior to each Board meeting, the Chairmen of various Board Committees will report the outcome of the Board Committee meetings to the Board, and such reports and also minutes of the Committee meetings would be noted in the minutes of the Board meetings. This permits the Board to raise any comments/views on all deliberations.

Board Nomination Remuneration Committee (BNRC)

The BNRC carried its duties and responsibilities in accordance with its TOR. During the year, five (5) BNRC meetings were held and the main activities undertaken by the BNRC were, amongst others, as follows:

- Reviewed the Corporate Scorecard achievement and the performance of the Senior Management;
- Reviewed and endorsed the Board Assessment Template for selection and appointment of new/future Directors;
- Reviewed the TOR of BNRC;
- Reviewed the findings of Board Performance Evaluation and determined Board initiatives;
- Reviewed the terms and conditions of service of the Managing Director;
- Reviewed the succession planning for the Managing Director position;
- Reviewed the remuneration structure and policy for Managing Director;
- Reviewed and evaluated the appointment of new Directors on the Board;
- Reviewed and evaluated the curriculum vitae of potential candidates for future appointment as Directors;
- Reviewed and approved the recommendation for directorships of external Director(s) on the Boards of subsidiaries of Malaysia Airports;
- Reviewed Director's meeting allowances;
- Reviewed the composition of the Board and Board Committees;
- Reviewed the independence of Independent Directors and their tenure;
- Reviewed talent assessment for employees and salary structure of Senior Management;
- Reviewed the renewal of employment contracts of Senior Management;
- Reviewed the appointment of new Senior Management;
- Reviewed the succession plan for Senior Management;
- Reviewed the remuneration structure and policy for Senior Management;
- Reviewed the appointment of Senior Management on the Boards of subsidiaries and associate companies; and
- Reviewed the Minimum Retirement Age Act 2012.

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The composition of the Board Committees and the attendance of members at the Board Committee meetings held during the financial year 2015 are as detailed below:

Composition of the Board Committees

Director	BAC	BNRC	BOFIC	BRMC	BPC
Non-Independent Non-Executive					
Tan Sri Dato' Sri Dr Wan Abdul Aziz bin Wan Abdullah			C	C	
Dato' Sri Dr Mohmad Isa bin Hussain ²			M		M
Dato' Mohd Izani bin Ghani	M	M	M		
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin			M		
Non-Independent Executive					
Jeremy bin Nasrulhaq	M	C	M		
Datuk Seri Yam Kong Choy	M		M	M	
Datuk Zalekha binti Hassan		M			C
Rosli bin Abdullah	C	M		M	M

Note: C : Chairman, M : Member

Attendance at the Board Committee Meetings

Director	BAC	BNRC	BOFIC	BRMC	BPC
Non-Independent Non-Executive					
Tan Sri Dato' Sri Dr. Wan Abdul Aziz bin Wan Abdullah			4/4	4/4	
Tunku Dato' Mahmood Fawzy bin Tunku Muhiyiddin			2/2		
Dato' Mohd Izani bin Ghani	6/6	5/5	4/4		
Dato' Sri Dr Mohmad Isa bin Hussain ¹			1/2		3/5
Norazura binti Tadzim ² (Alternate Director to Dato' Sri Dr Mohmad Isa bin Hussain)			1/2		1/5
Dato' Sri Dr Ismail bin Hj Bakar ³				1/4	5/9
Datuk Ruhaizah binti Mohamed Rashid ⁴ (Alternate Director to Dato' Sri Dr Ismail bin Hj Bakar)				1/4	2/9
Dato' Siti Zauyah binti Md Desa ⁵		2/2			5/5
Norazura binti Tadzim ⁶ (Alternate Director to Dato' Siti Zauyah binti Md Desa)					
Datuk Seri Long See Wool ⁷					0/1
Chua Kok Ching ⁸ (Alternate Director to Datuk Seri Long See Wool)					1/1

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Director	BAC	BNRC	BOFIC	BRMC	BPC
Independent Non-Executive					
Jeremy bin Nasrulhaq	6/6	5/5	4/4		
Datuk Seri Yam Kong Choy	6/6		4/4	4/4	
Datuk Zalekha binti Hassan		5/5			10/10
Encik Rosli bin Abdullah	6/6	5/5		4/4	10/10

Notes:

¹ Appointed as a member of the Board Financial & Investment Committee and Board Procurement Committee with effect from 29 May 2015

² Appointed as a member of the Board Financial & Investment Committee and Board Procurement Committee with effect from 29 May 2015

³ Appointed as a member of the Board Risk Management Committee and Board Procurement Committee with effect from 16 February 2015 / Resigned as a member of the Board Risk Management Committee and Board Procurement Committee with effect from 16 December 2015

⁴ Appointed as a member of the Board Risk Management Committee and Board Procurement Committee with effect from 16 February 2015 / Ceased as a member of the Board Risk Management Committee and Board Procurement Committee with effect from 16 December 2015

⁵ Resigned as a member of the Board Nomination & Remuneration Committee and Board Procurement Committee with effect from 29 May 2015

⁶ Ceased as a member of the Board Nomination & Remuneration Committee and Board Procurement Committee with effect from 29 May 2015

⁷ Resigned as a member of the Board Procurement Committee with effect from 16 February 2015

⁸ Ceased as a member of the Board Procurement Committee with effect from 16 February 2015

SHAREHOLDERS

Relations with Major Shareholders and Stakeholders

The Stakeholder Management Committee, led by the Managing Director and the Chief Financial Officer of the Company and including, where appropriate, other members of Senior Management, will regularly hold meetings with the Company's major shareholder, namely Khazanah Nasional Berhad and its major stakeholders (which involve, the Ministry of Finance, Ministry of Transport, and Airlines, amongst others) to discuss the company's strategy, financial performance and specific major investment activities.

Relations with Institutional Shareholders

The investor relations team is responsible for managing the day-to-day communications with institutional shareholders through briefings to fund managers, institutional investors and investment analysts, normally held after the release of the Group's quarterly results to Bursa Malaysia. Press conferences are also held to brief the members of the media, and to highlight any significant events undertaken by the Group. All Non-Executive Directors have always been invited to the briefings, should they wish to.

Relations with Private Shareholders

Each year, shareholders will receive the Annual Report of the Company. The shareholders can also access up-to-date information on the Group's latest activities such as financial performance, group background and future events throughout the year on the Company's official website at www.malaysiaairports.com.my.

The Board acknowledges the importance of shareholders to be informed in a prompt and timely manner of all material business matters affecting the Company by requiring:

- All announcements of quarterly financial results, change in the composition of the Board, etc., are disclosed to Bursa Malaysia within statutory timelines and immediately made available on the website;
- All information released to the stakeholders is to be placed on Malaysia Airports website promptly following the release;

STATEMENT ON CORPORATE GOVERNANCE

- 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.

Poll Voting

The Chairman, at the commencement of a general meeting, informs shareholders of their right to vote by poll. This is in line with the Company's Articles of Association.

Regardless of the regulatory requirement, the Company prepares polling slips in the event shareholders request for poll voting on any resolution tabled at the general meeting.

Related Party Transactions

Malaysia Airports has established appropriate procedures to ensure that it complies with Bursa Malaysia Listing Requirements with regard to Related Party Transactions.

Malaysia Airports did not seek any mandate of its shareholders pertaining to Related Party Transactions during the financial year under review.

Investor Relations

Malaysia Airports recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. Our Investor Relations Policy aims to build long-term relationships with our shareholders and potential investors through appropriate channels for the management and disclosure of information. We provide these investors with sufficient business,

operations and financial information on the Group enabling them to be informed investment decisions.

In each quarter in 2015, Malaysia Airports held analyst presentations 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 organise 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 2016.

In line with our commitment towards corporate governance and best practice in investor relations, Malaysia Airports updates its website, 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 received 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 would depend on the Company's cash flow position, results of

operations, business prospects, current and expected obligations, and such other matters as the Board may deem relevant.

Annual General Meeting

The Annual General Meeting (AGM) will take place at Sama-Sama Hotel, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, and formal notification is sent to the shareholders at least 21 days in advance.

The Board believes that the AGM is an important forum, to engage with shareholders, which allows the shareholders to gain direct access to the Board as well as the Company's External Auditors, to channel their queries, grievances or even opinions on how to further enhance the Company's performance.

A brief presentation on the financial performance of the Company and the activities of the Group throughout the year will normally be presented to the shareholders during the AGM to allow the shareholders to better understand the Company's performance and the Group's latest activities. The Board therefore, encourages shareholders to attend and participate in the AGM.

The Board will regularly maintain 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:

STATEMENT ON CORPORATE GOVERNANCE

Raja Azmi Raja Nazuddin

Chief Financial Officer

Contact Details

Tel: 603-8777 7004

Fax: 603-8777 7776

E-mail: rajaazmi@malaysiaairports.com.my

The profile of Raja Azmi Raja Nazuddin is enclosed on page 94 of this Annual Report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual audited financial statements and quarterly financial results announcement to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. BAC assists the Board by reviewing the information disclosed and ensuring its completeness, accuracy and adequacy.

The Board is fully aware of the changes in the accounting policies with the implementation of the Malaysian Financial Reporting Standards (MFRS) approved by the Malaysian Accounting Standards Board, and has adopted the relevant MFRSs applicable for the Group's financial year 2015.

The adoption of the MFRSs has changed a number of the Group's accounting policies. The principal effects of the changes in accounting policies resulting from the above adoption are set out from pages 184 to 217 of this Annual Report.

Statement of Risk Management & Internal Control

The Statement of Risk Management & Internal Control as set out from pages 150 to 154 of this Annual Report provides an overview of the system/process of risk management and internal controls within the Group.

Relationship with External Auditors

BAC and the Board place great emphasis on the objectivity and independence of the Group's External Auditors, Messrs. Ernst & Young, in providing the relevant reports to shareholders. 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 (2) 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 judgemental areas for greater exchange of views and opinions between both parties in relation to Financial Reporting.

In order to ensure that the External Auditors' independence and objectivity are not compromised by the provision of non-audit services, BAC's practice is to exclude them from providing services on merger and acquisition exercise, due diligence, management, strategic and IT consultancy, and other non-audit and non-tax-related 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.

Directors' Responsibility Statement

The Company and the Group's financial statements are drawn up in accordance with the applicable approved accounting standards, and the Board of Directors has the responsibility of ensuring that the financial statements of the Company and the Group give a true and fair view of the state of affairs of the Company and the Group. The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 158 of this Annual Report.

This Statement on Corporate Governance is made available on the Company's official website at www.malaysiaairports.com.my under the section "Investor Relations – Investor Briefings".

The Statement was duly reviewed and approved by the Board of Directors of Malaysia Airports on 17 February 2016.

On behalf of the Board



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

ADDITIONAL COMPLIANCE INFORMATION

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

1. Status of Utilisation of Proceeds raised from Corporate Proposal

The status of utilisation of the RM1.0 billion perpetual subordinated sukuk proceeds raised on 15 December 2014 from the Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme with a combined aggregate limit of up to RM2.5 billion as at 31 December 2015 is as follows:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation Amount (RM'000)	Deviation %
To part finance the construction of klia2 and/or to refinance MAHB's borrowings/ financings which were utilised for Shariah-compliant purposes and/or for MAHB's Shariah-compliant general corporate purposes	1,000,000	1,000,000	18 months	-	-

2. Share Buy-Back

There was no share buy-back exercised by the Company during the financial year 2015.

3. Option, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year 2015.

4. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

A Sponsored Level 1 ADR Programme, has been declared effective by the US Securities Exchange Commission on 4 November 2013 and opened to accept deposits of MAHB shares on 19 November 2013.

Deutsche Bank Trust Company Americas has been appointed as the depository bank for the ADR Programme with Deutsche Bank (Malaysia) Berhad as the sole custodian of MAHB's shares in Malaysia for the ADR Programme.

The total number of shares that can be held through the ADR Programme shall not exceed five percent (5%) of the total issued and paid-up capital of MAHB at any point in time. As at 31 December 2015, there has been no ADRs sold under the ADR Programme.

5. Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Senior Management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory bodies during the financial year 2015.

ADDITIONAL COMPLIANCE INFORMATION

6. Non-Audit Fees

The amount of non-audit fees paid to the External Auditors, apart from the audit fees, during the financial year ended 31 December 2015, is as follows:

External Auditors	Report	Total Paid (RM)
Ernst & Young	Professional services and advisory work	594,000
Total		594,000

7. Variation in Results

There was no variation between the financial results in the audited financial statements 2015 and the audited financial results for the year ended 31 December 2015 announced by the Company on 17 February 2016.

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year 2015.

9. 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 2015 or entered into since the end of the previous financial year ended 31 December 2014.

10. 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 2015.

11. Corporate Social Responsibility

Please refer to our Sustainability Report 2015.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Para 15.26(b) of Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements and Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies as guided by the Malaysian Code of Corporate Governance 2012, the Board is respectively maintaining a sound risk management and internal control framework across Malaysia Airports to safeguard shareholders' investment, Group's assets and other stakeholders' interests.

RESPONSIBILITY AND ACCOUNTABILITY

The Board recognises its responsibility and accountability for the Group's system of risk management and internal control towards the establishment of an appropriate control environment and review of its adequacy and integrity on a regular basis to ensure its effectiveness. This is achieved via the Board Risk Management Committee (BRMC), Board Audit Committee (BAC) as well as the establishment of the Risk Management Policy Statement, the Risk Management Framework and the Corporate Risk Management Committee (CRMC).

PURPOSE OF RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The system of risk management and internal control is based on an ongoing process:

- Identify the principal risks impeding the achievement of the organisation's goals and objectives
- Evaluate the nature and extent of those risks
- Manage it efficiently, effectively and economically

The Board acknowledges that the system is designed as a tool to manage rather than eliminate the risks completely. As such, risk management and internal controls can only provide reasonable and not absolute assurance against the occurrence of any material mismanagement, loss or fraud.

RISK MANAGEMENT

Malaysia Airports is guided by the ISO 31000 in managing its risks and a web-based risk management information system, Malaysia Airports Risk Scorecard (MARs) is utilised to maintain and track its risks. Risk owners sign-off their departmental/airport scorecard on a quarterly basis to provide assurance that the risks are being managed.

In 2015, Malaysia Airports embarked on the identification and assessment of corruption risks in its operations with six business areas participating in the pilot workshop. Moving forward, corruption risk management will be extended to other business areas identified as potential corruption risk areas.

REVIEW OF INTERNAL CONTROL EFFECTIVENESS

The Group's internal control system is intertwined with operating activities and Board's review of internal control effectiveness, centred on Committee of the Sponsoring Organizations of the Treadway Commission (COSO) framework is based on information from:

- Key management within the organisation with the responsibility for the development and maintenance of the risk management and internal control framework;
- The work of the Internal Auditors, who submit regular reports to the Board Audit Committee which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of risk management and internal control together with recommendations for improvement;
- Comments made by the External Auditors in their Management Letter and other reports.

Under the COSO Internal Control - Integrated Framework, internal control assessment is segregated into five interrelated components as follows:

- A – Control Environment
- B – Risk Assessment
- C – Control Activities
- D – Information and Communication
- E – Monitoring

A. CONTROL ENVIRONMENT

Control environment is the organisational structure and culture created by Management and employees to sustain organisational support for effective internal control. It is the foundation for all other components of internal control, providing discipline and structure. Key activities include:

i. Board Committees

- The various Board Committees, namely the Board Audit Committee, the Board Nomination and Remuneration Committee, Board Procurement Committee, Board Finance and Investment Committee, Board Risk Management Committee, are all governed by clearly defined terms of references.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ii. Strategic Theme and Objectives

- In charting the Group's business direction, Malaysia Airports has developed a five-year business plan entitled "Malaysia Airports Runway to Success 2020" where four key strategic priorities have been identified to support the achievement of the Group's objectives, which consist of KUL Hub, Total Airport Experience (TAE), Aeropolis and International Expansion.
- KUL Hub and TAE are part of the "Strengthen the Core" strategic thrust, whilst Aeropolis and International Expansion drive the "Expand and Diversify" strategic thrust. These strategic objectives are further divided into the following enablers:
 - The KUL Hub key strategic priority is set to drive passenger growth and non-aeronautical revenue through strategic route development, facilitating seamless transfer and capacity expansion at KLIA
 - The TAE Key Strategic Priority is set to drive non-aeronautical revenue and Airport Service Quality (ASQ) Scores by embedding customer-centric culture to improve Airline Experience, Passenger Experience and Retailer Experience
 - The Aeropolis Key Strategic Priority is well under way to drive aviation, aerospace, logistics and tourism growth through its Air Cargo & Logistics, Business & Aviation Parks and MICE and Leisure & Complementary strategic themes
 - The International Expansion key strategic priority is supported by three key strategies which include organic international growth at Istanbul Sabiha Gokcen International Airport (ISG), investments in Core Global assets and exporting our core capabilities

iii. Organisation Structure

- The organisational structure for the Group incorporates the company's vision and mission, in ensuring that the business direction can be delivered. 2015 saw some changes to the organisational structure to further boost the Group's prospect of exceeding the achievements of previous years.
- The existence of departments/units such as CARE, stakeholder relations, airline relations to name a few, shows that our organisation structure is in line with our mission "Together we create joyful experiences by connecting people and businesses".

iv. Assurance Letter

- Annual disclosures are made by the head of subsidiaries and functions on the overall effectiveness, reliability and adequacy of their respective companies' /divisions' systems of risk management and internal controls via an assurance letter.

v. Brand Culture

- Internalisation of MAHB Group's Brand Identity serves as a foundation to the Group's culture. Elements in the Group's Brand Identity include the Brand DNAs of 'Friendly and Firm'; 'Progressive and Practical'; and 'Business-Driven and Responsible'. These Brand DNAs act as the guiding principles for all employees in their professional conduct.
- Each of these Brand DNAs is further supported with a set of three behavioural statements called Individual Commitments (IC) in order to provide better clarity to employees in supporting the MAHB Group's Brand Identity.

vi. Code of Ethics

- The Group Code of Ethics is a standard of conduct applicable to all employees of MAHB in dealing with fellow employees and with the Company's representatives including agents, consultants, contractors and suppliers of the Group.
- The Sexual Harassment Policy, the Disciplinary Policy and Fraud Policy have been established and awareness training programme has been conducted throughout the Group. The Declaration of Assets is performed every three years by all MAHB employees to keep track of any changes of individually or jointly-owned asset value.

vii. Procurement Code of Ethics

- It outlines the principles and specific requirements related to the procurement process. It supports the Procurement 3Ps and complements the MAHB Code of Ethics, which provides guidelines on dealing with stakeholders.

viii. Competency-Based Development Framework

- A Board-approved Corporate Scorecard is used in the top-down target setting process with targets cascading from the Managing Director. As part of the system implementation, Senior Management are placed on contract compensation scheme.
- KPIs have been implemented to drive the performance of all staff of the Group. Competency based assessments are also conducted annually and semi-annually to ensure that staff are competent and adequately trained and developed to perform their duties. This is implemented through the establishment of structured training programmes, career development programmes and succession planning.

B. RISK ASSESSMENT

Risk assessment is the identification and analysis of risks which may impede the achievement of the Group's objectives. Key activities involved within this area are:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

i. Enterprise Risk Management (ERM)

- The Risk Management Division is responsible for the overall coordination of the ERM Framework for Malaysia Airports. Risk Registers are developed at all levels of the Group and appropriate Management Action Plans are in place to mitigate these risks. At Group level, a Corporate Risk Profile is established which outlines the significant risks faced by the Group. A structured Business Continuity Management framework is also available for the Group.
- Group Internal Audit complements the role of the Risk Management Division by independently reviewing risk profiles, risk management strategies and the adequacy and effectiveness of the controls identified and implemented in response to the risks identified at every audit engagement.

C. CONTROL ACTIVITIES

Control activities are policies and procedures that help to ensure Management's directives are carried out. Relevant activities within MAHB Group include:

i. Assignment of Authority and Responsibility

- The Group Approval Limits of Authority ("GALOA") that has been deliberated and challenged by GALOA Committee and approved by the Board are applicable to the whole Group, covering areas of risk management, human resources, procurement & contract, commercial, investment & business ventures and finance/accounts. Revisions and additions are made to the GALOA when deemed necessary. This authority facilitates quality and timely decision-making.
- Clear accountability and responsibility for key business processes have been established through related SOPs.

ii. Policy and Procedures

- Numerous Policies and Procedures approved by the Board are in place and applicable across the Group such as, among others, accounting policies, Value Management, procurement limits, and Quality Management system.
- To further distinguish Malaysia Airports from our competitors, Malaysia Airports' Consultancy Services (MACS), a subsidiary of Malaysia Airports is fully Shariah Certified under the MS ISO 1900:2005.
- All five international airports and twelve domestic airports have been awarded the Aerodrome Certification by the Department of Civil Aviation (DCA), as required under Airport Standards Directive 103 (ASD 103). This certificate is a requirement to ensure safety, regulatory and efficiency of aerodromes.

iii. Safety Management System

Aerodrome Safety Management System (ASMS)

- The ASMS is akin to a safety gauge for all airports to ensure that every airport is constantly monitoring their safety issues. At the same time, the ASMS is used to help airport operators to progressively enhance their safety mitigation strategies as to avoid unwarranted or predictable accidents or incidents from happening.
- Currently, all our five international and eleven domestic airports are ASMS certified, with KLIA being certified on 29 August 2009.
- All airports also carry out all safety drills and simulation exercises by Airport Fire Rescue Services (AFRS) as deemed mandatory by the ICAO and DCA. These include full-scale exercises at least once every two years, partial exercises at least once a year and table-top exercises bi-annually.

Runway Safety Team (RST)

- A key element to an aerodrome runway safety programme is the establishment and initiatives of the Runway Safety Team (RST). Members include DCA Air Traffic Controllers, Pilots and Aerodrome Operators. The establishment of the RST is intended to facilitate effective local implementation of the recommendations contained in the ICAO action plans for the prevention of Runway Incursions and Runway Excursions and proactive management on related runway safety issues.
- Currently, a total of seventeen (17) airports consisting of five (5) international airports and twelve (12) domestic airports have established RST.
- The ASMS Office reports to DCA on all runway safety related matters. The activities of the RST will be reported to and monitored by the National Runway Safety Team (NRST) chaired by the Director of Department of Civil Aviation's Airport Standards Division twice in a year.

SMS Safety Action Group (SMS-SAG)

- As part of the reporting structure for Safety Management System, the SMS Safety Action Group (SMS SAG) meets 4 times a year. The SMS SAG provides a platform to achieve objectives of resource allocation and to assess the effectiveness and efficiency or risk mitigation strategies.
- The SMS-SAG also assists the Board Risk Management Committee, which acts as the Safety Review Board to resolve any operational issues.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

iv. Continuous Improvement Initiatives

- The Continuous Improvement initiatives are ongoing exercises to drive Malaysia Airports in achieving greater performance in its targets and future aspirations while building future sustainability. The deliverables of the initiatives, among others, include higher cost savings and revenue enhancement, realignment of the Group's strategic plans by integrating and synergising people, processes, systems and structure within the company. It also focuses on delivering shareholders' financial expectations. Among the initiatives are:
 - Business Process Improvement (i.e. to streamline Group internal control)
 - Cross-Functional Transformation (i.e. Human Resources, Operations IT and Commercial)
 - Lean Management (i.e. improving process efficiency and workplace organisation)
 - World-Class Maintenance (Engineering and AFRS)
- Throughout 2015, MAHB embarked on aligning the processes of Istanbul Sabiha Gokcen International Airport (ISG) with the Group. An ISG Integration Steering Committee chaired by a Non-Independent Non-Executive Director was created with relevant departments reporting on activities to close gaps discovered.

v. Whistleblowing Programme

- The company has a Whistleblowing Programme of which the Corporate Integrity Unit is the Secretariat. The objective is to provide the staff and stakeholders with a mechanism to raise their concerns responsibly, regarding malpractices and irregularities affecting the company whilst keeping the identity of the whistleblower confidential. The programme is expected to improve the overall organisational effectiveness, while upholding Malaysia Airports' integrity in the eyes of the public.
- As an oversight of the Whistleblowing Programme, an independent member of the BAC is appointed as the Chairman of the Whistleblowing Independent Committee and reports directly to the BAC.
- In 2015, Corporate Integrity Unit conducted awareness sessions on integrity, corruption and whistleblowing throughout the Group to raise awareness amongst the employees on the three topics.

vi. MAHB Information Security

- Malaysia Airport's Information Security is under the purview of the IT division, governed by the Information Security Management Committee (ISMC) and Malaysia

Airports Information Security Policy (MAISP). Since its establishment, the achievement was the implementation of ISMS ISO/IEC 27001:2013 Certification (Information Security Management System) for MAHB (IT division, Procurement and Contract division and HR division), Langkawi International Airport, Penang International Airport and Malaysia Airports Consultancy Services). In order to be better prepared in facing the cyber threat, MAHB had shown an active participation with the National Critical Information Infrastructure (NCII).

vii. Insurance and Physical Safeguards

- Adequate insurance and physical safeguards on major assets are in place to ensure that Group assets are sufficiently covered against insurable risk that could result in material loss and liability exposure.

D. INFORMATION AND COMMUNICATION

Information and Communication support all other control components by communicating control responsibilities to employees and by providing information in a form and time frame that allows people to carry out their responsibilities. Relevant key activities within the Group include:

i. Communication Policy

- Communication with all stakeholders consists of both one-way and two-way communication and is conducted through a variety of platforms. Among the platforms established are MAHB Portal; K-Office; Town Halls; and Chat and Bite Sessions with senior management team for internal communication, as well as Convergence magazine; Airlink portion in KL lifestyle magazine; Facebook; Twitter; YouTube; Mobile Apps; KLIATV; websites; annual reports; and media and analysts briefing sessions for external communication.
- A Corporate Communication Policy provides guidance and ensures that communication across the Group and beyond is well coordinated, effectively and strategically managed and meets the diverse needs of the organisation.

E. MONITORING

Monitoring the effectiveness of internal controls is embedded in the normal course of the business. Periodic assessments are being integrated as part of Management's continuous monitoring of internal controls. Systematic processes available to address deficiencies include:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

i. Management Committees

- Three Top Level Committees are established, namely Executive Committee (ExCo), Management Committee (MC) and Human Resources Committee, each with clear demarcation of roles in managing the Group's strategic and operational matters more effectively.
- At Group level, the Internal Audit Management Committee (IAMC) is established to review all audit findings before being tabled at the BAC.
- Other steering committees responsible to ensure effective supervision over related key operational areas are:
 - Information Security Management System (ISMS) Steering Committee
 - ICT Steering Committee
 - Technical Committee
 - Management Procurement Committee
 - Value Management related Committees (Approval, Procurement Activities and System & Procedure)
 - SMS-Safety Action Group Committee
 - ASQ Working Group Committee
 - Corporate Risk Management Committee
 - Credit Control Committee
 - Commercial Committee
 - Land Evaluation and Review Committee
 - ISG Integration Steering Committee

ii. Group Internal Audit

The Internal Audit Division is responsible to give reasonable assurance in MAHB via:

- Carrying out ongoing reviews of the governance, risk management and internal control system of the Group, which includes for Istanbul Sabiha Gokcen International Airport.
- Assisting in promoting effective risk management at the lines of business.
- Conducting special reviews as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme. Periodic follow-up reviews are conducted to monitor the status of internal control issues raised.
- Continued review of Self Audits i.e. Internal Control Questionnaire (ICQ) at airports and Control-Self Assessment (CSA) at HQ function. Both the ICQ and CSA provide Management with an easy to use and effective tool to review and improve the control system.

iii. Other Internal Assurance Providers (IAP)

The Internal Audit Division collaborates with 13 other IAPs and consulting services to ensure proper coverage and minimise duplication of efforts in the organisation, with the following:

- Airport Fire & Rescue Services (AFRS)
- Aviation Security (AVSEC)
- Corporate Quality Management (CQM)
- Service Monitoring Unit (ASQ), Malaysia Airports Consultancy Services (MACS)
- Engineering
- IT Quality Assurance, IT Division
- Airport Performance Unit, Operations MASB
- Airport Standard Unit, Planning & Development Division
- Risk Management
- Aerodrome Safety Management System (ASMS)
- Safety, Health & Environment (SHE)
- Transformation Management Office (TMO)
- Corporate Integrity Unit (CIU)
- Project Management Office (PMO)

ASSURANCE BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

- In relation to the risk management process, the Managing Director and Chief Financial Officer to the best of their ability and knowledge confirm that the Company's risk management and internal control system is operating adequately and effectively as at 31 December 2015.

CONCLUSION BY THE BOARD OF DIRECTORS

The Board considers the system of risk management and internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Group's business environment. The Board and Management will continue to take measures to strengthen the control environment and monitor the health of the risk management and internal controls framework. For the financial year under review, the Board is satisfied that the system of risk management and internal controls is satisfactory and has not resulted in any material loss, contingency or uncertainty.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Statement has been reviewed by the External Auditors for the inclusion in the annual report of MAHB Group for the year ended 31 December 2015. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of the internal controls.

BOARD AUDIT COMMITTEE REPORT

MEMBERSHIP

The Board Audit Committee ("BAC") comprises four (4) Non-Executive Directors, three (3) of whom are Independent Directors, as follows:

Rosli bin Abdullah

(Chairman)

Independent Non-Executive Director

Jeremy bin Nasrulhaq

Senior Independent Non-Executive Director

Datuk Seri Yam Kong Choy

Independent Non-Executive Director

Dato' Mohd Izani bin Ghani

Non-Independent Non-Executive Director

The Chairman of the BAC is a member of the Malaysian Institute of Accountants. The Chairman of the BAC is also the Chairman of the Audit and Risk Committee (ARC) of ISG and LGM.

MEETINGS

During the financial year ended 31 December 2015, the BAC met six (6) times including one (1) Special BAC meeting, with the following record of attendance:

Name of Director	Attendance
Rosli bin Abdullah	6/6
Jeremy bin Nasrulhaq	6/6
Datuk Seri Yam Kong Choy	6/6
Dato' Mohd Izani bin Ghani	6/6

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

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

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

SUMMARY OF THE TERMS OF REFERENCE

Constitution

The authority and function of the BAC extends to MAHB and all its subsidiaries, joint ventures and associates within the Group.

Establishment of Objectives

Assist the Board of Directors in fulfilling its fiduciary responsibilities relating to the company's accounting policies, financial reporting practices, business ethics policies as well as financial position and performance by assessing the Group's processes relating to internal controls, risk management and governance towards safeguarding the rights and interest of the Shareholders.

Membership

Comprises at least four (4) Non-Executive Directors from among the MAHB Board of Directors, whereby a majority must be Independent Directors and at least one member must be a member of the Malaysian Institute of Accountants, or if he is not, he must then comply with para 15.09 (1)(c) of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

BOARD AUDIT
COMMITTEE REPORT

SUMMARY OF THE TERMS OF REFERENCE

Authority

As empowered by the Board of Directors, the BAC shall have the authority to investigate any matter within its terms of reference, full and unrestricted access to any information, records, properties and personnel within the Group, direct communication channels with the External Auditors, Internal Auditors and Whistleblowing Independent Committee.

Function and
Duties

The functions and duties of the BAC shall be to consider the appointment or resignation/dismissal of the External Auditors and the audit fees, review the nature and scope of the audit, the annual audit plan, the quarterly and year-end financial statements of the Group prior to submission to the Board and the External Auditor’s Management Letter and management’s response. The BAC shall oversee the Internal Audit functions on the adequacy of the plan, scope, functions, competency and resources, receive report on the results of audits and key audit findings or other matters, and discuss internal audit observations on risk and internal controls within the organisation. The BAC shall review any related party transactions that may arise within the Group. The BAC shall promptly report to BMSB on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the BMSB. As an oversight of the Whistleblowing Programme, an independent member of the BAC shall be the Chairman of the Whistleblowing Independent Committee (WIC) and shall report to the BAC. All matters pertaining to ethics, integrity, corruption, abuse of power and other scope covered under the MACC Act 2009 (including but not limited to that dealt with/by WIC) shall be reported to BAC via Corporate Integrity Unit (CIU).

Meetings

The BAC Meetings shall be held at least six (6) times during the financial year, with a quorum of three (3) members of which there must be a majority of independent members.

SUMMARY OF ACTIVITIES DURING
THE FINANCIAL YEAR

The BAC carried out its duties in accordance with its terms of reference during the financial year ended 31 December 2015.

The main activities undertaken by the BAC were as follows:

Internal Audit

- Reviewed and approved the Internal Audit Division (“IAD”)’s Annual Internal Audit Plan, budget and staffing requirements to ensure adequacy of resources, competencies and coverage on key risk areas.
- Reviewed the Internal Audit Reports and Special Audit Reports to ensure that the Management addresses and resolves the issues highlighted in the audit reports.
- Reviewed follow-up reports by the Internal Auditors on the status of actions taken by the Management on recommendations suggested in the audit reports.
- Reviewed follow-up reports by the Internal Auditors on External Auditors’ findings as set out in the Management Letter and status of actions taken by the Management on issues raised by the External Auditors.
- Evaluated the performance of the IAD and recommended improvements.

BOARD AUDIT COMMITTEE REPORT

External Audit

- Reviewed the External Auditor's scope of work and audit plans for the financial year.
- Reviewed with the External Auditors their Management Letter together with the management response.
- Evaluated the performance of the External Auditors and made recommendations to the Board on the appointment and audit fees.

Financial Results

- Reviewed and monitored the financial position and performance of the MAHB Group on a 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 1965 and other legal and regulatory requirements.

INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group is carried out by the IAD that reports directly to the BAC. The principal role of the IAD is to undertake independent, regular and systematic review of the systems of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The IAD adopts a risk-based approach in its audit plan and examination.

It is the responsibility of the IAD to provide the BAC with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. The Internal Audit function of ISG and LGM reports to the General Manager IAD of MAHB. Process alignment with Group IAD had been successfully conducted.

A structured risk assessment is used to examine all auditable areas and its inherent risks. Audits are prioritised according to the assessment of the potential risk exposure. During the financial year, the Group IAD issued a total of sixty nine (69) reports inclusive of eight (8) from ISG and LGM. The areas of coverage include human resource (payroll process, performance management system), finance (accounts receivables, budgeting process, GL adjustment and clearing, related party transactions), airport operations (airport service quality, control centre, facilities management standard compliance, airside safety, terminal operations), engineering (utilities & environment, baggage handling system (BHS)), procurement (airports and business process & application control), commercial

(airports, contract management, business relations, marketing), IT & airport systems (general controls, penetration tests, CCTV, point of sales, websites & portal, data management & privacy assurance, SAP HR Module, SAP Flexi-RE), hotel management, overseas venture and overseas operations, retail operations, land development, business continuity management, planning & development (planning, value management), airline incentives, surprise cash count, Spot Control (carpark collection, area allocation and hotel bar count), investigations and special reviews on specific areas as requested by the Board, Board Committees, Management or arising from the Whistleblowing Programme.

The Internal Audit reports arising from these assignments were issued to the Management for their response and corrective actions. The Management is responsible for ensuring that corrective actions are taken on reported weaknesses within the required time frame. The Internal Audit reports are then presented at the Internal Audit Management Committee, to discuss the current status of audit issues before being tabled at the BAC.

External quality assessment by a qualified independent reviewer is conducted every five years in ensuring audit work performed by the Internal Auditors is in line with The Institute of Internal Auditors standards. Based on the external quality assessment, the Internal Audit Division conforms to the International Standards for the Professional Practice of Internal Auditing. For the financial year 2015, total internal audit expenditure incurred for MAHB is RM2.64 million whilst for ISG and LGM is TL340,411 (equivalent to EUR111,256 or RM521,791).

STATEMENT OF DIRECTORS' RESPONSIBILITY

In respect of the preparation of the Financial Statements for the financial year ended 31 December 2015.

The Directors are required by the Companies Act, 1965 (the Act) to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cashflows of the Group and the Company for the financial year. As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2015 set out from pages 159 to 308, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed.

The Directors have ensured that the accounting records to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act, which disclose with reasonable accuracy the financial position of the Group and of the Company.

This Statement is made in accordance with a resolution of the Board of Directors dated 17 February 2016.



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MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)

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