



Clear Horizons

Our Third Sustainability Report

2011

COMPANY NAME & CORE BUSINESS

Malaysia Airports Holdings Berhad

(487092-W)

Managing & operating Malaysia's 39 airports as well as providing airport-related services

VISION

World Class Airport Business

MISSION

**Providing World Class Aviation Gateways.
Managing Cost-Effective Airport Network & Services.
Exceeding the Expectations of Customers,
Shareholders & Other Stakeholders.**

SHARED VALUES

Market driven. Responsive to market needs & market forces.

Strive for excellence. Observe good discipline & be proactive with a sense of pride in all our endeavours. Uphold integrity, honesty & trustworthiness.

Customer Focused. Provide quality, innovative and competitive services in a safe and secure environment.

Loyalty. Committed & dedicated for the well being of the group.

Teamwork. Work together towards achieving the group's vision. Share knowledge to enhance group synergy & care for employee's well-being.

About This Report

This is the story of the third Malaysia Airports Holdings Berhad (henceforth, "MAHB") Annual Sustainability Report.

This report is written in accordance to the Global Reporting Initiative (GRI) G3.1 Guidelines and GRI's Airport Operators Sector Supplement. This report also reflects MAHB activities in relations to ISO9001, OHSAS18001 and ISO14001 standards where applicable. The Malaysian Ringgit (RM) is used as the standard currency for this report.

This report covers MAHB and its Malaysian airports within its corporate structure as included in the holding company's consolidated financial statements. Airports refer to stations in which MAHB holds a major stake in and/or has direct managerial control over. While data on airports where MAHB has stakes in outside Malaysia is included in our financial Balance Sheets and Income Statement, they have been excluded from further discussion in this report. This report also does not explore the holding company's subsidiaries from a material perspective.

This report covers MAHB's performances throughout January to December 2011. All information in this report parallels our Annual Report for the corresponding year. Targets stated in this report are guided by milestones provided in our Business Direction document ('Runway to Success,' published in March 2010).

MAHB is a signatory of the Aviation Industry Commitment to Action on Climate Change, a multi-stakeholder industry declaration to create a pathway to carbon-neutral growth and a carbon-free future. MAHB also contributes as a working group member of the National Green Technology and Climate Change Council (GTCCC) in the Transportation Sector.

MAHB is also an active member of the Khazanah Nasional Berhad-led Corporate Sustainability Circle (CSC), a grouping of Government Link Companies (GLC) with interest in sharing stories, information and initiatives on sustainability work in Malaysia.

All data in this report is self-declared until further external assurance is sought. MAHB's fourth Sustainability Report will be due within the second quarter of 2013.

This report and our previous reports are available via PDF and can be downloaded from MAHB' corporate website: [<http://www.malaysiaairports.com.my>].

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2011 Highlights

MAHB recorded revenues of RM2,754.8 million in FY2011, representing a growth of 11.6% compared to the RM2,468.0 million recorded in FY2010.

EBITDA (Earnings before interest, tax, depreciation and amortisation) grew 7.8% to RM826.5 million, from RM766.6 million in FY2010.

PBT (Profit before tax and zakat) stood at RM574.1 million, representing an increase of 20.9% compared to the RM475.0 million registered in FY2010.

Achieved Return on Equity (ROE) of 11.70% for FY2011, surpassing the headline KPI target of 10.73%.

MAHB received the Green Leadership Award of the Asia Responsible Entrepreneurship Awards 2011 for South East Asia region in recognition of its corporate effort championing sustainable and responsible entrepreneurship.

For the second consecutive year, KLIA immigration service won the Skytrax 2011 World Airport Awards of World's Best Airport Immigration Service, acknowledging the flagship airport's immigration service excellence.

Pan Pacific Kuala Lumpur International Airport won the 2011 Global Luxury Airport Hotel in the World Luxury Hotel Awards and the BrandLaureate Awards 2010–2011 in the Best Brands in Airport Hotel category.

MAHB received the Highly Commended Corporate Sukuk award for MAHB Capital's RM1 billion Islamic medium-term notes by The Asset Triple A Awards 2011 for Islamic Finance.

MAHB unveiled the klia2 retail brand proposition, which intend to create an exciting retail adventure that embodies a new and dynamic era of excellent commercial services in the airport with robust offerings, future-oriented facilities and unforgettable experiences.

Expansion and upgrades to Kota Kinabalu International Airport, Penang International Airport, Sultan Azlan Shah Airport in Ipoh, Sultan Ismail Petra Airport in Kota Bharu and Sibul Airport.

Overall passenger volume growth recorded 10.7%, reaching 64.01 million passengers for all 39 airports.

Awards & Accolades 2011

The immigration service in KLIA was acknowledge as the World's Best Airport Immigration Service by Skytrax 2011 World Airport Awards. KLIA also maintained its place in the worlds' top airports at 9th place.

MAHB received the award Highly Commended Corporate Sukuk for MAHB Capital's RM1billion Islamic medium-term notes by The Asset Triple A Awards 2011 for Islamic Finance.

MAHB received Green Leadership Award of the Asia Responsible Entrepreneurship Awards 2011 South East Asia.

MAHB won Best SAP Enterprise Project, by the SAP Awards for Customer Excellence 2011.

MAHB received The Hall of Fame Awards under the Special Organisation Achievement category, in the Malaysia Achievement Awards. The award recognises the Company as an organisation that has demonstrated outstanding achievements, with impeccable vision and a passion for excellence.

MAHB awarded with Innovative Leadership in Globalisation by Malaysian Institute of Directors, for strategic market development that has contributed to building global respect for Malaysian quality, recognising the company's pioneering endeavours has enhanced Malaysia's branding in the global marketplace.

MAHB received the Malaysian Corporate Governance Index A+ Distinction award from the Minority Shareholder Watchdog Group (MSWG).

KLIA received 4th place in SmartTravelAsia.com 2011 Best in Travel Poll of the Top 10 Airports worldwide.

Pan Pacific Kuala Lumpur International Airport won the 2011 Asia's Leading Airport Hotel in the World Travel Awards.

Pan Pacific Kuala Lumpur International Airport received the 2011 Global Luxury Airport Hotel in the World Luxury Hotel Awards.

Pan Pacific Kuala Lumpur International Airport won the BrandLaureate Awards 2010–2011 in the Best Brands in Airport Hotel category.

Chairman's Statement

Dear stakeholders,

At the beginning of 2011, the air travel industry was clouded with a great deal of pessimistic views due to the global economic crisis, escalating oil prices, inflation, political turmoil and natural disasters. Whilst these events had clearly affected some regions more than others, what was consistent was that air travel trend was globally affected. Despite these challenges, MAHB emerged better than the industry forecast, recording growth and achievements that met our own as well as the Government's expectations. Against forecasts from international organisations such as the International Civil Aviation Organisation (ICAO), the Airports Council International (ACI) and the International Air Transport Association (IATA), MAHB' overall passenger growth far exceeded the 5%–6.5% average global passenger growth reported for 2011. Moreover, our passenger growth had consistently mirrored our nation's economic performance. The recorded passenger growth of 10.7% is aligned with the year's national GDP growth of 5.1%, which is typically about 1.5 to 2 times a factor of the latter growth.

MAHB is fortunate to be located in the Asia Pacific region, as this region is able to sustain itself through its own economic activities such as intraregional trade. Asia Pacific is fast becoming its own economic ecosystem, supported by the global growth forecast that is centric to this region. Malaysia's strategic location in the growth area of Asia Pacific region allows us as an airport operator to capitalise on the catchment area of some 400 million people who live within a radius of 2.5 hours flight time from the Kuala Lumpur International Airport (KLIA). Recognising this potential has allowed us to position KLIA as the Next Generation Hub (NGH) and implement this strategic concept which will sustain our goal for traffic growth in the coming years.

This year, MAHB' international sector has seen an upward trend in growth. The passenger growth was partly attributed to the increased frequencies from existing airlines as well as new operations at some of our airports including at KLIA, Kota Kinabalu International Airport (KKIA), and Penang International Airport (PIA). Among the key new airlines that initiated services at KLIA include Transaero Airlines, the second largest airline from Russia, and Air Koryo from North Korea flying into KLIA, offering direct flights from Moscow and Pyongyang respectively. MAHB also witnessed the return of Lion Air from Indonesia.



Malaysia Airports' service standard is not just about customer relations but also involves the entire airport infrastructure with the needs of our stakeholders in mind.

This international sector growth was further facilitated by the introduction of Haj flights from Kuala Terengganu Airport, KKIA, PIA and Kuching International Airport. The introduction of these new sectors and new operations is a very positive development for us, as it offers a potential that is not limited only to a higher traffic growth but also from the commercial yield as well. I am pleased to note that, on top of this new development, MAHB continues to see positive support from its airline partners. The legacy carriers at the Main Terminal Building of KLIA continued to grow in 2011, reversing the negative trend of the years prior to 2010. The overall passenger load factor, representing the average occupancy rate by our airline partners on the routes they offered, remained above 70%. This comes with improvements by some of the large foreign carriers that fly to our airport, namely Etihad, Air India Express, Lufthansa and Saudi Arabian Airlines. Essentially, the high passenger load factor demonstrates a promising and competitive growth trend in international passenger movements for legacy carriers.

Apart from the notable new foreign airlines and introduction of new routes operating from many of our airports nationwide, closer to home we experienced an interesting development in the form of the Comprehensive Collaborative Framework (CCF) initiative between Malaysia Airlines and AirAsia. Whilst the CCF has already resulted in route reconfiguration and closures that impacted some traffic movements at our airports, we have yet to see the full impact from this collaboration.

Nevertheless, we are optimistic of a positive outcome from the exercise and the creation of sustainable routes by the two major local airlines. In the unlikely event that the outcome proves to be contrary to our expectations, I believe we will be ready to face the adverse effects with the support of our strong commercial and retail development.

On another similarly challenging situation, the newly upgraded Terminal 1 at KKIA has suffered some loss in opportunity cost as a result of its unoccupied retail spaces. This is due to the supposed move of AirAsia's operations by 1 January 2012 from the current temporary Terminal 2 to Terminal 1 that was upgraded and enhanced to improve passenger safety, capacity, comfort and convenience. In due course, MAHB will be able to generate a healthy income from the commercial activities at KKIA when Terminal 1 is fully utilised by AirAsia as originally planned.

Conversely, in terms of cargo movements, the sector had recorded a downward trend this year consistent with the global trend in 2011. MAHB's cargo movements remained weak throughout 2011, declining by 1.8% compared to the year before. Of this, international cargo decreased by 2.6% while domestic cargo recorded a marginal growth of 1.4% compared to 2010. The contraction, albeit marginal, was due to a deteriorating global trade, higher oil prices and continuing shift to marine cargo.

AIRPORT DEVELOPMENTS & INITIATIVES

Our stakeholders' safety, security, convenience and their overall satisfaction on the services that we provide have always motivated us to benchmark ourselves and progress to the next level of service standards. MAHB's service standard is not just about customer relations but also involves the entire airport infrastructure with the needs of our stakeholders in mind. These stakeholders include our airline partners, the passengers, as well as our retail and commercial partners. Annually, we develop extensive plans to upgrade and redevelop the infrastructure at our airports.

While these plans are executed in stages, the ultimate goal is to provide facilities that not only meet, but exceed global standards and improve our service standard, as well as the service standard of our airline, and retail and commercial partners as well.

klia2

In the last decade, the aviation world witnessed the tremendous development of the low cost air travel industry in Malaysia through the nation's low cost airline, AirAsia. With the current low cost carrier terminal of LCCT-KLIA already reaching its capacity and expansion limit, the exponential traffic growth recorded over the past ten years in low cost air travel in Malaysia called for a facility that could accommodate the anticipated growing passenger and traffic movements. To this end, the construction of klia2 is important to serve this anticipated growth in traffic needs. The underlying principle of klia2 is to develop a terminal which can accommodate up to 45 million passengers annually, and which can meet the operational model of low cost airlines. The need to complete the terminal is one of our top priorities for the year ahead and involves managing the evolving requirements of the relevant stakeholders such as designing the terminal with departure and arrival halls that enable full segregation of passengers in accordance with the Government's requirements.

klia2 has become one of the largest privately funded projects in the country and during the course of its development, has played a major role in spurring the growth of the local economy and providing job creation and employment opportunities.

In line with Malaysia Airports' inspiring vision to be a world-class airport business, the Company also anticipates that klia2 will be a focal point in the success of our Next Generation Hub concept.

In line with MAHB's inspiring vision to be a world-class airport business, the Company also anticipates that klia2 will be a focal point in the success of our Next Generation Hub concept. We foresee ultimately a convergence of routes, airlines and interconnectivity in the years to come and so our concept of NGH promises a seamless travel experience for travellers in both full service airlines as well as low cost carriers.

Towards ensuring safety, security and convenience for passengers, the Company envisioned the design for all gates in this new terminal to be equipped with passenger loading bridges. This is integral to our vision of positioning klia2 as a hub that meets and even surpasses world standards.

klia2's superior facility is centred on its ability to provide a passenger-friendly terminal, featuring a vast retail, F&B and services space of up to 35,200 sq metres, a fully automated Baggage Handling System (BHS), a dedicated run away, a new traffic control tower, aero bridges and smooth connectivity to KLIA's Main Terminal Building. It will be a catalyst for innovative new offerings, including an air-ground multi-modal interchange and a suite of airport city facilities. With the work scope that is in accordance to the stakeholders' revised requirements, we expect the terminal to be completed by April 2013.

International and Domestic Airports

In alignment with our strategic actions and initiatives towards achieving our business objectives, we continue with our infrastructure upgrading and redevelopment project at the airports that we operate. In 2011, five more airports, namely Kota Kinabalu International Airport, Penang International Airport, Sultan Ismail Petra Airport in Kota Bharu, Sultan Azlan Shah Airport in Ipoh and Sibul Airport, underwent phases of upgrading and redevelopment.

The Malaysian Government recently announced a RM60 billion fiscal stimulus package, in which RM250 million was allocated for the upgrading of Penang International Airport. This allocation is also a component of the Northern Corridor Economic Region (NCER) blueprint, part of the Government's initiative to boost Penang's economy in terms of trade and by way of attracting more tourist arrivals into the island. Malaysia Airports as the airport operator utilises this allocation to upgrade and redevelop the ageing airport facilities, giving it a new lease of life that also meets current international standards.

In September 2010, the initial phase of redevelopment works at Sibul Airport commenced, where the terminal building will be expanded to almost double its former area. The redevelopment is slated for completion in September 2012. Similarly, Sultan Azlan Shah Airport in Ipoh underwent an infrastructure upgrading exercise with the main focus being on the airside with improvements to the terminal façade. The improvement works for Ipoh Airport are expected to be completed in March 2012.

Progressive Initiatives

As we strive to reach our aspiration to provide world class airports services, it is pertinent that we constantly evaluate the level of performance of airports under our management. The onus is on us to ensure that innovative measures are taken to improve airports that fall below our performance benchmark.

MAHB, through the Continuous Improvement Management (CIM) programme, had initiated the 'Airport Turnaround' initiative beginning in early 2011. The core objective of this initiative is to facilitate non-profitable airports with high traffic to achieve their potential for improvement. These improvement opportunities will be in terms of cost efficiencies and revenue growth perspectives and implemented using LEAN Management practices. Our airports that were chosen to take part in the initiative were determined based on their financial performance as well as the airports' forecasted EBITDA analysis. The expected outcome of this initiative goes beyond the profit and loss criteria of the airports. It includes strengthening teamwork among crossfunctional units, enriching information sharing and the communication culture within and between the staff involved in the programme.

Additionally, in line with our progressive efforts to support traffic growth, and simultaneously support our airline partners, 2011 saw us continuing with the Airline Recovery Programme (ARP). This incentive programme was introduced in 2009 and provides cash incentives to both existing and new airlines operating from our airports and has become a continuous effort by MAHB in supporting our airline partners. Since its inauguration, new airlines have enjoyed privileges that include waiver of landing fees and free office rental. This programme has successfully complemented our stellar marketing initiatives to attract more airlines to fly into our airport and had resulted in more airlines operating as well as increasing frequencies into and out of our airports – all of which contributed to our passenger growth this year.

Another future project earmarked in the pipeline for 2012 is the redevelopment of Terminal 2 at Sultan Abdul Aziz Shah Airport in Subang. Our expectation for the redevelopment of Terminal 2 is to provide improved airport facilities and service standards to cater to our passengers and airline partners currently operating at the SkyPark Terminal.

FUTURE OUTLOOK

The aviation industry may be headed for another year of stagnations, and with declining business confidence it will be difficult to see the potential for significant profitable growth. An upsurge in the world's oil price is expected, in much the same way as it was in 2011.

Apart from a possible increase in fuel price to levels above USD100 per barrel, economic uncertainties in Europe and USA continue to be of concern. The volatile situation in some Middle East and African countries and the nuclear stand-off with Iran could pose a threat to the oil price and, as a result, the aviation sector.

Nevertheless, airlines in the Asia Pacific region may be able to achieve profits similar to those they achieved in 2011 on the back of some rebound in cargo markets and economic growth that is relatively stronger than that of other regions globally. In general, 2012 promises continuous growth for the aviation industry from the emerging markets in China, India, Middle East and Asia Pacific region. This gives an encouraging outlook for Malaysia as there will be a potentially high increase in travel demands facilitated by full service and low cost carriers.

In view of the potentially challenging outlook for the country, strategic initiatives have been put in place for Malaysia Airports to promote the continuous traffic growth in our airports.

For 2012, MAHB has projected passenger movements to grow by 6.6% based on indicative 5% to 6% GDP growth in Malaysia. In January 2012, IMF revised downward the global economic growth for 2012 from 4.0% to 3.3%, and there were also downward GDP forecasts for Malaysia by Malaysian Institute of Economic Research (MIER) and local analysts to a level below 5%. Another future challenge that MAHB may face in 2012 is the Comprehensive Collaborative Framework (CCF) initiative between Malaysia Airlines and AirAsia. The CCF to date indicates possible reduction of capacity, which could have some negative impact on traffic growth. However, it could turn positive depending on how the capacity is distributed and how Malaysia Airlines' membership to the One World Alliance takes shape, where it will be able to gain access to the alliance's vast global network.



In view of the potentially challenging outlook for the country, strategic initiatives have been put in place for MAHB to promote the continuous traffic growth in our airports. A higher traffic growth will see a higher number of potential customers coming in to our airports, which in turn can only be good news for our commercial development strategies. Noteworthy is the fact that MAHB had in FY2011 exceeded expectations, where our passenger demand was stronger than predicted as evidenced by the registered passenger growth at our airports. By the same token, our financial performance in FY2011 was more positive and robust than forecasted.

One of the cornerstone components that will boost MAHB' financial performance in the years to come is klia2. This new purposebuilt terminal designed to service Malaysia's low cost carrier, AirAsia, has tremendous business potential from the onset and MAHB will continue to support it with a number of strategic approaches, geared towards maximising that potential. MAHB earmarked klia2 as the change platform and has conducted extensive market researches to determine the right products and brands for retail offerings, and to develop a plan to position klia2 as a commercially driven terminal.

With these in mind, we remain optimistic with regard to our prediction for the year 2012.

Yours sincerely,
Tan Sri Datuk Dr. Aris bin Othman
 Chairman, Malaysia Airports Holdings Berhad

Corporate Profile

MAHB currently operates and manages 39 airports in Malaysia that include 5 international airports, 16 domestic airports and 18 short take-off and landing (STOL) ports.

Expanding our expertise internationally, MAHB now operates and manages four overseas airports. These airports are Indira Gandhi International Airport, New Delhi, and Rajiv Gandhi International Airport, Hyderabad, in India, Sabiha Gokcen International Airport in Turkey and Malé International Airport in Maldives.

MAHB is inspired to be a world-class airport business with a mission to provide world-class aviation gateways, to manage cost effective airport network and services, and to exceed the expectations of customers, shareholders and other stakeholders.

As the main operator of airports in Malaysia, MAHB's core activities include the management, operation, maintenance and development of airports, both in aeronautical and in non-aeronautical component. Aeronautically, MAHB's revenue base comes from the landing fees, aerobridge charges, check-in counter charges, parking fees and passenger service charges.

Location of MAHB Headquarters:

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Malaysia Airports Corporate Office
Persiaran Korporat KLIA
64000 Sepang
Selangor Darul Ehsan

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[30 June 2011] KLIA celebrated its 13th birthday and MAHB foresees that the flagship airport will continue to reap more successes in the future.

Non-aeronautical revenue base is from commercial activities, which includes duty free and other retail operations, hotel operations, free commercial zone operations, commercial space leases and management of parking facilities in our airports nationwide.

Awards and accolades received by MAHB is testament to our success and achievements as the main airport operator and manager in Malaysia. Among the most prestigious awards received was the IATA's Eagle Awards for Best Airport in 2009, in recognition of our outstanding performance in customer satisfaction, cost efficiency and continuous improvements.

In 2010, MAHB expertise and management success received the recognition from Frost & Sullivan as the Airport Investment Company of the Year in the Asia Pacific Aerospace & Defence Awards.

The Company was awarded an A+ Distinction Award in Malaysian Corporate Governance Index Awards in 2011 by the Minority Shareholder Watchdog Group's (MSWG). This award is in recognition of our continuous effort to be diligent, in ensuring top quality of disclosures, ongoing financial sustainability and corporate responsibility efforts. MAHB will continue to set benchmarks and reach milestones in our endeavoring efforts to be the gateway of a World-Class Airport Business.

KLIA

KL International Airport (KLIA), MAHB's flagship airport, is one of South-East Asia's premier aviation hubs. Opened in June 1998, to date, KLIA has the capacity to receive up to 35 million passengers and 1.2 million tonnes of cargo annually. This international airport comprises of two buildings, the Main Terminal Building (MTB) and the Satellite Building.

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

The airport is located in Sepang district in Selangor, at the top of the southern corridor of Peninsular Malaysia. It is situated at the border of Selangor and Negeri Sembilan, approximately 50 km from the capital city, Kuala Lumpur.

KLIA is accessible via a network of highways and expressways that links the airport to the rest of Peninsular Malaysia. Public transportation to the airport is also easily available. These include taxis, limousines and express buses. KLIA Ekspres provides direct travel options for passengers from the city centre at the KL City Air Terminal (CAT) located in KL Sentral to KLIA via the KLIA Express Rail Link (ERL) and the KLIA Transit. At KL CAT, departing passengers have the option to check-in their luggage, receive their boarding passes and proceed to board the train for KLIA while immigration clearance will be completed at the airport. Travel time from KL Sentral to KLIA is 28 minutes on the KLIA Ekspres ERL and 37 minutes on the KLIA Transit.

As the flagship airport and the biggest international airport managed by MAHB KLIA is a standing proof of MAHB excellence management effort as the airport operator through the various awards and accolades it has received. Among the highest forms of recognition KLIA received was Best Airport (15–25 million passengers per annum) in the 2005 AETRA awards, 2006 ACI–ASQ awards and 2007 ACI–ASQ awards.

KLIA was also ranked 4th in the category of airports with 25–40 million passengers in 2011's ASQ Survey in service excellence. KLIA service excellence was acknowledged by the Skytrax World Airport Awards in 2010 when it won two awards in South East Asia category, which are the Best Airport Immigration Service and Staff Service Excellence awards. Consecutively, in 2011 KLIA won the Best Airport Immigration Service award again. To date, the World Airport Awards is the most prestigious and coveted awards that recognise product and service quality across the world's airport industry.

LCCT–KLIA and klia2

March 2011 marks the 5th year of LCCT-KLIA as the nation's low cost carrier terminal since its opening in March 2006. Opened with an initial capacity of 10 million passengers annually, this terminal has been expanded to a 64,607 square metre terminal within a single floor operation area and can accommodate up to 15 million passengers annually. LCCT-KLIA is located in Sepang, Selangor, about 11 km from the KLIA and is accessible through the same networks of highways and expressways going to KLIA.

In November 2006, LCCT-KLIA was voted CAPA Low Cost Airport of the Year in the CAPA Aviation Awards for Excellence. This recognition motivates the company to continue with providing excellent airport services in the nation's only low cost terminal in the future.

Setting the benchmark in the aviation industry, MAHB is ready to redefine the travel experience for passengers in the region with its Next Generation Hub concept.

Work is in progress for the world's first mega terminal dedicated for low cost carriers, klia2, and it is slated for completion in the first quarter of 2013.

Passenger will be able to enjoy a hassle-free travelling experience through the proximity and ease of connectivity via a Skybridge that will link the main terminal building and the satellite building in klia2, making it the first airport with Skybridge in Asia. This highly touted feature that this new airport offers will create a seamless connectivity between full service and low cost airlines.

klia2 is designed to allow expansion for future growth trends and operational models of airlines. The airport is designed to accommodate up to 45 million passengers annually with robustness that will no doubt be able to accommodate the ever evolving and dynamic global aviation industry.

State-of-the-art and modern infrastructure and excellence airport services offered by klia2 will ensure passengers' travelling needs are met. Comfortable atmosphere and easy travelling processes welcomes the passengers and visitors of klia2.

With the awareness in environmental sustainability and upholding this responsibility embedded deep in the company's practice, klia2 will be built to meet the Green Building Index and to be eco-friendly. The architectures took the cue from nature – with rainforest as the theme for both interior and exterior design – where green pockets are infused in its finishing, colour and texture.

More than 55,000 square metre of the terminal from the gross floor area of 257,000 square metres is dedicated to commercial enterprises with multitude offerings for the benefit of both passengers and visitors. In line with our new commercial strategies as stated in MAHB' 5-Years Business Plan titled the Runway to Success, klia2 will revolutionise the retail experience with 'Airport in the mall, mall in the airport' concept that will offer travellers and visitors alike a diverse range of shopping and dining experiences.

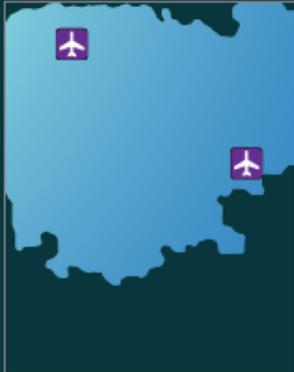
Another feature that will complement this purpose-built terminal is the integrated transportation hub, offering the passengers a seamless travelling experience. The transportation hub will provide multi-modal transportation facilities such as ERL, busses and taxis, extending the convenience to the passengers as well as the surrounding community. Ultimately, klia2 will raise the bar in terms of the low cost carrier travel experience in the region.

Be it for business or pleasure, this terminal is built to meet or even exceed expectations, revolutionising the low cost travel experience for years to come.

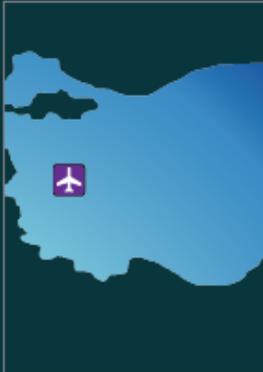


 International
  Domestic
  Short Take - Off & Landing port

CAMBODIA



TURKEY

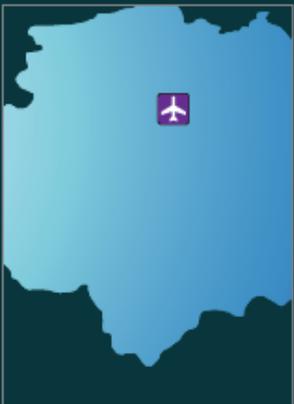


INDIA

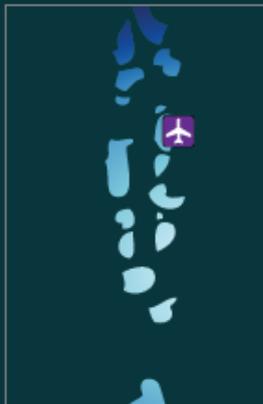


AIRPORTS OVERSEAS

KAZAKHSTAN



MALDIVES



CAMBODIA
Siem Reap International Airport
 Managed and operated airport from 1995–2005.

Phnom Penh International Airport
 Managed and operated airport from 1995–2005.

TURKEY
Sabiha Gokcen International Airport
 20% equity; Management and Operations. Inaugurated on 31 October 2009.

KAZAKHSTAN
Astana International Airport
 Managed and operated airport from 2007–2009.

INDIA
Indira Gandhi International Airport, New Delhi
 10% equity; Management and Operations. Modernisation of International Terminal 1 & 2. Construction of new Terminal 3 inaugurated on 3 July 2010.

Rajiv Gandhi International Airport, Hyderabad
 11% equity; Management and Operations. Construction of new international airport. Airport commenced commercial operations on 23 March 2008.

MALDIVES
Ibrahim Nasir International Airport
 23% equity; Management and Operations. Ground breaking ceremony of new terminal on 19 December 2011.

Group Corporate Structure

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

100% MAHB

MAHB Sdn Bhd (230646-U)

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

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

100% MAHB

MAHB (Sepang) Sdn Bhd (320480-D)

Management, operations, maintenance and future development of KLIA and Low Cost Carrier Terminal ("LCCT") in Sepang and provision of airport related services.

100% MAHB

MAHB Consultancy Services Sdn Bhd (375245-X)

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

100% MACS

Urusan Teknologi Wawasan Sdn Bhd (459878-D)

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

51% UTW

Airport Automotive Workshop Sdn Bhd (808167-P)

Operation of automotive vehicle workshop.

100% MAHB

Malaysia International Aerospace Centre Sdn Bhd (438244-H)

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

100% MAHB

MAHB (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)

MAHB (Mauritius) Private Limited (59049 C1/GBL)

Investment holding.

100% MAHB

Airport Ventures Sdn Bhd (512527-U)

Investment holding.

100% AV

MAHB Technologies Sdn Bhd (512262-H)

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

100% MA (Tech)

MAHB MSC Sdn Bhd (516854-V)

Dormant, intended principal activities are to provide internet services, development and incubation of electronic commerce, and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.

100% MAHB

MAHB (Properties) Sdn Bhd (484656-H)

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

100% MA (Properties)

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

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

100% MA (Properties)

MAB Agriculture-Horticulture Sdn Bhd (467902-D)

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

20% MA (Properties)

KL Aviation Fuelling System Sdn Bhd (395396-X)

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

100% MAHB

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

Investment holding management.

100% MAHB

MAHB Capital Berhad (906593-U)

Investment holding management.

100% MAHB

MAHB Capital (Labuan) Limited (LL07679)

Investment holding management.

100% MAHB

MAHB (Labuan) Private Limited (LL05298)

Investment holding management.

23% MA (Labuan)

GMR Malè International Airport Private Limited
(C0490/2010)

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

100% MAHB

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

20% MAHB

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

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

30% MAHB

Segi Astana Sdn Bhd (916663-H)

Development, management and operations of property.

23% MAHB

Airport Cooling Energy Supply Sdn Bhd (923025-D)

Development, management and operations of chilled water plant.

20% MAHB

LGM Airport Operations Trade and Tourism Inc. (689548)

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

100% MAHB

Asia Pacific Auction Centre Sdn Bhd (In Liquidation)
(488190-H)

Operations and management of an auction centre. The Company has ceased its operation on 31 December 2008.

100% APAC

Asia Pacific Auction Sales Sdn Bhd (In Liquidation)
(523300-X)

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

100% APAC

Asia Pacific Machinery Auctions Sdn Bhd (In Liquidation)
(503068-D)

Involved in the auction of light and heavy machineries. The Company has ceased operations since 2001.

100% APAC

Malaysia Motor Auctions Sdn Bhd (In Liquidation)
(500189-H)

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

Our Airports in Malaysia

Kuala Lumpur International Airport
Penang International Airport
Langkawi International Airport
Kuching International Airport
Kota Kinabalu International Airport

Bintulu Airport

Labuan Airport

Lahad Datu Airport

Limbang Airport

Melaka Airport

Miri Airport

Sandakan Airport

Sibu Airport

Sultan Abdul Aziz Shah Airport, Subang

Sultan Abdul Halim Airport

Sultan Ahmad Shah Airport

Sultan Azlan Shah Airport

Sultan Ismail Petra Airport

Sultan Mahmud Airport

Tawau Airport

Mulu Airport

Pangkor STOL port

Redang STOL port

Tioman STOL port

Lawas STOL port

Marudi STOL port

Mukah STOL port

Kapit STOL port

Belaga STOL port

Bario STOL port

Long Seridan STOL port

Long Lellang STOL port

Long Semado STOL port

Bakelalan STOL port

Long Akah STOL port

Kudat STOL port

Long Pasia STOL port

Long Banga STOL port

Semporna STOL port

100% APAC

Beans Around the World Coffee Shop Sdn Bhd (In Liquidation) (528250-P)

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

100% APAC

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

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

Corporate Governance

THE BOARD OF DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD



From left to right: **Tan Sri Datuk Dr Aris Othman** (Chairman) (Non-Independent Non-Executive), **Tan Sri Bashir Ahmad Abdul Majid** (Managing Director) (Non-Independent Executive), **Hajah Jamilah Dato Hj Hashim** (Non-Independent Non-Executive), **Jeremy Nasrulhaq** (Independent Non-Executive), **Mohd Izani Ghani** (Non-Independent Non-Executive), **Eshah Meor Suleiman** (Non-Independent Non-Executive), **Datuk Siti Maslamah Osman** (Independent Non-Executive), **Datuk Alias Haji Ahmad** (Independent Non-Executive), **Dato' Long See Wool** (Non-Independent Non-Executive), **Norazura Tadzim** (Alternate Director to Eshah Meor Suleiman) (Non-Independent Non-Executive), **Sabarina Laili Dato' Mohd Hashim** (Company Secretary)

The Board

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

Board Committees

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

Board Audit Committee ("BAC")

Board Nomination & Remuneration Committee ("BNRC")

Board Procurement Committee ("BPC")

Board Risk Management Committee ("BRMC")

Board Finance & Investment Committee ("BF&IC")

Principal Responsibilities of the Board

The Board members exercise due diligence and care in discharging their duties and responsibilities to ensure that high ethical standards are applied, through compliance with relevant rules and regulations, directives and guidelines in addition to adopting the best practices in the Code and CG Guide, and act in the best interest of the Group and shareholders.

The principal responsibilities of the Board include formulating, reviewing and adopting an effective strategic planning of the Group, steering the Group in the right direction to achieve its desired goals, overseeing the conduct of the Group's businesses to ensure that the business processes are in place to maintain the highest integrity of the Group's businesses, identifying and managing the risks affecting the Group, reviewing the adequacy and integrity of the Group's system of internal control and ensuring timely and accurate disclosure of material information regarding the financial situation, performance, ownership and governance of the Company. Apart from that, the Board also assumes the responsibility of developing and implementing an investor relations programme or shareholder communications policy for the Group, as well as ensuring that the Group has its own succession planning programme for the senior management of the Group.

The Balance and Composition of the Board

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

The Board currently comprises five (5) Non-Independent Non-Executive Directors, three (3) Independent Non-Executive Directors and one (1) Managing Director, the composition of which is in compliance with paragraph 15.02 of Bursa Malaysia Listing Requirements. The composition of the Board fairly reflects the interest of the significant shareholders, which is adequately represented by the appointment of their nominee directors without compromising the interest of the minority shareholders. The independent directors on the Board act as a caretaker of the minority shareholders and their views carry significant weight in the Board's decision-making process.

The Board regularly reviews the composition of the Board and its Committees to ensure appropriate balance and a good mix of skills and experience. The Board also considers the need to rotate the membership of the Committees amongst the directors, in order for them to gain exposure on the different functions of the Committees. The Board encourages female candidates to take up board positions. Currently, the Board fulfils the requirement of 30% female board representation on the Board.

Independence of Non-Executive Directors

The Board considers all the three (3) Independent Non-Executive Directors, namely Datuk Alias bin Haji Ahmad, Datuk Siti Maslamah binti Osman and Jeremy bin Nasrulhaq to be independent based on the definition as set out under the Bursa Malaysia Listing Requirements.

The Board is satisfied that the three (3) Independent Non-Executive Directors represent the interest of the minority shareholders by virtue of their roles and responsibilities. The Board considers the issue of directors' independence on an annual basis and has concluded that each of them continues to demonstrate the above behaviours which are in accordance with the definition under the listing requirements therein.

Chairman of The Board

Tan Sri Datuk Dr. Aris bin Othman is the Chairman of the Company. Prior to his appointment as the Chairman, Tan Sri Datuk Dr. Aris has never assumed an executive position in the Board or acted as the Managing Director of the Company. The Chairman's roles and responsibilities are as follows:-

- (a) Ensure orderly conduct and working of the Board, where healthy debates on issues being deliberated are encouraged to reflect any level of scepticism and independence;
- (b) Ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of the majority;
- (c) Ensure that the Board agrees on the strategy formulated by the Company and checks on its implementation;
- (d) Exemplify the highest standards of corporate governance practices and ensure that these practices are regularly communicated to the stakeholders;
- (e) Ensure the appropriateness and effectiveness of the succession planning programme at the Board and Senior Management levels;
- (f) Ensure a healthy working relationship with the Managing Director and provide the necessary support and advice as appropriate; and
- (g) Determine the agenda for the Board meetings in consultation with the Managing Director and the Company Secretary and ensure effective time management to allow the Board to have a rich and deep discussion.

Senior Independent Non-Executive Director

Given the composition of the Board, in particular the strong and independent presence of the members and the Board as a whole, and the separation of the roles of the Chairman and the Managing Director, the Board does not consider it necessary to nominate a recognised Senior Independent Non-Executive Director, at this juncture.

All Independent Directors of the Company are always willing and able to be within reach of the shareholders and thus, the Board does not consider it necessary to appoint a Senior Independent Non-Executive Director to serve as a point of contact for shareholders and other stakeholders to voice their concerns.

Appointment to the Board

There is a formal and transparent procedure for the appointment of new directors to the Board, the primary responsibility of which is delegated to the Board Nomination & Remuneration Committee ("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 leading the selection, deliberation and proposal of suitable candidates for appointment as directors to the Board based on merit and on the needs of the Board and the present composition of the Board, pertaining to balance of skills, knowledge and experience of the Board and future strategic direction. The BNRC is also responsible for assessing and ensuring, amongst others, that the candidate possesses technical competencies, a strong sense of professionalism and integrity, organisational and strategic awareness, and the ability to add value, as well as adherence to the highest standards of business conduct.

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

Induction and Continuous Professional Development

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

All the directors have attended and successfully completed the Mandatory Accreditation Programme as required by the Bursa Malaysia Listing Requirements.

In this context, the listing requirements also prescribed that the onus is on the Board of Directors to determine and oversee the training needs of its members, whereby they should be encouraged to attend talks, seminars and training programmes to enhance their skills and knowledge, and to keep abreast with new developments within the business environment.

The training programmes attended by the Directors in 2011, are as follows:

- (a) 13th Malaysia Strategic Outlook Conference 2011 by Malaysian Directors Academy ("MINDA");
- (b) Implementing and Continually Improving IT Governance by Mr. Nickson Choo, Director of Crowe Horwath Governance Sdn Bhd;
- (c) Breakfast Talk with Mr. Stuart L. Dean, President GE ASEAN on "Innovative or Stagnate – How Innovations Ensure Businesses Keep Thriving" by MINDA;
- (d) National Key Result Area (NKRA) on Fighting Corruption: Corporate Integrity organised by Performance Management and Delivery Unit (PEMANDU) and Bursa Malaysia;
- (e) Risk Management Conference 2011: Managing Risks Towards Runway to Success;
- (f) 2011 International Conference on Internal Auditing organised by Institute of Internal Auditors (IIA);
- (g) Sime Darby Lecture Series by MINDA;
- (h) ICAA MICPA Forum: Improving Corporate Governance in Malaysia Capital Markets – The Role of the Audit Committee;
- (i) Khazanah Megatrend Forums 2011: Uncertainty as Normality – Navigating Through Complex Interconnection organised by Khazanah Nasional Berhad;
- (j) The Securities Commission's Corporate Governance Blueprint 2011 by Mr. Raymond Corray, MIRA/ Columbus Circle Group; and
- (k) MINDA Luncheon Talk: Board Composition and Diversity – Strategies, Lessons and Looking Forward by MINDA.

Board Performance Evaluation

The Board performance evaluation framework and processes in MAHB have been developed and adopted in accordance with the principles as enunciated in the Green Book and the Code.

The performance evaluation of the Board was primarily based on the answers to a detailed questionnaire. The questionnaire covers topics that include, amongst others, the roles and responsibilities and influence of the Board, Board structure, independence of the Board, conduct of Board/Board Committees meetings, decision-making and output etc. Similar topics were covered in respect of the questionnaire for each of the Board Committees.

Thereafter, the results of these questionnaires, were documented, and collectively formed the basis of a report to be tabled at the Board Nomination & Remuneration Committee Meeting, subsequently for onward submission to the Board of Directors' Meeting for deliberation thereof, whereby the Board had evaluated their performance and formulate a "going forward position", to enhance the effectiveness of the Board.

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

Board Charter

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

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

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

DIRECTORS' REMUNERATION

The BNRC is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Directors, Managing Director, and to deliberate the remuneration package for the Senior Management of the Group. The component parts of the remuneration are structured as such, so as to link rewards to corporate and individual performance, in line with the "Enhancing Business and Performance Management" Programme developed by the Group with the assistance and in consultation with the external consultants.

The Managing Director's remuneration comprises basic salary and other customary benefits which are competitive that reflect his performance for the year, whilst the non-executive directors' remuneration package, comprises fees and allowances, which reflect the individual's roles and responsibilities. The calibre of the non-executive directors serving the Company is essential in upholding the standards of corporate governance.

The Board remuneration structure is reviewed by benchmarking the Chairman and the directors' remuneration against peer companies, locally and regionally, in order to align the remuneration to at least around the 50th percentile of the appropriate peer group.

The Board hopes the alignment of the remuneration package offered to the non-executive directors of the Company 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.

Independent Professional Advice

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

Group Senior Management



From left to right: **Tan Sri Bashir Ahmad Abdul Majid** (Managing Director), **Faizal Mansor** (Chief Financial Officer), **Dato' Abdul Hamid Mohd Ali** (Chief Operating Officer), **Dato' Azmi Murad** (Senior General Manager, Operations Services), **Khair Mirza** (Senior General Manager, Planning), **Faizah Khairudin** (Senior General Manager, Commercial Services)



From left to right: **Mohd Aminuddin Yaakub** (General Manager, IT Development), **Mohd Nasir Ismail** (General Manager, MAB Agriculture-Horticulture Sdn Bhd), **IR Suradini Abdul Ghani** (General Manager, Human Resource), **Sabarina Laili Dato' Mohd Hashim** (General Manager, Secretarial & Legal Services), **Muhd Najib Mohd Rawi** (General Manager, Malaysia International Aerospace Centre Sdn Bhd), **Rokmah Abdullah** (General Manager, Procurement & Contract), **IR Khairiah Salleh** (General Manager, Engineering), **Nasrein Fazal Sultan** (General Manager, Internal Audit)

Group Senior Management



From left to right: **Mustafa Kamal Hj Alang Othman** (General Manager, Aviation Security), **Dato' IR Hj Abdul Nasir Abdul Razak** (General Manager, Operational Readiness & Transfer, klia2), **Kamarudin Mahmood** (General Manager, MAHB Technologies Sdn Bhd), **Mohamed Sallauddin Mohamed Shah @ Mat Sah** (General Manager, Marketing), **Brian Iskandar Zulkarim** (General Manager, Urusan Teknologi Wawasan Sdn Bhd), **Nik Anis Nik Zakaria** (General Manager, Corporate Communications), **Mohd Suhaimi Abd Mubin IAP** (General Manager, MAHB Sepang Sdn Bhd)



From left to right: **Nor Azlina Mohd Isa IAP** (General Manager, Planning & Development), **Nornajihah Ismail** (General Manager, Finance), **Veelayudan Krishnan Nair** (General Manager, Special Projects), **Zainol Mohd Isa IAP** (General Manager, MAHB Sdn Bhd), **Ahmad Tarmizi Mohd Hashim** (General Manager, MAHB Consultancy Sdn Bhd), **Muhamad Fawzy Ahmad** (General Manager, MAHB Niaga Shn Bhd)

Stakeholder Engagement

Relations with Major Shareholders and Stakeholders

The Stakeholder Management Committee, led by the Managing Director and the Chief Financial Officer of the Company and including, where appropriate, other members of senior management, will regularly hold meetings with the Company's major shareholders, namely Khazanah Nasional Berhad and its major stakeholders (which involve, the Ministry of Finance, Ministry of Transport, and Airlines, amongst others) to discuss the company's strategy, financial performance and specific major investment activities.

Relations with Institutional Shareholders

The investor relations team is responsible for managing the day-to-day communications with institutional shareholders through briefings to fund managers, institutional investors and investment analysts, normally held after the release of the Group's quarterly results to Bursa Malaysia. Press conferences are also held to brief the members of the media, and to highlight any significant events undertaken by the Group. All non-executive directors have always been invited to the briefings, should they wish to.

Relations with Private Shareholders

Each year, shareholders will receive the annual report of the Company. The shareholders can also access up-to-date information on the Group's latest activities such as financial performance, group background and events throughout the year on the Company's official website at www.malaysiaairports.com.my, which has since been revamped with a new outlook to satisfy the discerning taste of our shareholders. The Board acknowledges the importance of shareholders to be informed in prompt and timely manner of all material business matters affecting the Company. All announcements of quarterly financial results, change in the composition of the Board, etc are disclosed to Bursa Malaysia within statutory timelines, with clear, accurate and sufficient information to enable shareholders and investors to make informed decisions. Likewise, all formal queries by Bursa Malaysia and other regulatory authorities are expeditiously responded to.

Investor Relations

MAHB recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations. Our Investor Relations Policy aims to build long-term relationships with our shareholders and potential investors through appropriate channels for the management and disclosure of information. We provide these investors with sufficient business, operations and financial information on the Group enabling them to make informed investment decisions.

MAHB holds analyst presentations in each quarter in 2011 in conjunction with the Group's quarterly financial results. The briefings include the corporate overview, review of business operations and financial performance, headline key performance indicators achievements and the business outlook for the Group. In addition, MAHB organises regular one-on-one meetings with investment analysts and fund managers throughout the year. The analysts and fund managers briefings will continue to be held regularly in 2012.

MAHB has revamped its Investor Relations web portal in 2012, in line with our commitment towards corporate governance and best practice in investor relations. The website, www.malaysiaairports.com.my, provides a wealth of in-depth and up-to-date information for both existing and potential shareholders, with timely and accurate information about MAHB. The website also allows visitors to register and receive the latest information about MAHB, enhancing transparency, facilitate more effective communication with the investment community and promote Investor Relations best practice in the region.



[24 June 2011] Reaching out to members of the public about our business and operations at the GLC Open Day



[2 July 2011] 17 awards were lined up for airline and service providers operating at KLIA, honouring partners with exceptional performance in 2010.

Stakeholder Engagement

Customer Relations

(Excerpt from *Convergence*, MAHB's lifestyle magazine)

"The fact that the airport (KLIA) is well over a decade and still looks brand new means that it's very well maintained. It's impressive, and we think it's a brilliant place to spend your time with your partner."

- Neil Martin & Tanya Webb, England

"We initially had trouble locating the Informational Desk. Luckily, the friendly airport staff pointed us in the right direction. KLIA is truly an airport with a personal touch."

- Chamila & Nisura Jayawardena, Sri Lanka

"We think that the signage in KLIA is great, although there could be room for more. It doesn't hurt to have more signs to help travellers get around and about."

- Rawan Zahwi & Vian Hameed, Dubai

"KLIA is one modern and spacious airport. However, we had trouble locating the airport lounge, as we couldn't find any signs leading to it. Perhaps more direction signs could be installed to serve travellers better?"

- Milan & Lukas Knook, Holland

"It's excellent, especially the aerotrain and we really can't complain. We are waiting for our connecting flight and the aerotrain makes it so much easier to move around the airport."

- Anna Muir & Meghan Copley, Australia

"This has got to be one of the best airports in the world. It's spacious, comfortable and inviting, and with a team of dedicated and pleasant staff. I can see why KLIA is a favourite with tourists."

- Adelchi, Italy

"It's a very fine airport, with everyone serving with a smile. Visiting Malaysia has been quite a lovely experience and we can't wait to get home to tell everyone how nice it is here."

- Brattinga & Laffnoislan, Holland

"Not only is the airport very big, but Malaysian are also big on kindness. This is what makes KLIA, if not Malaysia, extraordinary."

- Ian Seeto, Australia

"KLIA's staff made us feel very welcome here. Everyone is so helpful and friendly."

- Simone & Fedra, Greece

Media Relations



[29 November 2011] Members of the media were briefed and shown a preview on klia2, the world's largest purpose-built terminal for low cost carriers with the capacity to serve up to 45 million passengers annually, ready to cater for the explosive growth in low cost travel. klia2 is one of the largest privately funded projects and will spur the local economic growth and employment opportunities.



[23 July 2011] The ninth edition of MAHB' Media Explore Hunt paid tribute to members of the media for their role that they played in the development of aviation industry throughout the past century that has helped the aviation industry to grow by leaps and bounds. 50 teams challenged each other in 2011's edition.

Material Issues

In May 2012, MAHB's Management Exco Committee deliberated and approved a set of internally determined issues that we deem material to our business.

These issues are based on Bursa Malaysia's four sustainability quadrants (Marketplace, Workplace, Environment, Community) with the addition of an area emphasising on quality, as represented as Material Issue 5 on Memorable Airport Experiences.

Core elements from GRI's 6 pillars (Economics, Product Responsibility, Environment, Human Rights, Labour Affairs & Decent Work, Society) were organised to support each material issue, illustrating each issue from a sustainability angle.

We believe that adopting the approach of linking GRI elements to the Bursa Malaysia CR quadrants would enable MAHB to simultaneously focus and adhere to the latter's reporting requirement in a more measured and tangible manner.

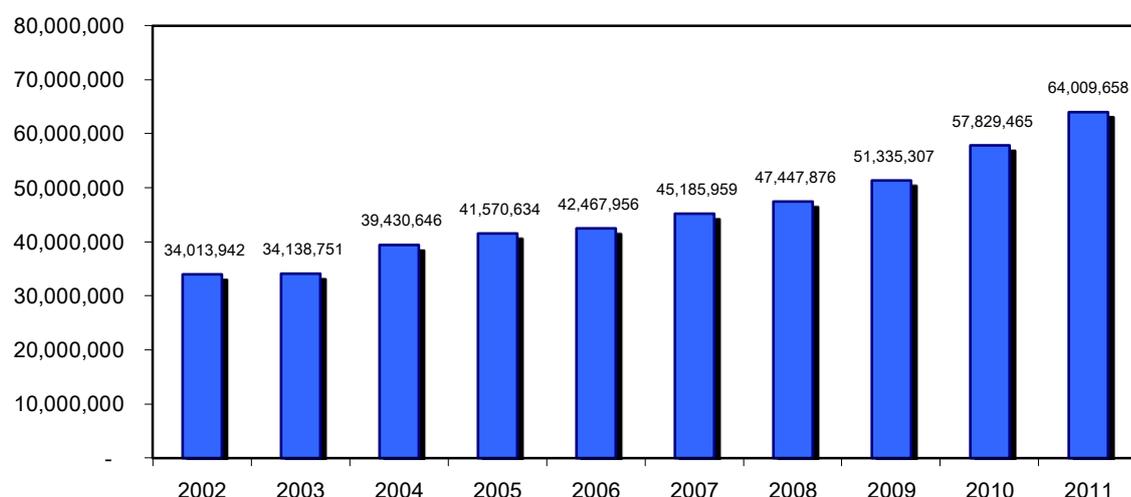
Data collected from 2011 has been organised in this matter to form a base for future comparisons and stakeholder engagements.

Material Issue 1:

Sensible Economics

Market Presence

PASSENGER MOVEMENTS AT MAHB AIRPORTS 2002 -2011



The Group's double digit growth achieved for both international and domestic passengers in 2011 was on the back of strong economic performance of the country which recorded 5.1% GDP growth and the Asia-Pacific region. The passenger traffic was largely unaffected by the political unrest in the Middle East and North Africa, Japan earthquake, economic uncertainties in the United States of America and the eurozone, as well as fuel price increases. All four quarters recorded sustained performance with the fourth quarter handling the largest number of passengers. International passengers grew partly due to increased frequencies from existing airlines as well as new operations.

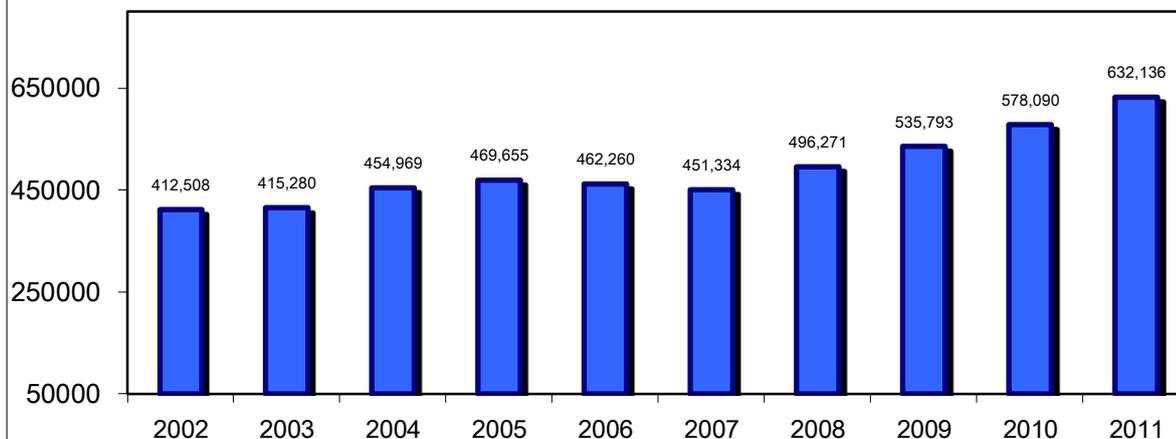
The Group's overall 10.7% passenger growth was superior compared to the 5%-6% global passenger growth estimated for 2011 by international organisations such as ICAO (International Civil Aviation Organisation), ACI (Airports Council International) and IATA (International Air Transport Association).

IN THE YEAR UNDER REVIEW, MALAYSIA AIRPORTS HOLDINGS BERHAD (MALAYSIA AIRPORTS) HAS ACHIEVED COMMENDABLE FINANCIAL PERFORMANCE, REGISTERING A DOUBLE DIGIT PASSENGER TRAFFIC GROWTH AGAINST WHAT MANY WOULD CONSIDER TO BE A VERY CHALLENGING ECONOMIC AND GEO-POLITICAL LANDSCAPE.

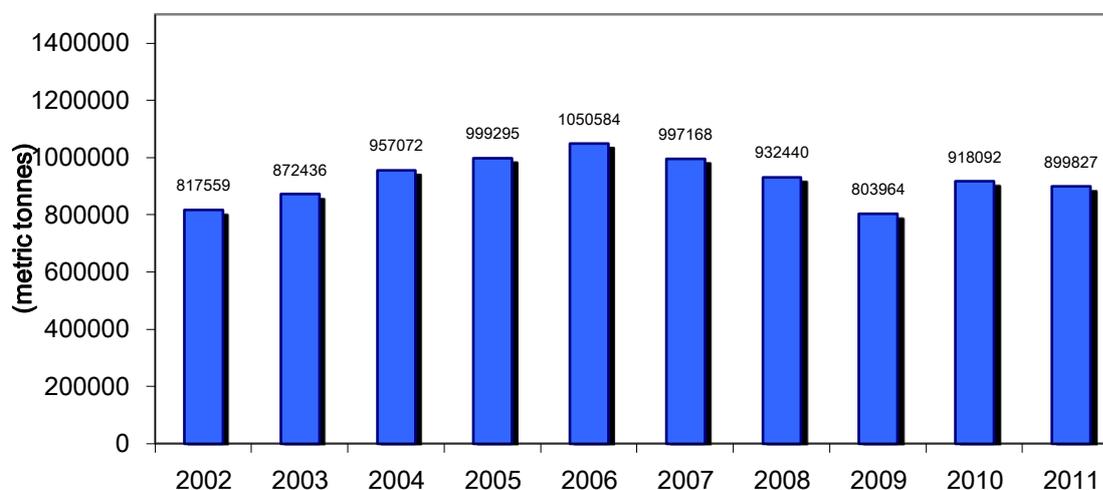
TAN SRI DATUK DR. ARIS BIN OTHMAN
Chairman

COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS

2002 - 2011



CARGO MOVEMENTS AT MAHB AIRPORTS 2002 - 2011



Cargo movements on the other hand recorded a downward trend, reflecting the performance of the Asia Pacific region.

For 2012, the Group has projected passenger movements across all airports operated by the Group to grow by 6.6%, based on the expectation that the GDP growth in the country and Asia Pacific region will remain strong. The International Monetary Fund has recently revised downwards its global economic growth forecasts for 2012 from 4.1% to 3.3%.

There were also downward GDP forecasts for Malaysia by local and international analysts to a level below 5%. Despite such pessimism, based on past performance during relatively poor economic conditions, it is expected that projected passenger growth in the range of 5%-7% for 2012 would sustain.

Financial Performance

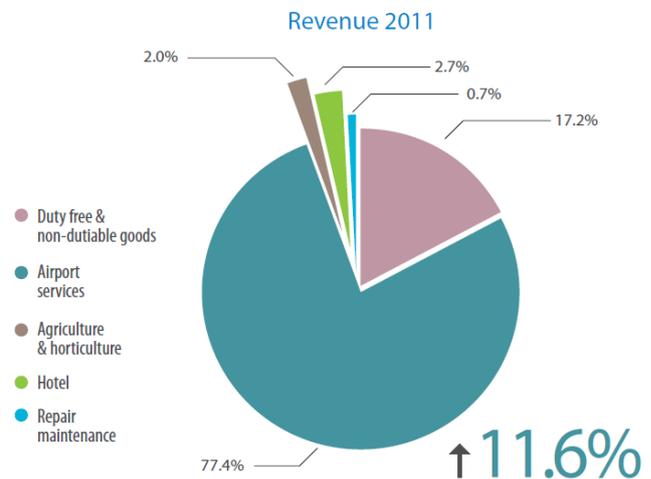
Year 2011 In RM Million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2011
FINANCIAL PERFORMANCE					
Operating revenue	610.4	654.2	652.8	837.4	2,754.8
Profit before tax and zakat	133.0	134.1	145.1	161.9	574.1
Profit for the period	88.3	81.8	108.2	122.9	401.2
Earnings per share (sen)	8.02	7.45	9.83	11.17	36.47
Restated Year 2010 In RM Million					
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2010
FINANCIAL PERFORMANCE					
Operating revenue	498.6	525.0	623.8	820.6	2,468.0
Profit before tax and zakat	119.7	81.0	91.7	182.6	475.0
Profit for the period	73.3	59.6	62.1	122.5	317.5
Earnings per share (sen)	6.65	5.42	5.65	11.08	28.80

This year's commendable results were accomplished on the back of a very challenging global aviation industry. MAHB recorded revenues of RM2,754.8 million for the financial year ended 31 December 2011 (FY2011), representing a growth of 11.6% compared to the RM2,468.0 million recorded in the financial year ended 2010 (FY2010). Earnings before interest, tax, depreciation and amortisation (EBITDA) grew 7.8% to RM826.5 million, from RM766.6 million in FY2010. Profit before tax and zakat (PBT) stood at RM574.1 million, representing an increase of 20.9% compared to the RM475.0 million registered in FY2010.

In line with the adoption of IC Interpretation 12: Service Concession Arrangements (IC 12) effective 1 January 2011, MAHB recognises the construction revenues and costs in accordance with FRS 111: Construction Contracts by reference to the stage of completion of the construction works at klia2 and Penang International Airport, which are public sector infrastructure assets and services currently being undertaken by MAHB. In FY2011 and FY2010, MAHB recognised the construction revenues in relation to the aforesaid projects amounting to RM820.5 million and RM655.1 million respectively.

Stripping out the effects of IC 12, revenues for FY2011 was RM1,934.3 million, which was 6.7% higher than the RM1,812.9 million registered in FY2010. PBT for FY2011 was RM535.9 million, which was 20.3% higher than the RM445.5 million registered in FY2010.

The increases in operating revenues are mainly due to stronger results from the airport operations segment, driven by strong air travel demand.



Excluding the IC 12 effects, revenues generated by our airport operations segment improved by 6.7%, to RM1,786.7 million.

Aeronautical revenues improved by 2.3%, as the impact of the stronger passenger numbers was negated by the accrual of Airline Incentives in FY2011 amounting to RM91.8 million as compared to RM31.1 million accrued in FY2010. The airline incentives were granted to eligible airlines under the Airlines Recovery Program (ARP) announced on 18 November 2009 and effective for a period of three years ending 31 December 2011. The strong PBT growth for FY2011 was a result of lower interest on borrowings due to the settlement of short term borrowings at the end of 2010, higher dividend received from investment in unquoted shares, lower share of associate losses, as well as MAHB Group's cost saving initiatives resulting in lower professional fees, utilities and communication expenses.

Procurement Code Of Ethics

The code of ethics for MAHB's Procurement activities is fully in line with the company's Corporate Code of Ethics but enlarges on aspects specifically related to Procurement. It is a reference document for all staff who has direct or indirect contact with our vendors. In line with our determination to comply with local laws and regulations, we are committed to asserting and promoting values, with particular emphasis on our relations with vendors. This behaviour will enable us to insist that our vendors implement a similar code of ethics within their own organisations.

This code of ethics defines behaviour rules and ethical standards that specify that every person involved should be conscientiously honest and avoid any conflict of interests. Summarily, the purpose shall encompass but not limited to the following:

- Maintaining highest standards of integrity in all business relationships with vendors
- Foster the highest possible professional competence to all the employees
- Optimize the use of resources for which the employees are responsible so that they provide the maximum benefit to MAHB
- Comply with the letter and spirit of law, of professional guidance, and of contractual obligations; and
- Reject any business practice which might reasonably be deemed improper.

Corruption

MAHB encourages employees and others to express any concern(s) that they have thoroughly deliberated beforehand, and bring it to light. MAHB's Whistleblowing Programme aims to:

- Provide a safe and acceptable way to raise concern(s); of which will be addressed in an independent and unbiased manner.
- Provide an internal mechanism for the company to be fully aware of any important workplace concerns and take the necessary and appropriate actions.

MAHB's assure the confidentiality of all concern raise and identity of Whistleblowers. As long as the reporting is performed in good faith and responsibly, the Whistleblower will not be at any risk of victimisation, retribution or retaliation.

MAHB's Procurement & Contract Division assists in klia2's tendering and evaluation processes with the following intention and purpose:

- Compliance with the spirit of Corporate Governance and Procurement Policies, Procedures and Guidelines
- Ensuring that procurement of works, services, supply and professional services are acquired at value for money, in economical quantity, high quality and timely delivery
- Provide relevant supporting documents at all stages throughout procurement process
- Ensuring that MAHB procurements are acquired at best value and awarded only to the contractors, suppliers or service providers with best package deals in term of cost, service level and quality

Percentage of locally based suppliers in 2011:

99%



[17 March 2011] Anti corruption and integrity campaign with collaboration by the Performance Management and Implementation Unit (PEMANDU), The Prime Minister's Office (JPM) and NKRA.

Material Issue 2:

Inspiring Workplace

Employee Engagement

MAHB understands the importance of Employee Engagement for its business and strives to maintain this intellectual property from loss to others.

In 2011, MAHB embarked on its sixth Employee Engagement Survey throughout the Company. The survey result increased by 2% from the previous year of 74% in 2010 to 76% in 2011. The purpose of this program is to gauge the workforce perception and areas to be improved. Through this engagement tool, MAHB is able to plan for improvement in its business culture among workforce in order to realise its goals and objectives.

In our effort to attract the best talents in the open market and our strive to make MAHB one of the Best Employers for graduates, several initiatives have been carried out. These initiatives include provision of staff benefits, creating a conducive and safe workplace, and remunerations that meets the best Human Resource service level for our industry.

Employees covered by collective bargaining agreements

6,747

In compliance with Malaysian Labour Laws, MAHB does not employ any underage personnel, or tolerate any forced or compulsory labour.

Total number of employees as at 31 December 2011

7,646

Professionalism by way of highly skilled and competent personnel is the Human Resource Services Division's (HR) objective in ensuring that the airport business is being managed thoroughly to achieve our vision and mission.



[2 December 2011] The 5th Collective Agreement between MAHB and the Company Unions in essence had expired on 31st December 2010. Prior to the expiry of the 5th Collective Agreement, the Unions have submitted their proposal for the 6th Collective Agreement (CA6) which comprised 44 articles to remain unchanged, five articles to be amended due to validity or applicability and 35 articles to be improved or enhanced. The Unions had also proposed 11 new articles. With the agreement of both parties, the CA6 took effect from 1st January 2011 and the implementation date was from 25th October 2011.

Breakdown of employees FY2011

GENDER	TOTAL EMPLOYEES	PERCENTAGE
Male	5193	67.92%
Female	2453	32.08%
TOTAL	7646	100.00%

Total workforce by employee subgroup FY2011

EMPLOYEE SUBGROUP	TOTAL	PERCENTAGE
Non Executive - 07	24	0.31%
Non Executive - 08	26	0.34%
Non Executive - 09	526	6.88%
Non Executive - 10	178	2.33%
Non Executive - 11	1545	20.21%
Non Executive - 12	999	13.07%
Non Executive - 13	2314	30.26%
Non Executive - 14	396	5.18%
Non Executive - 15	579	7.57%
Non Executive - 16	160	2.09%
Executive - 20	219	2.86%
Executive - 21	197	2.58%
Executive - 22	110	1.44%
Executive - 23	108	1.41%
Management - 24	98	1.28%
Management - 25	72	0.94%
Management - 26	37	0.48%
Management - 27	29	0.38%
Management - 28	22	0.29%
Management - 30	5	0.07%
Management - 31	1	0.01%
Management - 32	1	0.01%
GRAND TOTAL	7646	100.00%

AGE	TOTAL EMPLOYEES	PERCENTAGE
18-29	3034	39.68%
30-39	1948	25.48%
40-49	1300	17.00%
50-59	1358	17.76%
60-67	6	0.08%
TOTAL	7646	100.00%

ETHNIC ORIGIN	TOTAL EMPLOYEES	PERCENTAGE
Bajau	54	0.71%
Bidayuh	135	1.77%
Bisaya	10	0.13%
Brunei	23	0.30%
Chinese	124	1.62%
Iban	184	2.41%
Indian	153	2.00%
Kadazan	171	2.24%
Kayan		
Kenyah	8	0.10%
Malay	6477	84.71%
Melanau	68	0.89%
Murut	8	0.10%
Orang Ulu	11	0.14%
Others	220	2.88%
TOTAL	7646	100.00%

The percentage of employees who have received regular performance and career development reviews, by gender for the year 2011 thru Performance Management System (PMS) process conducted by their superiors are shown in Table 13.1. In order to improve employees performance, a few training program has been conducted such as task based training, leadership program and competency based training.

DESCRIPTION	NO OF STAFF	%	% DISTRIBUTION BY GENDER	
			MALE	FEMALE
Employees who received a formal performance appraisal	7207	94.25%	68.36%	31.64%
Employees who not received a formal performance appraisal	439	5.75%	59.91%	40.09%
Total	7646	100.00%		

Training & Education

The success of any of business endeavours is highly dependent on the skills and talent of its people. Therefore, Human Capital Development is one of our company's priority and continues to be given substantive attention.

MAHB's staff has been offered opportunities to attend workshops, conferences, career development programmes and a corporate diploma with UiTM's Malaysian Institute of Transportation (MITRANS) and the global Airport Management Professional Accreditation Programme (AMPAP). The Human Resource Services Division (HR) has actively developed and equipped our trainers with professional certification that allows them to be qualified trainers.

Besides internal growth, MAHB also invests in human capital development through an Education Sponsorship Programme that was established in 2010. This is an initiative that aims to provide sponsorship for potential individuals with excellent education backgrounds to continue their studies at selected colleges and universities. This is another platform for MAHB to ensure business continuity for the future growth and expansions.

Another significant programme in MAHB's human capital development effort is the Cross Fertilisation and Cross Assignment programme with other Government-Linked Companies (GLCs). This initiative, guided by the Malaysia Government, has provided exposure, new knowledge and experience to the staff to further understand other organisations' working culture.

MAHB has also embarked on initiatives with international programmes with International Civil Aviation Organisation (ICAO) and Airport Council International Global Training Hub (ACI GTH) to provide accredited syllabus to staff throughout our organisations. Besides training our own workforce, MAHB is also committed to train the personnel of our joint venture partners in managing our overseas airports and to ensure that our workforce is equipped with the most up-to-date skills. One related programme is the Management Development Programme for International Assignee, a special programme designed for potential local candidates to be positioned at overseas airports.

Average hours of training per year per employee	
Top Management	13.4 hours
Manager & Senior Manager	19.8 hours
Executive	18.5 hours
Non Executives	8.9 hours
Overall Average	10.13 hours

Program	Group
Corporate Diploma in Airport Management	35 staff
Executive Diploma in Airport Management	60 staff
Airport Management professional program (AMPAP)	10 staff
CIMA – Certified Accountant	10 staff
Education Assistant Program	15 staff
Retirement program	100 staff



[18 November 2011] Approximately 1,500 staff from Kuala Lumpur and Selangor attended the Company's Appreciation Night, themed "One Thousand and One Orange" at Shah Alam Convention Centre. This was part of the Company's staff engagement activities, in celebrating their hard work and dedication.



[21 October 2011] The contributions of 286 Malaysia Airports staff, that have served the Company for 25 years were recognised with the Loyal Service Award. The recipients comprised 102 staff from Peninsular Malaysia, 86 from Sabah and 98 from Sarawak.

Safety & Health

As we aspire to transform MAHB towards a world-class airport business, our commitment includes ensuring that the requirements of Safety, Health and Environment (SHE) are met and provided for our workforce.

Zero accident at the workplace has been our main target and several initiatives have been conducted to ensure the objective of preserving a safe workplace at all airports with a healthy working culture while caring for the environment through reducing the use of products that release carbon. The SHE programme that was implemented included the "Energising SHE Management Programme" at MA (Sepang) where the objectives were to improve SHE administration capabilities and to elevate the operational controls associated with work hazards to the highest level. The programme that was launched in February 2011 is benchmarked against the Malaysian Society of Occupational Safety and Health (MSOSH) standards and requirements.

To enhance the workplace quality, the SHE Department has embarked on a Medical Cost Analysis to evaluate the possibility of illness due to workplace hazards and unhealthy lifestyle among staff. The analysis has been carried out in collaboration with Medijaring as the third party administrator for Malaysia MAHB. From the data analysis, management could identify the trend of diagnosis and plan for cost containment measures.

Other initiatives undertaken by the SHE Department include the implementation of Job Safety Analysis to complement the existing risk management tools. This exercise began with identification of high risk jobs, evaluation of each job step and determination of control measures. Besides that, the department also actively monitors the klia2 construction project. Construction activity is well known to be one of the major contributors of national accident statistics due to its risky process and hazardous work environment.

MAHB is highly aware of safety and health issues at construction sites which could lead to accidents, fatalities, injury and damage of property. Therefore, the necessary framework and strategies have been established.

Up to 25% of total workforce is involved as Chairman, Secretary and members of Safety and Health Committee



[26 April 2011] MAHB organises Health Day at our Corporate Office.

Health & Safety Record 2011

Injury rates : 0.9

Occupational diseases rate : no case

Lost days and absenteeism rate : 5.6

Total number of work related fatalities by region : no case

In accordance with SHE performance monitoring requirements, statistical analysis of incidents was prepared in order to grasp an understanding on current incident trends and its underlying causes. It also recommends appropriate counter measures for improvement.

Medical cost analysis was carried out to identify the nature of medical expenditure, especially on the diseases related to unhealthy lifestyle and work hazards at all airports. Subsequently SHE Department will elevate the level of awareness among staff on healthy lifestyle and beef up control of work hazards.

Our Airports with OHSAS18001 Certification

Kuala Lumpur International Airport

Penang International Airport

Langkawi International Airport

Kuching International Airport

Kota Kinabalu International Airport

Miri Airport

Sultan Abdul Halim Airport

Sultan Mahmud Airport

Material Issue 3:

Environmental Consciousness

Compliance

MAHB is in compliance with environmental statutory law under Environmental Quality Act 1974 (Act 127), Regulations, Rules and Orders and relevant Standards published by Department of Environment.

Under the act, issues identified to be relevant to our airport operations are excessive noise level generated by aircraft, discharge of sub-standard effluent from oxidation pond or sewage treatment plant, discharge of sub-standard runoff water to sea or river, improper disposal of hazardous waste by various parties in airport, potential emission of dark smoke from power generator set and vehicle, and usage of prohibited refrigerant in building or vehicle air condition system.

Separately, legal compliance issues also relates to fulfilling Department of Environment (DOE) administrative requirements, for instance registration of certain facilities and submission of document or record to DOE office.

In 2011, MAHB has been imposed NO significant fines or any non-monetary sanctions for non-compliance with environmental laws and regulations.

Spreading Environmental Awareness in 2011

E-mail blast

On green activities and tips to go green at work

Dedicated internet section on environment

Now available at www.malaysiaairports.com.my

Environment elements in Beyond Borders

Green elements has been included as modules under MAHB Beyond Borders programme

Awards submission

MAHB was awarded the Green Leadership Award of the Asia Responsible Entrepreneurship Awards 2011 South East Asia.

Energy management training

Energy management training, awareness, sharing of energy policy, and energy performance review at all airports in stages

iStyle Fashion KLIA Goes Green



iStyle Fashion KL International Airport is a fashion styling competition organised by MAHB with the underlying objective of promoting KLIA as a lifestyle destination. It is the first-ever fashion/styling project to be held in an airport and aims to bring high street fashion to life as it underscores the position of KLIA as a fashion hub and a sophisticated lifestyle platform. Unlike last year's competition which was open to fashion design students only, this year's competition criteria has been extended to include aspiring designers aged between 18-25 years old.

The theme of iStyle Fashion KL International Airport 2011 is **Runway Green**. For 2011, the competition revolved around the principles of sustainable and ethical fashion:

- Sustainable fashion: Fashion that is designed to be environmentally friendly. It is part of the larger trend of ethical fashion
- Ethical fashion: An approach to the design, sourcing and manufacture of clothing which maximises benefits to people and communities while minimising impact on the environment.

With Runway Green, the search is on for Malaysia's next talented eco-friendly young designer. The competition aims to promote the use of renewable, reusable and non-polluting materials and production methods in fashion .

Managing Resources

Efficient energy management and energy efficiency practice are part of MAHB's commitment to environmental responsibility. To demonstrate this commitment, MAHB had put together an Energy Management Unit that is solely dedicated to enforce policies to control and manage energy effectively, reduce consumption to the lowest practicable level and maintain the standards without neglecting the safety of airport operations.

In 2011, MAHB embarked on an environmental partnering to manage KLIA's water management system. Our water management is closely related to three aspects, specifically the consumption of fresh water, storm water quality and quality of waste water discharges from sewage treatment plant.

Annually we target to reduce the amount of fresh water we use at our airports by monitoring the water supply bill. This target is accomplished by curbing water wastage through the implementation of awareness programmes at all airports. Waste water from sewage treatment plant is managed in compliance with EQ (Sewage) Regulation 2005.

MAHB Energy Policy

As part of the company's commitment to improve in energy performance and commitment to comply with applicable legal and other requirements, the Energy Management Unit in 2011 successfully rolled out an Energy Management Policy for MAHB. This policy was tabled to the senior management and approved for implementation in December 2011. The objectives of this policy are to improve energy consumption efficiency, reduce utility cost, optimize capital expenditure for energy efficiency and strive to become a world-class energy manager in the aviation industry.

One of the key factors in making the policy a success is acquiring technology advancement in energy management. Based on this, the team has started the developing an energy information system which includes an online Energy Dashboard. This is still in its development stage and upon completion should provide a more holistic view of energy usage in MAHB.

Our Airports with ISO14001 Certification

Kuala Lumpur International Airport

Penang International Airport

Langkawi International Airport

Kuching International Airport

Kota Kinabalu International Airport

Miri Airport

Sultan Abdul Halim Airport

Sultan Mahmud Airport

Environmental Initiatives at all our airports

Establishment of Energy Policy for MAHB in 2011

Energy assessment and audit at International Airports

Evaluation of environmental legal compliance at all MASB airports has been conducted and communicated accordingly on February 2011. This evaluation was based on Environmental Quality Act 1974 enforced by Department of Environment (DOE), Ministry of Environment and Natural Resources.

Standard operating procedure for scheduled waste or hazardous waste management has been established for all airports. The procedure describes and sets standards on proper handling, storage and disposal of scheduled waste generated from MA sites.

The evaluation of compliance of DOE written approval for power generator set has been carried out on May 2011. It comprises the number of generator set without due approval and the estimated cost for necessary application to DOE.

Kuching International Airport is to embark on Earth Check certification. The training on 'Understanding and Implementation of Earth Check' was carried out on 29 July 2011.



[31 March 2011] Malaysia Airports signed a sponsorship agreement with Coway in conjunction with Coway Clean Air Zone Campaign. The signing ceremony was a launching point for Coway's Clean Air Zone Campaign, with the aim to support government's effort in promoting healthier living and KLIA was selected as the first partner under this campaign and received 30 units of sponsored air purifiers.

Electricity & Water consumption per passenger at our international airports

Kuala Lumpur International Airport (KLIA/KUL)		-15% consumption [kwh/pax]	
2010	2011		
8.11 kwh/pax	6.87 kwh/pax		
276,367,433 kwh	259,166,692 kwh		
34,087,636 pax	37,726,216 pax		

Kuala Lumpur International Airport (KLIA/KUL)		-4% consumption [m3/pax]	
2010	2011		
0.17 m3/pax	0.16 m3/pax		
5,685,158 m3	6,027,954 m3		
34,087,636 pax	37,726,216 pax		

Penang International Airport (PEN)		-10% consumption [kwh/pax]	
2010	2011		
4.94 kwh/pax	4.46 kwh/pax		
20,379,897 kwh	20,354,281 kwh		
4,128,290 pax	4,559,221 pax		

Penang International Airport (PEN)		7% consumption [m3/pax]	
2010	2011		
0.04 m3/pax	0.04 m3/pax		
166,000 m3	197,000 m3		
4,128,290 pax	4,559,221 pax		

Langkawi International Airport (LGK)		-7% consumption [kwh/pax]	
2010	2011		
5.49 kwh/pax	5.11 kwh/pax		
7,414,054 kwh	7,279,445 kwh		
1,349,634 pax	1,425,925 pax		

Langkawi International Airport (LGK)		-47% consumption [m3/pax]	
2010	2011		
0.18 m3/pax	0.09 m3/pax		
242,672 m3	134,900 m3		
1,349,634 pax	1,425,925 pax		

Kuching International Airport (KCH)		-21% consumption [kwh/pax]	
2010	2011		
3.82 kwh/pax	3.02 kwh/pax		
13,978,281 kwh	13,012,674 kwh		
3,658,713 pax	4,301,859 pax		

Kuching International Airport (KCH)		-19% consumption [m3/pax]	
2010	2011		
0.06 m3/pax	0.05 m3/pax		
217,183 m3	207,360 m3		
3,658,713 pax	4,301,859 pax		

Kota Kinabalu International Airport (BKI)		-1% consumption [kwh/pax]	
2010	2011		
6.21 kwh/pax	6.16 kwh/pax		
32,444,555 kwh	35,722,809 kwh		
5,228,299 pax	5,803,642 pax		

Kota Kinabalu International Airport (BKI)		28% consumption [m3/pax]	
2010	2011		
0.04 m3/pax	0.05 m3/pax		
186,412 m3	264,811 m3		
5,228,299 pax	5,803,642 pax		

*Variance in % is due to rounding up of values

Managing Wastes

At the top of our environmental management priorities is reducing carbon emission at the airports we operate and manage, where the greatest contributor to emissions is our energy consumption. We embarked on various initiatives in managing our energy and emissions level efficiently.

These proactive steps include conducting Carbon Footprint Study, 'Low-cost' Energy Saving Initiatives, Application of Sensors and Natural Lighting at airports and Energy Saving Device. In terms of waste management, KLIA lead the way with the placement of segregation bins throughout the terminal.

MAHB has also worked closely with food & beverage outlets in ensuring segregation of waste at our commercial outlets. We also ensure that all our activities meet and support the Environmental Impact Assessment (EIA) of KLIA in managing the airport's noise level. MAHB gazetted 10 kilometres by 10 kilometres 'No Residential Build Zone', which has been implemented around the airport. The creation of an acoustic barrier with a green belt of palm plantation and forests surrounding the airport helps monitor noise levels in noise sensitive areas.

Initiatives at MAHB Corporate Office

Effective essential lighting system control for 20 hours per month – switching off office lightings during lunchtime

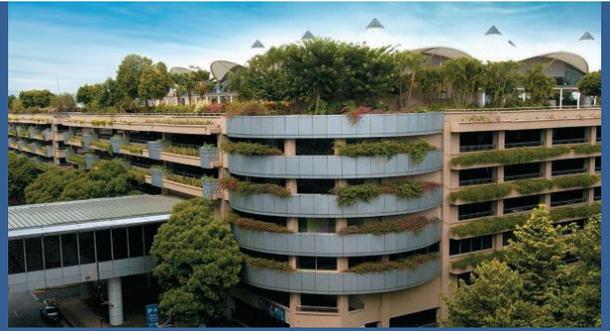
Effective control of 16 nos of AHU by reducing 1 hour operation and temperature control

Manage the lighting at all corridors by switching off and alternate the lighting system.

Reduction of basement parking lighting by 30%

Reduction of compound and street lighting system – revisit the operation time for one hour reduction

In 2011, the Environment Unit under the Safety, Health & Environment (SHE) division led an initiative to create awareness on car pooling. A survey was distributed to employees in our Corporate Office and the respond has shown that there are employees already making their own arrangement to car pool to come to work and a significant number of employees already using public transportation such as busses and ERL. Moving forward, the team will look into increasing awareness on car pooling benefits and capturing the number of cars reduced due to car pool practice by employees.



In 2011, KLIA passed the requirements to be recognised as an Earth Check Benchmarked Airport for the seventh year in a row. Earth Check is a global benchmarking and certification program for sustainable travel and tourism. KLIA is the first airport to receive Green Globe certification back in the year 2004. In addition, MA Sepang was also recertified for the second year for EMS ISO 14001: 2004 for its environmental management system.

Environmental Initiatives at KLIA

SHE enhancement program at KLIA is a major initiative this year focusing on various programs to enhance SHE management process and practices, accident prevention activity and measures for legal compliance. The program is coined as 'Energising SHE Management at KLIA' with the strategic intent to elevate staff awareness to move forward towards maturity level of SHE management system. It was launched by Senior General Manager, Human Resource Services on 23rd February 2011 at MA Training Center, KLIA.

Control of lighting and air-conditioning in the terminal

Switching off a significant percentage of lights and air-conditioning at Contact Pier Building and Satellite Building from 0030 hrs – 0500 hrs

Managing the effectiveness of the Energy Saving Devices installed in 2009 in ensuring savings of at least 20% at the installed areas

Reduce the operation times for lighting, signages, FIDS and MATV at Terminal Building

Reschedule the AHU setting for ON-OFF activity

Reduction of basement parking lighting by 30%

Gaps analysis on scheduled waste was conducted at KLIA on May 2011. The analysis was carried out to identify room for improvement and to suggest appropriate corrective measures.

In 2011, no MAHB airports used any aircraft and pavement de-icing/anti-icing fluid.

Material Issue 4:

Community Friendly Organisation

Community Engagement

MAHB's community engagement programs are coordinated by our Corporate Communications Division with active participation by every level of our management and operations. Our community contribution also spans beyond Malaysian borders. Early 2011, we extended our hand to fellow airport operator friends in Japan who were badly affected by Pacific Ocean earthquake. MAHB through Airport Council International (ACI) played a part in contributing a donation to the relief effort for Sendai Airport in Japan that was badly affected by the tsunami attack. The donation was from the money collected through Tabung KLIA.



Our drive and commitment to contribute to the community is shared throughout the Group of companies, where Pan Pacific Kuala Lumpur International Airport Hotel (PPKLIA) among others, also actively exercised corporate responsibility at their level. Last year, among the community engagement activities conducted by PPKLIA included jointly organising a blood donation campaign with the National Blood Bank, participating in Earth Hour one-hour lights off activity in support of the climate change initiative, as well as organising a community care committee with the Learning and Development (Education) team where three special children homes participated in an event in conjunction with Christmas celebration.

Beyond Borders

MAHB's flagship community programme, Beyond Borders was launched in 2007. This nationwide school adoption programme is one of a kind as it aims to elevate healthy, competitive and creative academic standards, raising awareness on the importance of education, and to help enhance self-esteem among the underprivileged children. With the tagline 'Give Them Wings, Let Them Fly', Beyond Borders continues to contribute into the nation building agenda for the fifth year in 2011 since its inception.

In 2011, Beyond Borders focuses on academic enhancement and improvement through engagement and support programme, also to increase self-direction and personal efficiency by conducting project management workshops for the teachers, interschool competitions as well as motivational talk.

This unique programme enters its second year of the second phase with 12 adopted schools scattered throughout the region. Based on a three-year school adoption programme started in 2010, MAHB is currently conducting the Beyond Borders programme at these schools up till their graduation year in 2012.

The schools involved are grouped into three regions, i.e. Central, Northern and Eastern Region. For Central Region, schools involved are – SK Olak Lempit, Banting, Selangor; SK Seri Cheras, Wilayah Persekutuan Kuala Lumpur; SK Labu Ulu Batu 8, Labu, Negeri Sembilan; and SK Semabok, Melaka. For Northern Region, schools involved are – SK Sungai Raya, Kinta, Perak; SK Sungai Batu, Teluk Kumbar, Pulau Pinang; SK Titi Gajah, Alor Setar, Kedah; SK Temenggong Datuk Muip, Miri, Sarawak. For Eastern Region, schools involved are – SK Batu Tiga, Kuantan, Pahang; SK Mengabang Telipot, Kuala Terengganu, Terengganu; SK Parang Puting, Pengkalan Chepa, Kelantan; and SK Wakuba, Tawau, Sabah.

Commercial

In order to achieve our long term goal and targets, we cannot rely solely on aeronautical revenues, and thus the need to create commercial demands and increase values and return on investments. We must have our partners on board with us through a symbiotic relationship in our airports' commercial initiatives. With the ever-changing face of the travel industry, MAHB recognises that an airport is no longer just a transit point for airline passengers and that there exists an opportunity to develop a revolutionised retail experience for the passengers going through our airports. The commercial and retail components undoubtedly contribute in ever increasing ways to an airport's success.

Among the exciting commercial initiatives this past year was the continuation of the 'Indulge Till You Fly' campaign. The campaign can be seen as our effort to reposition airports as lifestyle destinations, and for the first time, MAHB embraced the advantage of broadcasting media by launching a television advertisement to support the campaign.

Simultaneously, MAHB embarked on an exciting and new technology platform as part of its strategic commercial plan by becoming the first organisation in Malaysia to employ iButterfly Asia. iButterfly Asia a cutting-edge mobile marketing system using an iPhone and iPad application, for a groundbreaking mobile information and couponing technology that is seen to drive retail and F&B sales at our international airports. iButterfly Asia promises to give the customers a fun and entertaining platform to enjoy the offerings of participating retailers and F&B outlets at the airports.

More importantly, iButterfly Asia demonstrates our forward-looking approach in commercial marketing. Under the Airports Commercial Model (ACM) initiative, the commercial development of airports under our management is classified into four models, namely Lifestyle, Leisure, Community and Corporate Responsibility. Kuching International Airport, Miri Airport and Mulu Airport were the pioneer airports completed under the ACM development programme. Under this initiative, passengers at these airports benefited from the range of choices and convenience offered by the newly opened F&B outlets as well as financial and personal indulgence services, according to the respective airport's passenger profile.

In return, the company will be able to generate healthier commercial revenue for the airport. Similarly, we are hoping to see a positive kick-off of the commercial and retail movements in Kota Kinabalu International Airport that underwent facility upgrading and redevelopment recently.



[8 February 2011] Valentine's Day and Chap Goh Mei arrived early for 10 couples when they won luxurious getaways comprising first-class return air tickets and holiday packages worth more than RM80,000 per couple at the recently-concluded "Indulge & Win Contest", which was part of the Indulge Till You Fly Campaign" organised by Malaysia Airports.



[23 August 2011] Malaysia Airports celebrated the holy month of Ramadhan by distributing approximately 2,000 packets of 'kurma' or dates and 1,160 bottles of mineral water to passengers at KLIA and LCCT-KLIA. The distribution was also Malaysia Airports' effort to enhance its customer relationship management.



[10 November 2011] MAHB unveiled its highly anticipated retail proposition for klia2, urging retailers to work together with it to shape new trends in travel retail shopping.

Material Issue 5:

Memorable Airport Experiences

Airport Service Quality (ASQ)

An Airports Council International (ACI) initiative, the Airport Service Quality (ASQ) program is the world's leading airport customer service quality benchmarking tool. ASQ provides airport operators with the tools they need to rate the passenger experience at their airport and effectively plan developments and improvements. ASQ in Malaysia Airports has been a rewarding journey with KLIA being in the programme for several years. A Cross Functional Team (CFT) for ASQ known as ASQ CFT was formed in 2010 and has since taken great care to understand the ever-changing customer needs and in tandem suggest improvement plans in various aspects of the airport.

Objectives of ASQ CFT:

- Meeting our Headline KPI
- To support the deliverables and milestones charted in the Runway to Success under Service Excellence
- Ranking No 1 By 2014
- Sustainable ASQ Ranking
- Providing Quality Service to our Customers

For the year 2011, the ASQ CFT started with a lab session involving 13 selected subject-matter experts from divisions within Malaysia Airports such as operations, commercial, IT, engineering, security and corporate communications.

Since the year 2005, KLIA has been subscribing to the ASQ programme (known as AETRA programme in 2005) and each year KLIA has been ranked against top airports worldwide based on the 33 elements of customer experience.

During the lab session conducted by the Transformation Management Office (TMO), a series of benchmarking studies with other airports and KLIA's previous performance were conducted and as a result of the lab session, around 50 improvement initiative ideas were born on that day.

These ideas were further scrutinized and presented for approval before being carried out throughout the year 2011.

This year, in recognition of our service excellence, KLIA successfully achieved 4th place in the ASQ Survey in the 25–40 million passengers per annum category, up a notch from the 5th place ranking that we received in 2010. On the other hand, in the worldwide category, we were placed 19th where overall, we scored higher in each element evaluated in the ASQ Survey compared to the previous year.

Moving forward in 2012, Malaysia Airports will be taking another step forward by enrolling another international airport to the ASQ programme making the total of MAHB airports in the programme to two airports.

2011 ASQ Improvement Highlights

New Carpet at all Waiting Lounge in Satellite Terminal

This has helped in improving the comfort and ambience level at the waiting area which are 2 crucial elements in ASQ survey.



Dedicated TV Lounges

Three dedicated TV lounges - the Movie Lounge, Sports Lounge and News Lounge are now available at the Satellite building in KLIA. These lounges are open to all international departing and arriving passengers and are open 24-hours a day.

2011 ASQ Improvement Highlights

Refurbishment of Toilets

Cleanliness of an airport's toilet is a reflection of the whole airport's commitment to passenger satisfaction. KLIA is committed in providing clean and sufficient number of toilets available to our passengers. The year 2011 saw the continuation of the toilets refurbishment in KLIA and the "toilet attack" programme which provides more cleaners during peak hours.

Additional Internet Kiosks

In meeting the rapidly increasing demand for internet access, KLIA has introduced additional internet kiosks and charging facilities throughout the airport. On top of these kiosks, KLIA provides free Wi-Fi throughout the terminal building.



"Advancing Towards Culture of Excellence" (ACE) Programme

ACE programme provides a common platform for the KLIA airport community to work together towards achieving a high level of customer service in managing our passengers. One of the ACE programme activities for 2011 is the bowling tournament which involves interactions between different organisations within KLIA.

"Priced to Please" Campaign

A campaign to promote outlets in KLIA that are offering product and service that have the same price as per the shops in downtown KL.

"One-stop-Signage"

Relocation of directional signage, flight information monitors and commercial and facilities directories to be at same location. This has helped in ensuring better flow of passengers in finding their way around the airport.

Safety & Security

Our commitment in maintaining a high standard of airport safety and security stems from the realisation that any delays caused by safety and security issues will give impact to the airport economics. In particular, it will impact business travellers and potential revenue from this source. Therefore, it is imperative that we consider the outcomes and effectiveness of implementing security measures. Malaysia Airports Aviation Security Division (AVSEC) had improved the security measures in KLIA by installing surveillance cameras that provide 100% recordings and behaviour and intruder detection analytic features, recruiting highly trained auxiliary policemen for both airside and landside, and collaborating in a joint effort of landside patrolling by the Police and Military forces.

AVSEC constantly work in close ties with the other authorities at the airports to ensure every security entity is effective in enforcing the law. This was further proven when this year KLIA was certified to be in full compliance with International Civil Aviation Organisation (ICAO) under the second cycle of Universal Security Audit Programme (USAP). The professional international auditor rated KLIA security as among the best in the world with a high percentage score in the implementation of the critical elements of an aviation security oversight system. This has given us the assurance that we have been taking the right security measures in our flagship airport and this best practice will be our standard when it comes to other airports' security practices as well.

Accordingly, we complemented this achievement by fortifying our security strength in numbers and by conducting joint patrolling efforts by Police and Military personnel at our airports. MAHB recruited an additional 449 auxiliary policemen in January 2011, almost doubling the number of new recruits in 2010, and all of which had successfully completed six months basic training programmes. These trainings involved a two-month Basic Training at the Royal Malaysia Police Training Centre (PULAPOL), a two-month Basic Aviation Security Training at Malaysia Airports Training Centre (MATC) and a two-month On-the-Job Training at KLIA. The Aviation Security Training programme for these auxiliary policemen was conducted based on the ICAO Annex 17, DCA's National Civil Aviation Security Program (NCASP) and Royal Malaysian Police competency requirement.

In July 2011, under the Blue Ocean strategy and National Key Result Area (NKRA), elite Royal Malaysia Police (PDRM) General Operation Force (PGA) and Malaysia Armed Forces (ATM) personnel started joint patrolling efforts at the public areas of KLIA. Each patrol unit comprised of two armed policemen and one military personnel. This effort was introduced to meet the new challenges and security threats at the landside area of the airport.

Our STOLports underwent safety procedures improvement as well. Malaysia Airports Sdn. Bhd. (MASB) has embarked on a strategic alliance with Jabatan Bomba dan Penyelamat Malaysia (JBPM) and Ikatan Relawan Rakyat Malaysia (RELA) for the provision of Airport Rescue and Fire Fighting Service (ARFFS) at STOLports. The delegation of ARFFS at Lawas, Marudi, Mukah and Kudat STOLports (Town Airstrips) to JBPM and ARFFS at Bario, Ba'kelalan, Long Lellang, Long Seridan, Long Banga and Long Akah STOLports (Rural Airstrips) to RELA has resolved logistics problems pertaining to fire rescue and security services at these rural areas. However, in accordance to DCA's regulations, for STOLports that are located at urban areas, such as at Marudi, Lawas, Mukah and Kudat, the level of ARFF protection provided is as per ICAO requirement.

This is more economical and practical for MASB, and has been implemented with the support from the DCA. MASB has also signed a Memorandum of Understanding (MoU) with RELA to carry out Security Services at Bario, Ba'kelalan, Long Lellang, Long Seridan, Long Banga and Long Akah STOLports. Nevertheless, we are fully aware that the delegation of these duties to JBPM does not absolve us of our responsibilities towards the airport safety and security.



[15 July 2011] MAHB were confident that the additional 454 new aviation security recruits will further strengthen the security levels at all airports, in line with the current requirement. These new recruits officially graduated from their Basic Auxiliary Police Training at the Passing Out Parade for Aviation Security Personnel held at Bunga Raya Complex KLIA.



[30 November 2011] Malaysia Airports launched the Airside Safety Campaign, a joint safety campaign with the objective to inculcate safety culture, in addition to promote awareness of safe working area and further stimulate safety-conscious to all airside workers.

Airport Development & Innovation

Five more airports under MAHB's management underwent redevelopment and infrastructure upgrading to accommodate both the increasing passenger growth and elevating the airport infrastructure standard to a higher level. These airports are Kota Kinabalu International Airport, Penang International Airport, Sultan Ismail Petra Airport in Kota Bharu, Sultan Azlan Shah Airport in Ipoh and Sibul Airport.

Kota Kinabalu International Airport

The redevelopment of Kota Kinabalu International Airport (KKIA) consists of the redevelopment of its terminal building, landside infrastructure and facilities, airside infrastructure, and an Air Traffic Control Tower. The main terminal building and landside infrastructure redevelopment was completed in March 2010, where it can accommodate up to 9 million passengers per annum. In this redevelopment plan, the airport will see an expansion that doubles the current terminal size from 40,611 sq. metres to 103,956 sq. metres. Meanwhile, also in the current progress, the runway will be extended to cater up to unrestricted Boeing 747 aircraft and there will be additional aircraft parking capacity. All these are expected to be completed by end of 2012.

Penang International Airport

Penang International Airport is also undergoing the expansion of its terminal building and the related facilities are being upgraded to meet the forecast passenger demand. Penang International Airport expansion is part of the RM60 billion fiscal stimulus packages announced by the Government, which would boost Penang's economy with the attraction of more tourists into the island. The expansion is also a component of the Northern Corridor Economic Region (NCER) blueprint. The expansion of the airport's facilities would be carried out in 3 Packages and would include extension of the Domestic wing as well as the Departure kerbside. The Departure and Arrival corridor would also be expanded to allow for proper segregation between International and Domestic passengers. With the extension, the current terminal footprint of 27,526 sq. metres would be increased by more than 80% to 51,543 sq. metres.

The upgrading project also includes a main terminal façade improvement, installation of in-line baggage screening system and the upgrading of airside and landside facilities. The upgrading of landside facilities would include a multi-storey car park to cater for 2,000 parking lots, whereas the upgrading of airside facilities would involve new aircraft parking stands, new turboprop and helicopter apron. The upgrading of infrastructure is instrumental to improve capacity and replace the ageing facilities. This ongoing upgrading project is expected to be completed in 2012. Once the project is completed, Penang would be able to boast of having a superior airport infrastructure.

Sultan Ismail Petra Airport, Kota Bharu

The redevelopment and infrastructure upgrading of the Sultan Ismail Petra Airport in Kota Bharu was completed in September 2011. As reported in 2010 annual report, the scope of works involved in the upgrading focuses mainly on the airside infrastructure. The airport was upgraded to accommodate the Full Code 4C aircraft operations with the expansion of the runway from 1,981 metres to 2,400 metres.

Sultan Azlan Shah Airport, Ipoh

Sultan Azlan Shah Airport in Ipoh is also undergoing some redevelopment and infrastructure upgrading works. The upgrading work was done to accommodate the Boeing 737-800 and Airbus A320 aircraft operations where the runway was extended from 1,798 metres to 2,000 metres with a new partial parallel taxiway connecting the parking apron and Taxiway C. The parking apron was also widened to accommodate simultaneous Power-In Power-Out (PIPO) of three B737 or A320 aircrafts. The areas in the terminal for both Departure and Arrival halls were increased from 2,520 sq. metres to 2,926.5 sq. metres, and are now fully air-conditioned. The project that was commenced in April 2011 would be completed by end of 2012.



The Innovative and Creative Circle (ICC) Convention provides a valuable platform for sharing of knowledge and practical on the implementation of ICC projects.

Organised by CIM TMO, the convention takes the form of a team based innovation competition. Teams may be formed at any level of our company's management and operation functions. Every participating team will present their innovative and creative project, which will then be assessed by a panel of judges based on Malaysia Productivity Corporation's ICC Judging Criteria. This convention also acts as a unique networking for participants to share and exchange knowledge and experience on issues related to innovation and creativity at the workplace.

We are delighted to announce that 81 teams have submitted their projects. Among these, 49 teams have been selected to compete in our regional level conventions.

In the Peninsular Malaysia region, Team Boomerang representing KLIA's Baggage Handling System (BHS) unit, won the first place and took home a RM3,000 cash prize, individual trophies for each member and also the challenge trophy.

Sibu Airport

Another airport that is currently undergoing similar redevelopment and infrastructure upgrading is Sibu Airport in Sarawak. Upgrading works that began in September 2010 include the expansion of the terminal building from 8,040 sq. metres to 15,240 sq. metres, airside infrastructure such as parking apron extension that will also accommodate parking for helicopters and general aviation. Other development and upgrading includes engineering office, control post, sewerage treatment plant, central utility building, and renovation of the DCA building. The final upgrading work for Sibu Airport is estimated to be completed in September 2012.

