

the journey continues...



...possessing a clear understanding  
of our **strength** and what it  
takes to be **successful**.

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**CoverMessage** As we embark on a new journey, we look at ourselves deep within to identify our inherent potentials. Possessing the unique ability to comprehend market insights and strategically position ourselves as an organisation with limitless opportunities. We strive to sustain the momentum to continuously improve all aspects of business operations whilst fulfilling the needs of all customers. Creating and enhancing value for shareholders and the MAHB brand.

We believe that whenever we have reached the end of one exciting journey, another new journey will immediately begin.

# 7th annual general meeting

The Pan Pacific Kuala Lumpur International Airport  
Wednesday, 7 June 2006, 11.00 a.m.

**MissionStatement** To provide aviation gateway to Malaysia with a network of airports that will facilitate development of tourism, and the economy as a whole, through providing a cost effective aviation infrastructure and services at the highest international standards, meeting the needs of all customers.

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# 1

## Strong heritage

## at a glance

### KL International Airport (KLIA)

- Asia Pacific's Premier Air Transportation and Cargo Transshipment hub.
- A greenfield site covering 10,000 hectares.
- Environmental conscious and themed "An Airport in the Forest and Forest in the Airport".
- Capable to accommodate up to 25 million pax per annum & 1.2 million tonnes of cargo.
- 2 full service runways, 106 aircraft stands and 46 gates.
- 216 check-in counters and 26 custom counters.
- The distance between the Main Terminal Building and the Satellite Building is 1.2 km, and linked by Aerotrain.
- 86 retail and 28 food and beverage outlets await visitors.
- Available from within the terminal is the Airside Transit Hotel with 80 rooms and The Pan Pacific Hotel Kuala Lumpur International Airport with 441 rooms.
- The Total Airport Management System (TAMS) links more than 42 systems, which interfaces and integrates communication network.

### The Low Cost Carrier Terminal-KLIA (LCCT-KLIA)

- Specifically built and custom-made to meet the Low-Cost Carrier Business Model.
- Constructed on a fast track basis beginning June 2005 at a cost of RM108 million with a simple set-up and centralised operations.
- The 35,290 square meters Terminal is designed and built to facilitate the passengers of international and domestic departures/arrival within a single floor operation area.
- LCCT-KLIA is capable of handling 10 million passengers a year and is fully air-conditioned.
- Facilities & Services include: Check-in Counters, Baggage Carousels, Car Park lots, Retail and F&B outlets, Service Counters, Foreign Exchange Counters, Auto Teller Machine (ATM), Duty Free Shops, pay phones, taxi & bus service, prayer rooms and Arrival & Departure Lounges.



**2** full  
service  
runways

**106** aircraft  
stands

## Our Journey...

- 1999 **5th** in the 15 to 25 mppa category for leisure passengers (based on IATA Global Airport Monitor 2000).
- 2000 **Best airport** in the Asia Pacific for category 15 to 25 mppa by Airport Service Excellence 2000.
- 2001 **2nd** best airport in **worldwide** survey by Skytrax Research, a British based air travel industry research company.
- 2002 KLIA in the **top five** for the **World's Best Airports** category in the Business Traveller magazine 'Asia Pacific Readers' Poll 2002'.
- 2003 KLIA is among **top five airports** in the **world** in terms of overall passenger satisfaction in a survey by International Air Transport Association (IATA) Global Airport Monitor.
- 2004 KLIA is **3rd Best Airport Worldwide** in a survey by AETRA, a customer satisfaction benchmarking programme.

voted **World's**





KL International Airport (KLIA) was voted Best Airport in the 15-25 million passengers per annum category in the recently announced **AETRA** 2005 results.

# Best Airport '05

... We have definitely arrived.



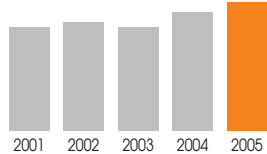
Thanks for the vote of confidence.  
It has been an absolute pleasure to serve all.

# 2

## Financial growth

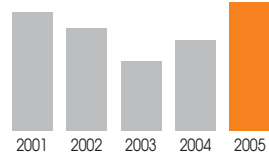
### Key Financial Highlights

1,112.8



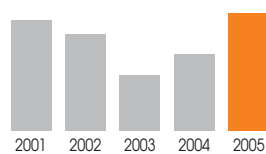
Revenue  
RM Million

279.0



Profit Before Taxation  
RM Million

17.0



Earnings Per Share  
Sen

**Turnover** increased by 8.6% to RM1,112.8 million (2004: RM1,024.7 million)

**Profit before tax** rose by 42.6% to RM279.0 million (2004: RM195.6 million)

**Earnings per share** surged by 54.5% to 17 sen per share (2004: 11 sen)



## INCOME STATEMENT

YEAR ENDED 31 DECEMBER	2005 RM million	2004 RM million	Change in %
Revenue	1,112.8	1,024.7	8.6%
Operating Profit	372.8	290.9	28.15%
Financing Costs	(6.7)	(6.8)	-1.47%
Share of Results of Associated Companies	7.2	7.7	-6.49%
Profit Before Taxation	279.0	195.6	42.6%
Taxation	(96.8)	(70.4)	37.5%
Net Profit Attributable to Shareholders	182.2	125.2	45.5%
Earnings Per Share	17	11	54.5%

## BALANCE SHEETS

YEAR ENDED 31 DECEMBER	2005 RM million	2004 RM million	Change in %
Property, Plant and Equipment	2,884.5	2,915.1	-1.05%
Investments	145.7	135.0	7.93%
Non Current Assets	30.0	28.1	-6.76%
Current Assets	979.3	1,000.9	-2.16%
Current Liabilities	(340.3)	(504.8)	-32.59%
	3,669.2	3,574.3	3.49%
Share Capital	1,100.0	1,100.0	0.00%
Reserves	1,556.2	1,397.6	11.35%
Shareholders' Equity	2,656.2	2,497.6	6.35%
Minority Interest	—	—	0.00%
Non Current Liabilities	1,043.0	1,076.7	-3.13%
	3,699.2	3,574.3	3.49%
Net Tangible Assets Per Share (RM)	2.41	2.27	6.17%

## Group 5-Year Summary

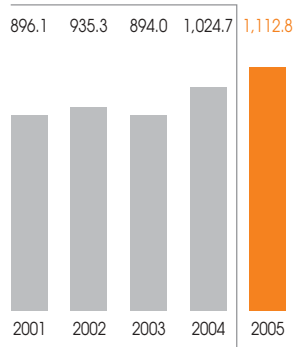
### CONSOLIDATED INCOME STATEMENT

Amount in RM (Million)	YEAR ENDED 31 DECEMBER				
	2005	2004	2003	2002	2001
Revenue	1,112.8	1,024.7	894.0	935.3	896.1
Profit Before Taxation	279.0	195.6	151.6	221.8	256.9
Taxation	(96.8)	(70.4)	(66.9)	(71.0)	(78.8)
Net Profit	182.2	125.2	84.7	150.8	178.1
Minority Interest	—	—	—	—	1.9
Net Profit Attributable to Shareholders	182.2	125.2	84.7	150.8	180.0
Earnings Per Share (sen)	17	11	8	14	16

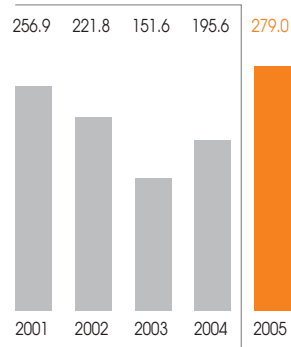
### CONSOLIDATED BALANCE SHEET

Amount in RM (Million)	AS AT 31 DECEMBER				
	2005	2004	2003	2002	2001
Property, Plant and Equipment	2,884.5	2,915.1	2,696.6	2,519.9	2,279.1
Investments	145.7	135.0	123.5	124.0	140.7
Non Current Assets	30.0	28.1	25.6	23.6	31.9
Current Assets	979.3	1,000.9	708.9	613.7	553.8
Current Liabilities	(340.3)	(504.8)	(352.7)	(375.9)	(479.6)
	3,699.2	3,574.3	3,201.9	2,905.3	2,525.9
Share capital	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
Reserves	1,556.2	1,397.6	1,288.3	1,235.3	1,168.2
Shareholders' Equity	2,656.2	2,497.6	2,388.3	2,335.3	2,268.2
Minority Interest	—	—	—	—	28.3
Non Current Liabilities	1,043.0	1,076.7	813.6	570.0	229.4
	3,699.2	3,574.3	3,201.9	2,905.3	2,525.9
Net Tangible Assets Per Share (RM)	2.41	2.27	2.17	2.12	2.06

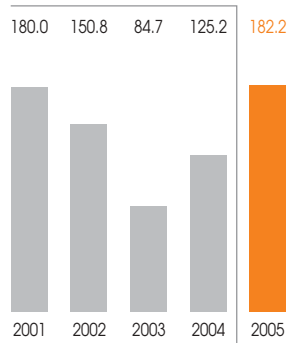
## 5-Year Financial Highlights



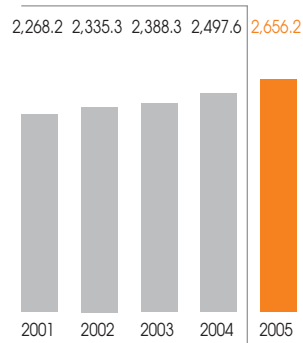
**Revenue**  
RM Million



**Profit Before Taxation**  
RM Million



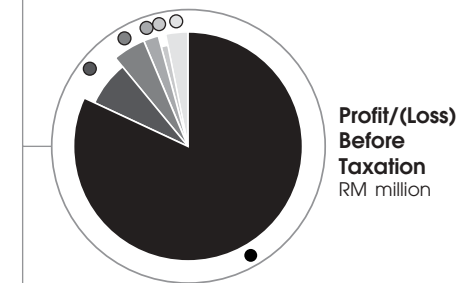
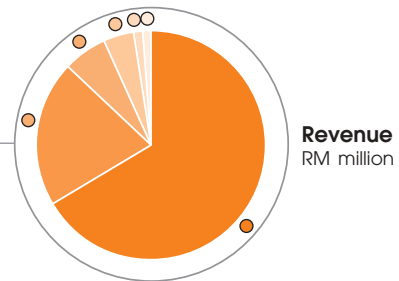
**Net Profit Attributable to Shareholders**  
RM Million



**Shareholders' Equity**  
RM Million

## Group Segmental Analysis

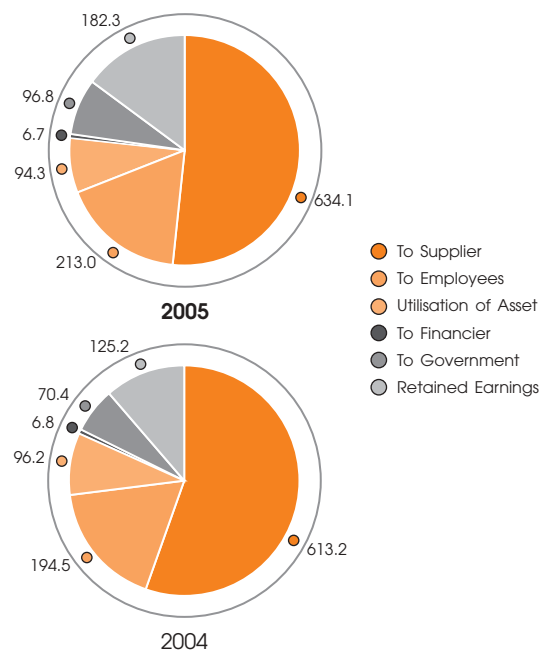
- Airport Services RM739.2 million
- Retail RM229.3 million
- Events Management RM69.1 million
- Hotel RM47.7 million
- Agriculture and Horticulture RM14.4 million
- Others RM13.1 million



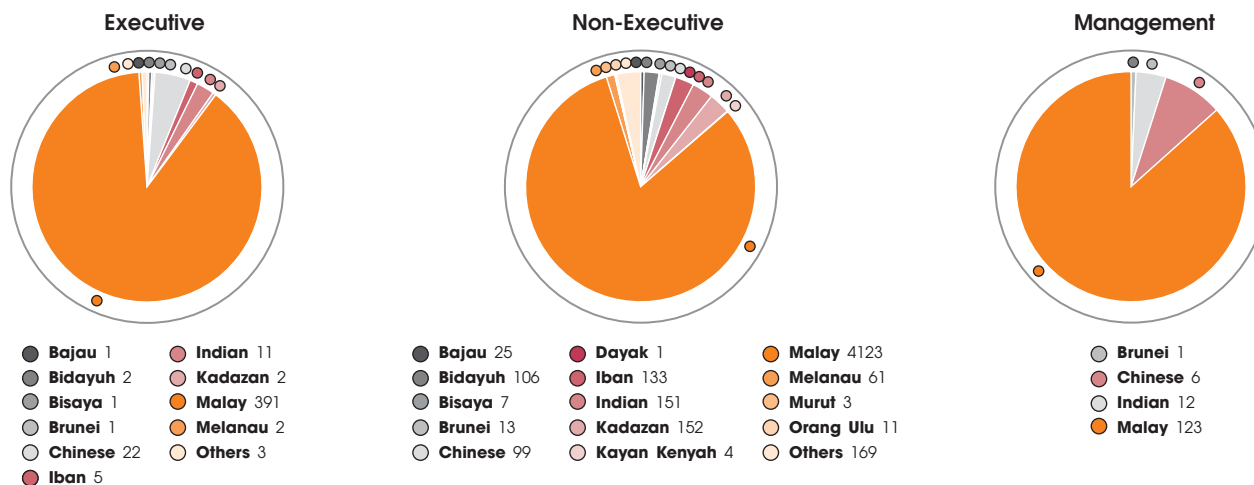
- Airport Services RM258.0 million
- Retail RM22.3 million
- Events Management RM(14.6) million
- Hotel RM6.7 million
- Agriculture and Horticulture RM(3.3) million
- Others RM9.9 million

## Statement of Distribution

	2005 RM Million	2004 RM Million
<b>Current income available for distribution</b>	<b>1,227.1</b>	1,106.2
<b>Distribution</b>		
To supplier		
– Purchase of goods and services	<b>634.1</b>	613.2
To employees		
– Employment costs	<b>213.0</b>	194.5
Utilisation of assets		
– Depreciation	<b>94.3</b>	96.2
To financier		
– Finance costs	<b>6.7</b>	6.8
To government		
– Taxation	<b>96.8</b>	70.4
Retained for re-investment and future growth and dividend payment		
– Current year	<b>182.3</b>	125.2
	<b>1,227.1</b>	1,106.2



## Statement of Workforce



## Group Quarterly Performance

In RM Million	First Quarter	Second Quarter	2005 Third Quarter	Fourth Quarter	Year 2005
<b>FINANCIAL PERFORMANCE</b>					
Operating Revenue	297.6	266.3	263.5	285.4	1,112.8
Operating Profit	96.9	88.6	115.7	71.6	372.8
Profit Before Tax	72.7	65.2	93.1	48.0	279.0
Profit Attributable to Shareholders	49.4	41.0	60.3	31.6	182.3
Earnings Per Share (sen)*	4.49	3.73	5.48	2.87	16.57

In RM Million	First Quarter	Second Quarter	2004 Third Quarter	Fourth Quarter	Year 2004
<b>FINANCIAL PERFORMANCE</b>					
Operating Revenue	276.1	234.4	251.5	262.7	1,024.7
Operating Profit	52.3	40.7	48.9	149.0	290.9
Profit Before Tax	30.8	16.5	24.7	123.6	195.6
Profit Attributable to Shareholders	18.5	9.0	9.0	88.7	125.2
Earnings Per Share (sen)*	1.68	0.82	0.82	8.06	11.4

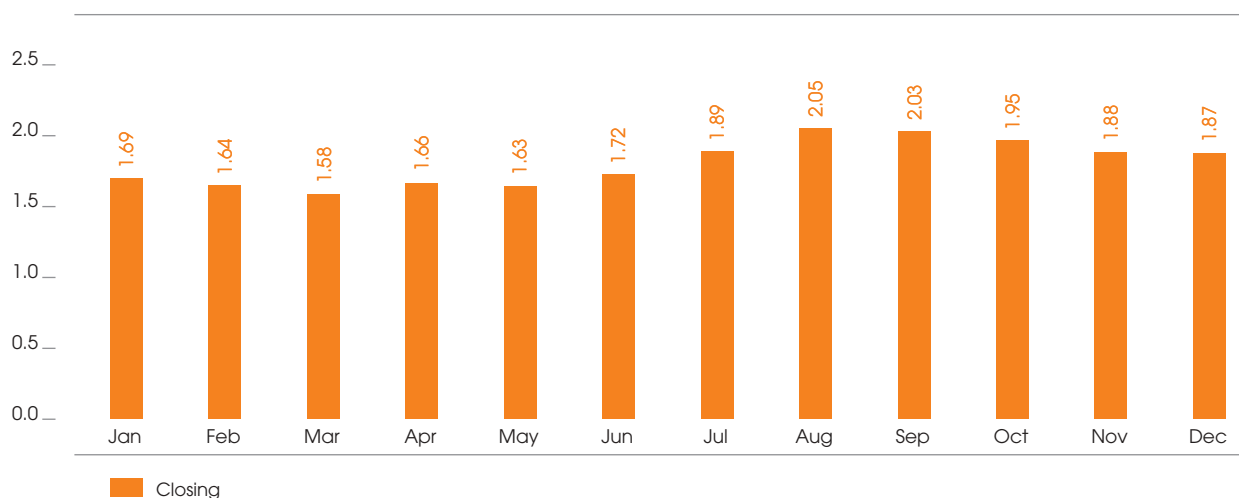
\* Quarterly earnings per share is based on the weighted average number of ordinary shares in issue during the quarter whereas the year-to-date earnings per share is based on the weighted average number of ordinary shares in issue during the year.

## Share Price and Volume Traded

### 2005 MONTHLY TRADING VOLUME & HIGHEST-LOWEST SHARE PRICE

	2005											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Volume	1,343.00	1,525.7	2,575.8	2,125.2	839.5	7,464.5	5,272.2	3,758.1	3,025.8	1,961.5	1,328.6	3,654.1
Highest	1.70	1.69	1.62	1.68	1.64	1.74	1.90	2.07	2.04	1.97	1.89	1.88
Lowest	1.66	1.53	1.58	1.64	1.62	1.69	1.87	2.03	2.02	1.93	1.86	1.86

### SHARE PRICE MOVEMENT



# financial calendar

**20 MAY 2005**

Book Closure for determining the entitlement of the final dividend of 3 sen per share (less 28% Malaysian Income Tax) for the financial year ended 31 December 2004.

**26 MAY 2005**

6th Annual General Meeting of the Company.

**27 MAY 2005**

Announcement of the unaudited consolidated 1st quarter results for the three months ended 31 March 2005.

**17 JUNE 2005**

Date of payment of the final dividend for the financial year ended 31 December 2004.

**25 AUGUST 2005**

Announcement of the unaudited consolidated 2nd quarter results for the six months ended 30 June 2005.

**25 NOVEMBER 2005**

Announcement of the unaudited consolidated 3rd quarter results for the nine months ended 30 September 2005.

**24 FEBRUARY 2006**

Announcement of the unaudited consolidated 4th quarter results for the twelve months ended 31 December 2005.

**16 MAY 2006**

Issuance of Notice of the 7th Annual General Meeting, Notice of Book Closure for Payment of Dividend and Annual Report for the financial year ended 31 December 2005.

**7 JUNE 2006**

7th Annual General Meeting of the Company.

**28 JUNE 2006**

Book Closure for determining the entitlement of the final dividend for the financial year ended 31 December 2005.

**18 JULY 2006**

Date of payment of the final dividend for the financial year ended 31 December 2005.

Handling **41.6** million passengers per annum





approximately  
**twice** the population size of Malaysia



# 3

## A clear strategy

### Chairman's Statement

# dear shareholders,

A great deal of hard work has come to fruition in the past years. Building on the momentum established in 2004, the year under review ended 31 December 2005 was another record-breaking one for Malaysia Airports Holdings Berhad (MAHB).

Without a doubt, the highlight of the year was the Award bestowed on the KL International Airport (KLIA) as the World's Best Airport in the 15-25 million passengers per annum (mppa) category in the AETRA 2005 survey. This was no mean feat considering the fact that the programme covered 66 airports worldwide and we were up against some of the largest and most

progressive airports. Winning this Award is a Malaysian achievement, a testimony that the country has indeed come of age and is able to hold its own against the world's best. All Malaysians should take pride in this Award, and in turn be inspired to be world achievers.

There was also good news on the financial front. New heights were scaled

in terms of Group profits before tax and revenue. Operationally, the MAHB system of airports continued to record satisfactory growth in passenger and cargo traffic in a year that saw an unprecedented hike in oil prices. The KLIA alone achieved an impressive 13.9% year-on-year increase in international passenger traffic.



## Chairman's Statement (cont'd.)

MAHB's successes over the past years, and indeed to date, would not have been realised without the hard work, commitment and dedication of its management and staff. Our people bring remarkable depth of passion and skills to their jobs, with an insatiable appetite for accomplishments and results. It is this passion that will enable MAHB to achieve even more, as we move forward with a renewed sense of mission and purpose.

### FINANCIAL PERFORMANCE

For the year under review ending 31 December 2005, the MAHB Group registered a consolidated profit before tax (PBT) of RM279.0 million, which is the highest level of pre tax profits posted since the Group was listed on Bursa Malaysia in 1999. This represents a significant increase of 42.7% from RM195.6 million recorded in the previous financial year. The Group's PBT was achieved on the back of turnover of RM1.1 billion, which is the highest ever recorded since the Group was incorporated in 1992.

The airport services business segment remained by far the biggest contributor to MAHB Group's revenue in 2005, which had shown a revenue growth of 8.4%. However, the Group has also seen growth in revenue contribution from other business segments, most notably the retail business segment which had grown by 10.5% in 2005.

### OPERATIONAL HIGHLIGHTS

Despite increase in fuel prices, impact of the Asian tsunami disaster and the possibility of Avian Flu becoming a global pandemic, the demand for air travel remained buoyant. Consequently, the global aviation industry continued to record positive growth in 2005, with passenger and cargo traffic movements at airports operated by the group growing by 5.4% and 4.4%, respectively.

Total passenger traffic in MAHB's system of airports increased by 5.4% to 41.6 million passengers in 2005. As the main international gateway to Malaysia, the KLIA was the top performer, handling 23.2 million passengers – an improvement of 10.2% from 21.1 million

achieved the previous year. At the year-end, a total of 51 international airlines were operating at KLIA, an increase from 46 recorded previously. Apart from the flood that closed Alor Star Airport for 5 days in November 2005, the airport has produced a fairly clean record in terms of airport and aircraft incidents.

The year 2005 was also a busy one in terms of ongoing efforts to improve operations and our system of airports. This is covered in detail in the Managing Director's Review of Operations, but I would like to focus on two developments that will have a significant bearing on our future operations. The first is the completion of the Low Cost Carrier Terminal-KLIA (LCCT-KLIA), the first purpose-built low cost carrier terminal in the world. Built on a fast-track basis within nine months, it was completed ahead of schedule and officially opened by the Prime Minister of Malaysia, Y.A.B. Dato' Seri Abdullah Haji Ahmad Badawi on 23 March 2006. The RM108 million LCCT-KLIA which was constructed by the Government of Malaysia, is an extension to the existing facilities of the KLIA and has a capacity to handle 10 mppa.

MAHB is also shifting into higher gear in readiness for the start of Airbus 380 (A380) operations at the KLIA. Modification works involving the upgrading of the KLIA to meet the International Civil Aviation Organisation (ICAO) Code F requirements. Work has commenced in March 2006 for targeted completion a year later. As a precursor to one of aviation industry's most anticipated events, the 555-seater, double-decker A380 aircraft touched down at the KLIA on 17 November 2005 for airport compatibility verification tests. The maiden visit was part of Airbus' Asia-Pacific tour of airports in the region and Malaysian Airline System Bhd. will take delivery and operate six A380 from Airbus, with the first two aircraft to be delivered in 2007.

MAHB continued to make headway in efforts to increase revenue from its commercial activities. During the year, the Retail Optimisation Project (ROP) was implemented for KLIA, the objective being to improve the retail and food and beverage (F&B) offerings at the airport. Implemented in stages to prevent disruptions to normal operations, the shopping area of the Satellite

Building of KLIA will be transformed into spacious malls with a host of new products and brands. In 2005, revamp was undertaken at the Domestic Contact Pier at KLIA, with the introduction of The Flying Emporium was created towards catering to passengers on domestic flights who up to now represents a largely untapped revenue source. The retail and F&B facilities at our other airports are also being upgraded to inject a new look and vibrancy. In the near future, travelers can expect an improved shopping ambiance along with new brands and products.

#### GOING FOR NUMBER ONE

Companies are challenged now more than ever before to meet the growing expectations of today's discerning customers. Each year, we expand considerable resources, efforts and energy to further enhance the services and facilities offered at all our airports. Our accreditation to the ISO system of quality management, Aerodrome Certification and participation in the Green Globe 21 programme are all part of a multi-pronged approach to

achieve MAHB's Mission to provide world-class airport services to all its customers.

Ultimately, the customer is the arbiter of our success. Over the years, KLIA has won numerous awards and accolades from various travel-related surveys organisations. Arguably, one of the most widely used criterion in the industry as a measure of service excellence is the annual AETRA Airport Customer Satisfaction Survey, jointly administered by the Airports Council International (ACI) and the International Air Transport Association (IATA). Ever since we began participating in the survey in 1999, KLIA was always among the top 10 airports and has been steadily moving up the ranks. In 2004, we came tantalising close to the top prize, when KLIA was voted second Best Airport in the 15-25 million passengers per annum (mppa).

Having come this close, we set our sights in 2005 to be Number One. As mentioned in last year's report, a key initiative launched was the Airport Customer Satisfaction and Performance Programme (ACSPP) to benchmark us against the best in the industry. The first

order of business was to set up a committee comprising representatives from various parties, including airlines and service providers at the airports such as Malaysia Airlines, Immigration Department and the Royal Malaysian Customs. From our own service level measurement study and based on the quarterly results released by AETRA, we were able to identify the areas that needed improvements. This was followed up by study trips to the top performing airports to further understand their business model and how we could improve ourselves. The various parties, with clear lines of accountability, then drew up action plans for improvement for implementation. At each stage of the programme, staff and the various operators involved were kept abreast of developments through campaigns, training and other activities. This ensured total commitment and a sense of ownership in the ACSPP.

Winning the Award for Best Airport in our category means much more than just bragging rights. It represents the degree of commitment and the hard work invested not only by MAHB but all the service providers and operators at the

airport. The results from the worldwide benchmarking survey were derived from over 100,000 questionnaires completed from passenger survey conducted at 66 airports throughout 2005. The survey covers 28 service-related parameters under the broad headings of access and connectivity, airport services and facilities, security and immigration, airport environment, arrival services and airline services.

However, we are well aware of the fact that past and present achievements are no guarantee for future success. As I see it, MAHB is still a work-in-progress, with many more chapters to be written in its corporate history. Now that we know what we are capable of achieving, we have raised the bar.

In the AETRA survey, KLIA bagged Third Place for the overall Best Airport Worldwide category. Building on the momentum we have established, the top spot is within our capabilities. We can compete on equal terms on most of the key parameters, but the difference usually comes to one thing – going the extra mile to serve the customers. Tipping the scale in our

favour calls for a culture that demands excellence and we are getting there. In this all-out effort to improve our global standing, we seek your assistance. Should you have any complaints or suggestions to improve our facilities and services, please log on to [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my) and have your say. We appreciate your suggestions and constructive criticisms, so that we can serve you even better.

### FULFILLING A NATIONAL ASPIRATION

As an entity serving the nation's interest, MAHB has a bigger agenda, which is to fulfil the national aspiration to transform KLIA into a regional aviation hub. This may seem ambitious to some, but KLIA has the right package to achieve this goal. A key factor in our favour is that KLIA is an airport planned for the future. We are still at Phase 1 development, but the masterplan has mapped out development plans for the year 2020 and beyond when passenger traffic has been projected at 100 million mppa. With KLIA's huge land bank, there will be no problems with regards to future development and airport expansion programmes.

KLIA already has the makings of a regional hub. Passenger traffic has been on the rise for several years and has reached a critical mass for future accelerated growth. More airlines are coming to KLIA, thereby improving the connectivity factor- the main criterion for a hub. The opening of the LCCT has made KLIA a complete and integrated airport catering to passengers of all categories. Come 2007, it will be one of a handful of airports in the world capable of handling the super jumbo A380 aircraft.

MAHB has been aggressively promoting KLIA at the various industry forums and through personal visits to the respective airline headquarters. We are confident that more airlines will take advantage of the fact that KLIA is a non-restricted airport where normal operations are allowed 24 hours a day. Besides offering among the lowest total cost of operations to airlines per air transport movement in the region, it is noted for maintaining high safety standards and providing premium quality airport services. We also offered attractive packages to airlines in early stage of their operations. They have been very

appreciative of the incentives extended to them during the lean times experienced at the height of the Severe Acute Respiratory Syndrome (SARS) outbreak and start of the Iraqi War.

Finally, I believe that the 21st Century belongs to Asia, with the rise of the region's two economic powerhouses, namely China and India. KLIA is ideally positioned to tap emerging opportunities as more and more Chinese and Indian travelers take to the skies. The World Trade Organisation estimates that as many as 100 million Chinese tourists will be travelling abroad by 2020.

Other than the airport itself, Malaysia is a haven for visitors, be it for business or pleasure. The country enjoys political stability, broad economic growth and the strong bilateral agreements with many countries. Malaysia itself has much to offer in terms of tourist attractions and its rich wildlife, local cuisine, history and culture. From pristine coastlines, to the oldest tropical rainforests in the world to shopping for the latest haute couture fashion items, there is something for everyone. As keepers of the country's international gateways, we are working

closely with Tourism Malaysia, airlines, hotels, travel agents and other related service providers to sell Malaysia to the world.

## **A HIGH PERFORMANCE CULTURE**

Having a vision is not enough. Ultimately, everything depends on execution and to achieve all we have set out to do, we will continue to rely heavily on the intellectual capital of our human resources. To prepare our people for greater tasks at hand, we are in the process of fostering a high performance culture across the organisation.

This is in line with the Government's plan to transform and improve the efficiency and effectiveness of Government Linked Companies (GLCs). Last year, I reported that as part of this plan, MAHB was the first among the GLCs to implement a Key Performance Indicators (KPI) programme. This was rigorously implemented at the senior management level with the development of individual scorecards. Now into its second year, we are seeing the benefits of KPIs as key levers for the success of the Group.

On 29 July 2005, the Government of Malaysia announced 10 transformation initiatives for GLCs to transform themselves into world-standard organisations. Going forward, we have set up a Transformation Management Office (TMO) reporting directly to the Managing Director. The TMO's main objective is to initiate and coordinate the transformation process leading to the creation of a high performance culture across the Group. With the desired culture in place, we will be able to operate our airports more efficiently and profitably, and at the same time deliver results to our shareholders, customers and employees.

Spearheaded by the TMO, we identified seven Key Focus Areas (KFAs), among which are: increasing the company's profitability, economic value added (EVA), share price, service levels, efficiency and people development. The Regional Airports will be the final Key Focus Area whereby more promotional effort will be placed on them. Having identified the KFAs, a series of brainstorming workshops was

organised at various levels to generate initiatives that would contribute towards enhancing the Group's performance. Based on the outcome of these workshops, the Management has approved seven Strategic Initiatives for implementation:

- Reengineer processes and review costs for greater efficiency
- Centralise procurement
- Increase concession income by improving positioning, product mix and space utilisation
- Enhance capabilities and leadership qualities
- Develop and market intensively value proposition for international airports
- Update and implement airport and land development masterplan
- Manage stakeholders proactively

The above initiatives have been adopted by Management and consolidated into the Group's 5-Year Strategy and Business Plan. As a Group built on performance, this is a critical first step we must take to shape a brighter future for MAHB.

### OUTLOOK & PROSPECTS

Just how the future plays out is not easy to predict. The biggest unknown facing the industry is the direction of fuel prices and concerns about future supplies. The impact of Avian Flu is another question mark, and it would be catastrophic to the industry should it become widespread. Barring all these uncertainties, the ACI projects a 4.1% increase in global passenger traffic for 2006. Cargo traffic is forecasted to grow at a higher rate of 5.4%. However, analysts are of the opinion that Asian-Pacific markets still have lots of potential, with tourist arrivals expected to grow by 10.6%.

With the expectations that the Malaysia gross domestic product (GDP) will expand at a faster rate of 6% in 2006, passenger and freight traffic in MAHB's system of airports is projected to grow. Significant growth in numbers is expected to come from the LCC sector, where we already have a head start with three airlines operating from the LCCT-KLIA. KLIA is expected to continue the momentum of the last two years, albeit at a more moderate pace.



Taking a reality check, there remain challenges to be faced. As a commercial entity, a *raison d'être* of MAHB's existence is to ensure growing returns for its respective stakeholders. But as a national entity providing a vital service to the economy, we cannot ignore other considerations as well. In operating a system of airports whose geographical spread is beyond compare in the region, the fact is that some of these airports are not profitable. Yet, in the interest of passenger safety and security, we cannot compromise on the high standards we have set ourselves.

Now into its eighth year, KLIA has been ageing gracefully, but maintenance costs have been increasing. Moreover, it will also be nearing capacity, and we will need to incur infrastructure investment to keep pace with the expected growth in traffic. The same is true of the other airports within MAHB's corporate stable. Moving into the 2006 financial year, major redevelopment works are underway or have been planned for no less than seven domestic airports to address infrastructure

deficiencies. Maintaining our system of airports to the same high standards of excellence we have set ourselves, and which our customers have come to expect of us, will be an ongoing and major challenge.

### APPRECIATION

In a year of accomplishments, it is a privilege to work with a great team of people. The performance of management and staff in the past year has been exemplary. They are truly the life-blood of the organisation.

I also wish to acknowledge the collective responsibility, professionalism and wisdom of my fellow directors on the Board.

MAHB also owes a great deal of its success to the support and cooperation of various parties comprising the Ministry of Transport, Ministry of Finance, Khazanah Nasional Berhad, airlines and our concessionaires. Not to be left out are officials from Tourism Malaysia, Immigration, Customs and Quarantine as well as the Police and Fire Departments.

Naturally, my gratitude is also extended to the millions of customers from Malaysia and all over the world, and of course, our shareholders for their loyalty.

Encik Izlan bin Izhah and Dato' Ahmad Fuaad bin Mohd Dahalan were appointed to the Board on 1 June 2005 and 25 August 2005 respectively. On behalf of the Board, I welcome the new members and we look forward to benefiting from their knowledge and experience.

My appreciation to all of you is sincere because you are the driving force behind our success.

**Tan Sri Datuk Dr. Aris Othman**  
Chairman

**29,221.01** square metres of retail space



the **average** size of 24  
Olympic size **swimming pools**



# 4

## Meeting expectations

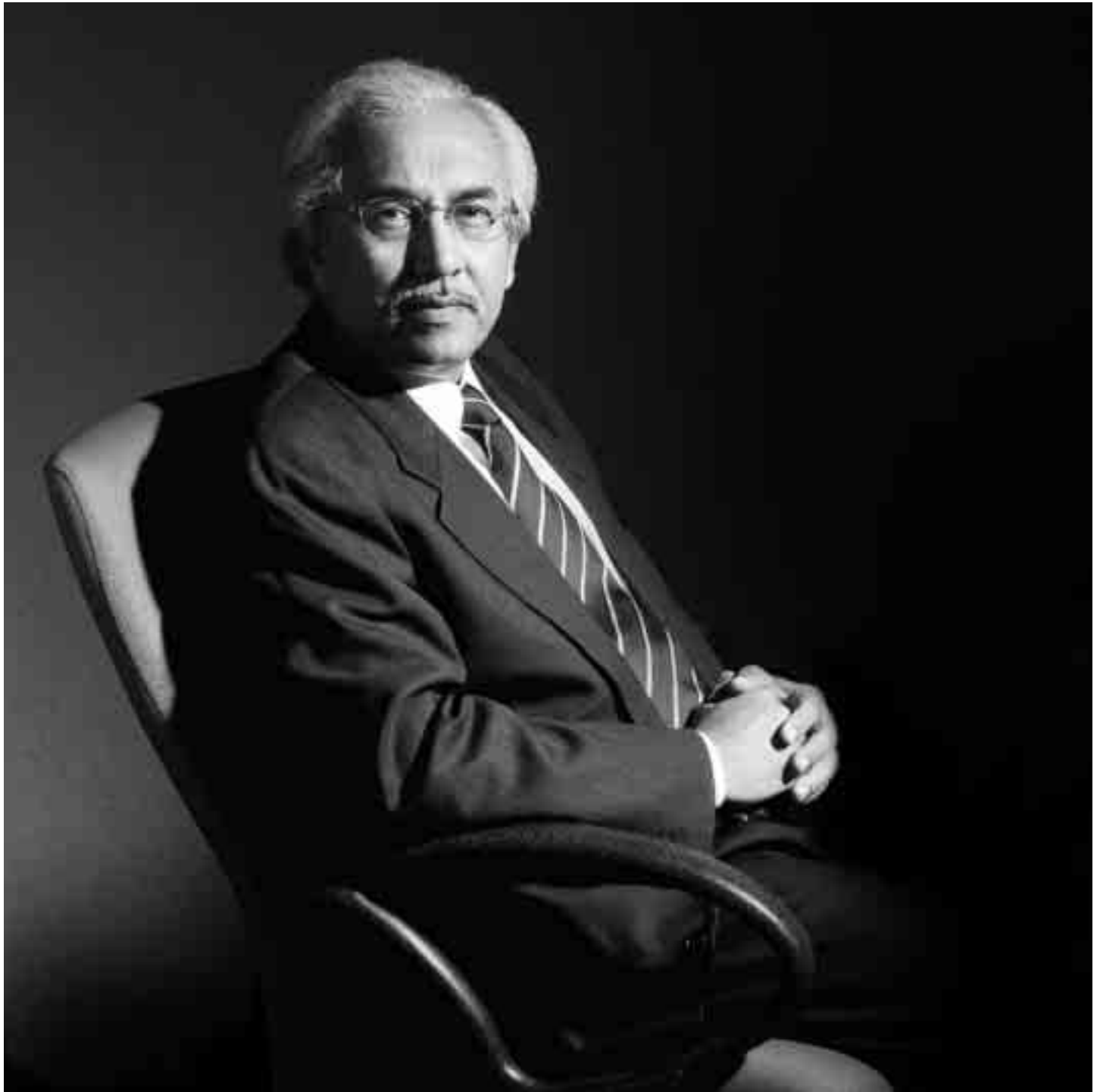
### Managing Director's review of operations

In almost all aspects, 2005 was a satisfying and rewarding year for Malaysia Airports Holdings Berhad (MAHB). New ground was broken when KL International Airport (KLIA) was voted the Best Airport in the World (15-25 million passengers per annum) in the AETRA 2005 survey.

Much more than just an MAHB achievement, all Malaysians should stand tall knowing that they have a world-class facility in their own country. This has been borne out by 100,000 travellers from all over the world who took part in the AETRA survey.

However, the AETRA Award should not eclipse the fact that we were the recipient of many other awards and accolades. KLIA was voted second runner-up in the Favourite Asian Airport category in the fifth annual TIME Readers' Travel Choice Awards. Skytrax

Research, a British-based air travel research company, also ranked us among the top 10 airports in the 2005 World Airport Awards survey. For the fifth time in six years, Business Asia Magazine voted the Pan Pacific Kuala Lumpur International Airport as 'Best Airport



## Managing Director's Review of Operations (cont'd.)



Hotel in Asia 2005'. The year 2005 proved to be another winning year for Malaysia Airports (Niaga) Sdn. Bhd. operating under its brand name Eraman Malaysia. Besides taking top honours for the Raven Fox Awards, Eraman Malaysia retained its Superbrand status and won the 2005/2006 Service & Courtesy Excellence Award from Malaysia Retailers Association.

Matching the commendable achievements on the financial front, the year under review also bore good operational results. Despite significant challenges that threatened to derail the momentum established in the past two years, total passenger and cargo traffic in MAHB's system of airports continued to grow. Topping the list of projects completed in 2005 was the Low Cost Carrier Terminal-KLIA (LCCT-KLIA),

recently commissioned on 23 March 2006. All the other projects identified for implementation in 2005 were also completed on schedule.

Although much was accomplished last year, there is still much to do and our journey is far from over. Having come this far, the one thing that can derail our growth momentum is complacency. However, following the implementation of the Key Performance Indicators (KPI) and with the newly set up Transformation Management Office (TMO) driving the change process, we are evolving towards becoming a results oriented organisation. What we have achieved in 2005 provides a useful platform to move forward to be a truly world class entity.

5.4% passenger traffic increased

## Operating Environment

The year 2005 was relatively uneventful for the aviation industry. Although the year began with some uncertainty in the aftermath of the devastating Asian tsunami, thankfully it does not have any impact on air travel to this region. Unlike previous years, there were no terrorist related incidents in 2005. Even though the outbreak of Avian Flu was a cause for concern, it was largely contained.

As it turned out, the biggest threat to the industry was the unprecedented increase in oil prices. Fuel prices peaked

in 2005 to average USD53 per barrel, compared with USD22 per barrel in 2003 putting tremendous pressure on the operating cost of the airlines. This was largely offset by surcharges imposed on passengers by the airlines, but it had minimal impact on demand. Global passenger traffic rose 6% in 2005, with more than four billion passengers taking to the skies. Freight traffic also increased by 3% to 78.7 million metric tons (mt). The Asia-Pacific region continued to record growth rates higher than the global average, attesting to its tremendous potential. With lower operating and labour costs, low cost carriers are mushrooming in this region and continue to add new numbers to passenger traffic growth.





## Operational Highlights

# aeronautical operations

The MAHB system of airports handled a total of 41.6 million passengers in 2005, an increase of 5.4%. Total cargo traffic at all airports rose 4.4% to 999,295 mt, while total commercial aircraft movements increased 3.2% to 469,655.

Passenger traffic performance could have been better, but the cumulative effects of natural disasters, opening of new highways and a change in foreign labour policy all took its toll on the domestic sector. Moreover, AirAsia's contribution towards the growth of the domestic sector in 2005 was not as robust previously as there was some shifting of capacity to the international market. LCCT-KLIA faced some shortage of capacity during the year owing to insufficient numbers of aircraft to keep pace with its rapid expansion. The new

Airbus 320 orders placed by AirAsia will hopefully eliminate this shortfall in 2006.

The KLIA recorded an impressive 10.2% increase in passenger traffic. While the international traffic grew by 13.9%, domestic passenger movements only recorded a smaller 4.3% increase. Of the 23.2 million passengers handled, 64% was international traffic. The international market share continued to increase by another 2% from 2004. During the year, cargo traffic increased by 0.3% to 653,654 mt. Apart from the high price of

fuel, which led to an increase in freight charges worldwide, the lower growth rate for cargo was also attributed to the shift in the operations of Transmile Air and DHL to Subang.

KLIA remained on course to be a regional aviation hub, holding its own against other airports in nearby countries. Thanks to an intense year long marketing and promotional effort, we have brought in eight new airlines to operate at KLIA. As of year-end 2005, a total of 51 airlines operated at KLIA, compared with 46 for





23.2 million passengers  
per annum  
at KLIA



675  
million  
tonnes of  
cargo  
transported

the previous corresponding period. Besides attending the major aviation industry forums, MAHB presented marketing proposals including route analyses, to targeted airlines from all over the world. We will continue to relentlessly pursue our marketing efforts, and we hope that for the year 2006, new names will be added to the list.

Consistent with MAHB's objective to promote a high performance culture, we have sought registration to internationally recognised ISO quality management system. Within KLIA, the number of operating units and divisions certified to ISO 9001:2000 has increased with the addition of the Free Commercial Zone in 2005. The other four international airports and 10 domestic airports have also been certified. Another five domestic airports will undergo the audit process by SIRIM in mid-2006 as a prerequisite to certification.

As reported last year, the KLIA received the Aerodrome Certification from the Department of Civil Aviation (DCA) in May 2004. This is a requirement of the International Civil Aviation Organisation (ICAO) to promote aviation safety by ensuring that all international airports provide uniform safety conditions for all

aircrafts. In 2005, the Aerodrome Certification was also awarded to other four international airports at Kuching, Kota Kinabalu, Langkawi and Penang. Tawau also became our first domestic airport to be certified, in 2005. The Miri Airport has undergone compliance audit and is in the process of attaining certification. MAHB is aiming for all other domestic airports to obtain Aerodrome Certification by the end of 2006.

KLIA has the distinction of being the first airport in the Asia Pacific region to earn Green Globe 21 (GG 21) Certification, a global benchmarking and improvement programme for sustainable travel and tourism. During the year under review, the KLIA GG 21 certification was renewed following a stringent re-certification process. This is covered in detail later in this report.

During 2005, we continued to make headway in improving the facilities throughout the entire MAHB system of airports. The Chairman in his statement has already touched on the opening of the LCCT-KLIA. Designed on a modular concept, it has the capacity to serve 10 million passengers. AirAsia is expected to increase the number of LCC passengers to at least five million in 2006, a 25%

increase from four million achieved in 2004. Currently utilised by AirAsia and its sister airlines from Indonesia and Thailand, all LCCs are welcome to use the terminal. We have already received enquiries from another two low cost airlines.

The other big project taking shape is upgrading works in readiness for Airbus 380 operations scheduled to begin in 2007. KLIA existing runways are already capable of handling the new super jumbo. However some modification works will be required of the taxiways and Terminal Building at three gate stands. Key upgrading works are also required for aircraft services. As we go into print, work has already commenced for planned completion in May 2007.

Besides the KLIA, MAHB operates four other international airports, 16 domestic airports and 18 STOLports (short take-off and landing ports) throughout Malaysia. Major redevelopment works are currently underway in not less than seven airports. At the Penang International Airport, runway resurfacing and associated works are due for completion in August 2006. The Kuching International Airport is being redeveloped, with a new terminal building to be completed in 2006. The runway and taxiway will be completed

in March 2008. The redevelopment of the Sibul Airport has been carried out, while the Alor Star and Kuala Terengganu Airports will be completed in May 2006 and January 2007 respectively. The rehabilitation of the runway at the Kota Kinabalu International Airport is still in progress, as is the redevelopment of the Labuan Airport, targeted for completion in November 2008.

In October 2005, one of the country's premier mobile telecommunications companies opened a service centre at KLIA's international Arrival Hall. The Celcom centre is equipped with the standard features of a full-fledged service centre. It is fully capable of offering services related to postpaid, prepaid, international roaming and 3G services, as well as handling customer enquiries. With the centre fully functioning, we are better able to serve the needs of domestic and international customers by providing them with a full suite of telecommunication services.

Most recently, with the signing of a memorandum of understanding (MoU) with IATA on 23 February 2006, MAHB became the first airport operator in Southeast Asia to implement IATA's Simplifying the Business (StB) programme.

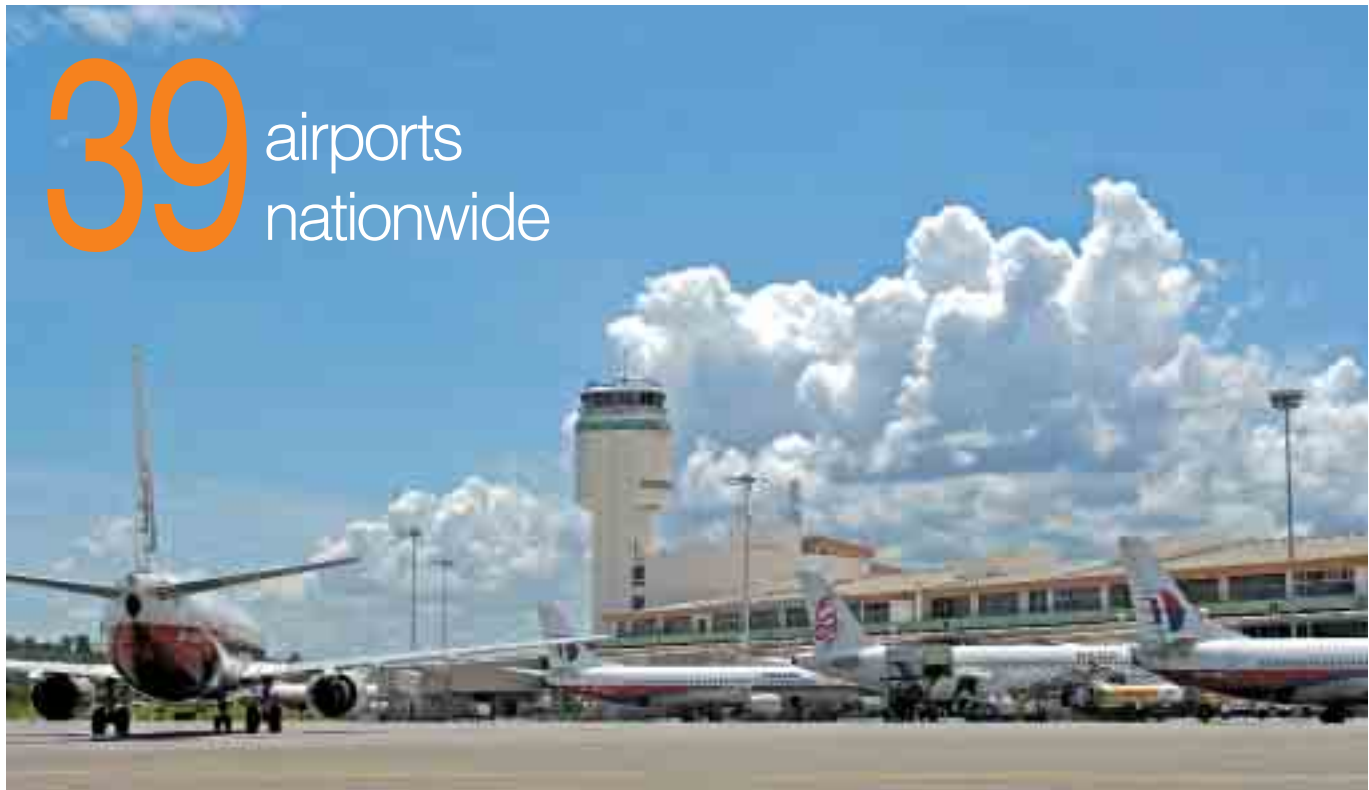


The StB programme calls for the implementation of Common Use Self-Service (CUSS) ticketing kiosks, Bar-Coded Boarding Passes (BCBP) and Radio Frequency Identification (RFID) for baggage management among others. While the primary aim of the StB programme is to benefit passengers by improving efficiency and simplifying the travelling experience, there would also be cost savings from more efficient operations. The programme will be implemented at KLIA initially, but will eventually be extended to other MAHB airports around the country.

## Managing Director's Review of Operations (cont'd.)

With our feet firmly planted in Malaysia, MAHB is also looking to the international marketplace for new business opportunities. We have already established a foothold in India where we are providing airport operation and technical services for the development, operation and maintenance of the new

Hyderabad International Airport. MAHB is now actively pursuing other opportunities unfolding in India, as projects for the restructuring and modernisation of several airports get underway. Beyond the Indian sub-continent, MAHB is also pursuing projects in Kazakhstan and Saudi Arabia.





## Operational Highlights

# commercial activities

MAHB's Commercial Services Division (CSD) manages the non-aeronautical activities of the Group, generating revenue from the rental of commercial space for retail, food and beverage (F&B) outlets, lounges, offices, service counters, storage areas, advertising and promotional activities at the KLIA and other airports nationwide.

It also derives income from the car park facilities and Airside Transit Hotel (ATH) managed by Malaysia Airport (Properties) Sdn. Bhd..

During the year under review, CSD remained focused on achieving the following main objectives:

- Increase non-aeronautical revenue of airport services business segment from the present 35% to 50% within the next several years
- Improve the retail and F&B offerings at KLIA under the Retail Optimisation Project (ROP)

- Enhance existing facilities and services at all airports

Airport shopping has become an integral part of air travel. Many passengers arrive at airports early to ensure they have sufficient time to browse around the shops and purchase goods at duty-free prices. And like shopping, having a bite or something to drink is all part of the airport experience. At MAHB's system of airports, there is still significant unlocked potential to be fully exploited to increase commercial revenue yields.

To unlock this potential, several initiatives were launched during the year.

Under the ROP for KLIA, the shopping area of the Satellite Building is being transformed. The cabin concept with singular brands dominating the retail scene will soon be placed with wide-open malls featuring multiple products and brands to entice even the most jaded airport shopper. Throughout 2005, CSD has been negotiating new tenancy agreements with existing and

prospective tenants. On the strength of their performance, the Satellite Building will still house world renowned brands such as Harrod's of London's Knightsbridge alongside top international brands like Dior, Hermes, Mont Blanc, Coach and Burberry. Coming attractions include specialty shops and many more big names in the fashion and accessories industry. In line with the vision to make KLIA the Number One shopping destination in the region, our Low Price Guarantee programme ensures that prices of goods are comparable, if not lower, than those set by retail counterparts elsewhere.

CSD is working closely with an interior design consultant to combine aesthetics with functionality, creating the right ambience at the Satellite Building for an ultimate shopping experience. F&B outlets will also be improved, not only in terms of appearance but variety. Passengers dying for a coffee fix can now find comfort at the familiar Starbucks Coffee, while Noodle House can whet the appetite with a satisfying meal. These are but a taste of things to come. The next phase of development will see a large food court with alfresco dining facilities added to the upper tier of the

Satellite Building. Fully implemented, the Satellite ROP will increase the retail and F&B floor space by 60% from the present 6,110 sq. meters.

What used to be a non-commercial area in the Domestic Contact Pier has been transformed into The Flying Emporium catering to passengers on domestic flights. Adopting the same open mall concept, some 1,960 sq. meters of retail space will be created upon its completion. With the opening of The Flying Emporium, domestic passengers are checking in earlier to purchase duty free and non-duty free goods at great prices. Shoppers can browse the spacious walkways for international brands in all product categories such as watches, chocolates, confectioneries, perfumes, toys, luggage, gifts and souvenir items. In terms of F&B outlets, travellers have a choice of the ubiquitous Burger King or the local Chicken Rice Shop.

Another big project undertaken by CSD in 2005 was the placement and development of retail and F&B outlets at the LCCT-KLIA. Working against a very tight schedule, renovations works were all completed in record time. The

same open mall concept has been adopted at strategic locations in the newly opened terminal. Apart from two duty-free emporiums, the LCCT-KLIA also houses two general emporiums, two pharmacies, one fashion store and five F&B outlets.

Progress was also made in upgrading the retail and F&B facilities in the other airports. Major redevelopment works are ongoing at the Kuching International Airport, Sultan Abdul Halim Airport in Alor Star and the Sultan Mahmud Airport in Kuala Terengganu. When completed, better space planning and the introduction of Anchor tenants, specialty stores, new brands and products will transform these airports into veritable shopping havens.

Meanwhile, other facilities such as the car-park building and the Airside Transit Hotel (ATH) have undergone major upgrades and refurbishment. A new car park system has been installed to ensure better service to users. The parking rooftop, which was under-utilised, is being converted into an airline office.



86 retail outlets under our wings



## Operational Highlights business activities

### **Malaysia Airports Management & Technical Services Sdn. Bhd. (MAMTS)**

As the consulting arm of MAHB, the primary functions of MAMTS are to establish, develop, manage, operate and maintain all forms of businesses, services and facilities in relation to airport operations and services. MAMTS is an MS ISO 9001:2000 quality management system certified company. The scope of ISO certification covers the provision of technical advisory and consultancy services for the management of airport cleaning services, monitoring of the quality of airport services and project management consultancy.

In a bid to improve the depth and breadth of its services, MAMTS increased its 49% stake in Urusan Teknologi Wawasan Sdn. Bhd. (UTW) to the present 75%. The acquisition was completed on 24 January 2006, making UTW a subsidiary of MAMTS. With UTW under its wing, MAMTS can now expand into MAHB-related operation and maintenance business for M&E systems and generate new revenue streams. These services can also be marketed globally through UTW, in line with MAHB's ongoing efforts to become an

international player. MAMTS and UTW are redefining and streamlining their respective business portfolios to optimise business synergies in 2006.

Operationally, MAMTS had a busy and eventful year. On the home front, MAMTS was involved in the design, construction, completion, testing and commissioning of a new terminal building and associated works for the Alor Setar Airport. The airport is targeted for commissioning by May 2006. MAMTS also played a leading role in the group



**RM66.1** million worth of projects managed by MAMTS in 2005



wide effort to win the Best Airport Award for KLIA. It sets the ball rolling by providing the service level measurement on KLIA for the AETRA benchmarking programme based on a customer feedback survey. The measurement was designed based on the latest marketing index from participating airports in the AETRA programme.

MAMTS is also actively supporting MAHB's overseas business ventures in the area of airport management. Since May 2005, it has been providing staff as well as technical, operational and IT expertise for the new Hyderabad International Airport in India. MAMTS is also leading the bid process for new projects in India, Turkey, Kazakhstan and Saudi Arabia.



### Malaysia Airports (Niaga) Sdn. Bhd. (ERAMAN MALAYSIA)

Eraman Malaysia has more than 40 retail outlets at the KLIA, carrying a wide range of products. On the strength of its performance, the company has been given an extension until 2011 for the Duty Free Emporiums it operates at the Satellite Building. Eraman Malaysia's F&B Division also operates 24 outlets in the KLIA, providing a smorgasbord of culinary offerings, from simple fast food to Asian and Western gastronomic delights.

Overriding initial fears that dark clouds looming in the horizon could derail growth in the aviation industry, 2005

turned out to be another stellar year for the company with gross sales improving by 10%. While Malaysians still constitute the biggest customer segment, Mainland Chinese and Indian travellers are increasingly making their presence felt. They have now overtaken the Japanese and Korean as the second and third biggest spenders at our retail outlets.

As the retail arm of MAHB, Eraman Malaysia's marketing and promotional efforts have been geared to enhance the KLIA's standing as a shopping and dining hub and also improve the

# 28

food and  
beverage  
outlets

**The Commercial Division is responsible for the following main objectives:**

- To increase non-aeronautical revenue
- To transform KLIA into a preferred shopping destination in the Asian region
- To increase average dollar spending per passenger
- To enhance existing facilities and services at the Airports

revenue stream from commercial activities. Living up to the marketing tagline, 'A Promise of Excitement', practically every month of the year featured a campaign, bazaar or shopping extravaganza. These events also provided the opportunity to showcase Malaysia's unique cultural heritage and diverse attractions. Thus, a mock Malay wedding ceremony was organised in conjunction with 'Funtastic Week 2005' much to the delight of visitors, while children were entertained with a sand art demonstration. At the 'Proud to Be Malaysian' campaign in conjunction with Merdeka Day, various local artistes and disc jockeys made it an event to remember. The KLIA Ramadhan Fest has become a regular fixture in KLIA's calendar of events.

Besides infusing KLIA with the festive spirit for the month-long duration, visitors were given a tantalising glimpse of what Malaysia has to offer in its handicraft, culture and cuisine.

In striving to improve sales and escalate commercial revenues, Eraman Malaysia has joined forces with the Business Management Faculty of Universiti Teknologi Mara (UiTM) to develop a pioneering training module. During the year, a total of 220 staff from Eraman Malaysia attended a 'Let's Get Back to Basics of Retailing' training programme conducted by UiTM lecturers. Through such structured training modules tailored to our specific needs, we hope to inject greater professionalism among retail staff.



## MAB Agriculture-Horticulture Sdn. Bhd. (MAAH)

MAHB has a significant land bank comprising 7,225 hectares of plantations around the KLIA and the Kota Bharu airport. The cultivation and management of oil palms and coconut trees on the land is the principal activity of MAAH. In 2005, the company earned revenue of RM17.5 million, 82% of which was generated by the sale of fresh fruit bunches. In addition to its work on the plantation, MAAH also undertake some of the landscaping activities of the Group, utilising plants and shrubs grown on the company's own nursery.



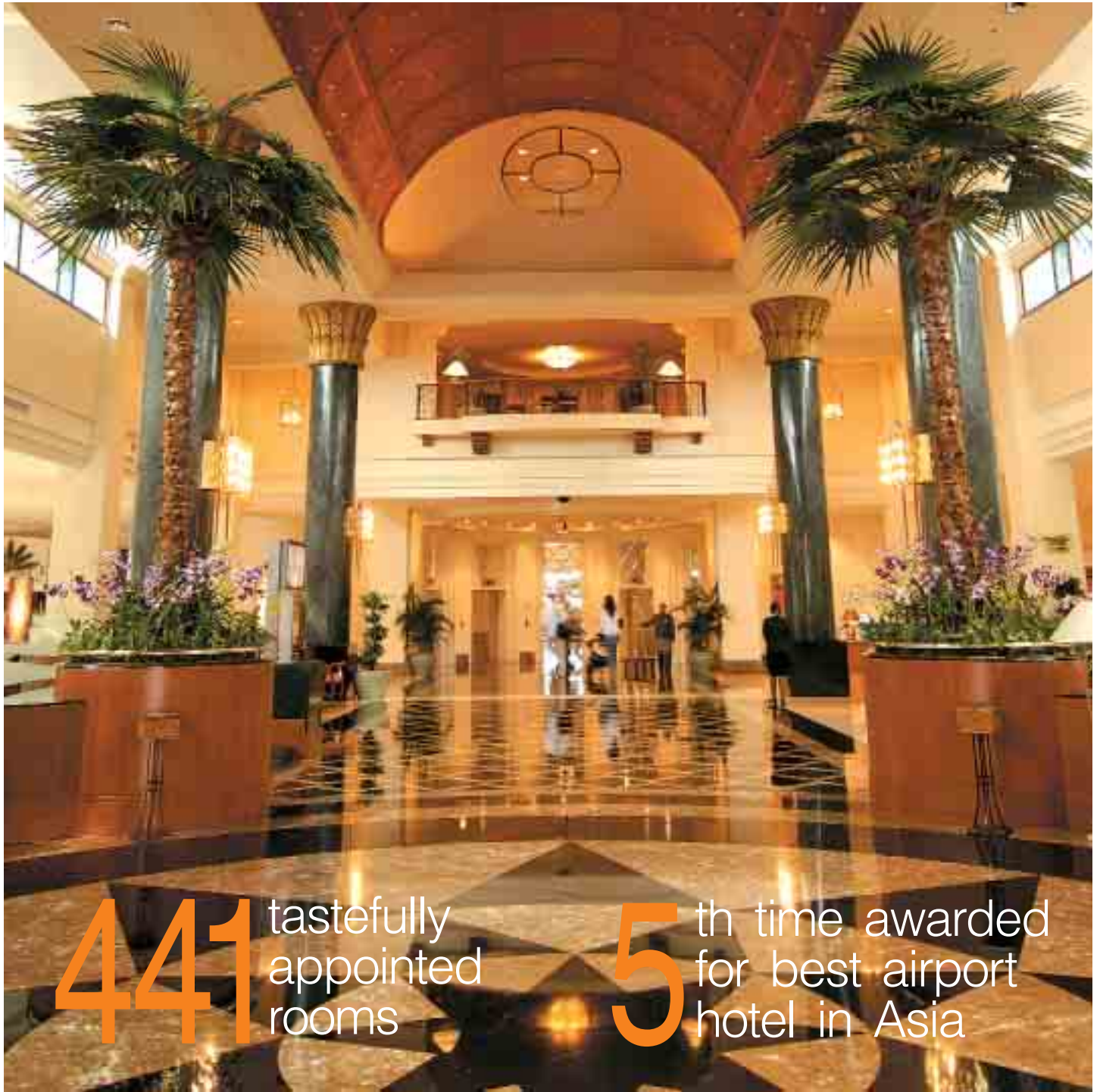
## K.L. Airport Hotel Sdn. Bhd. (KLAH)

Through its wholly owned subsidiary, KLAH, MAHB has vested interest in the luxury-class hotel known as the Pan Pacific Kuala Lumpur International Airport.

Last year, the Pan Pacific Kuala Lumpur International Airport was voted 'Best Airport Hotel in Asia 2005' by Business Asia Magazine. This is the fifth time in six years that the hotel has bagged the award, one of the most coveted prizes in the highly competitive Asia-Pacific hotel industry. Competing hotels are judged on a range of criteria that include special business services, business club and lounge facilities, conference and convention facilities and rewards programmes.

Strategically located within easy access to the KL International Airport and

Sepang International Circuit, the Pan Pacific Kuala Lumpur International Airport has become the hotel of choice among business travellers and motor-sport enthusiasts. The hotel's well-appointed facilities include a 24-hour health and fitness centre, 5 food & beverage outlets, banquet facilities and can accommodate up to 1,700 guests with nine separate meeting rooms and connections to high-speed internet from anywhere within the hotel premises. As an added service, hotel guests can now check-in at the Pan Pacific Kuala Lumpur International Airport's new airport reception counter located at the baggage reclaim area of the international arrival hall. They will then be ferried to the hotel by a buggy shuttle service provided on a complimentary basis.



**441** tastefully  
appointed  
rooms

**5**th time awarded  
for best airport  
hotel in Asia

### Malaysia Airports Technologies Sdn. Bhd. (MA TECH)

In a business world increasingly dominated by technology, MA Tech has positioned itself as the Information and Communication Technology (ICT) enabler for the Group. MA Tech's expertise in providing ICT solutions to airport systems has resulted in improvements to end-users. The company has been accredited to the ISO 9001:2000 quality system for five consecutive years, while its certification to OHSAS 18001:1999 has entered its third year. In 2005, MA Tech retained its BS 7799, Part 2 certification, which is the international standard for Information Security Management Systems.

During the year in review, MA Tech embarked on IT Service Management to achieve enhanced service delivery for process improvement. Capitalising on breakthrough methodologies for fast implementation of new platforms and rapid rollout of new applications, MA Tech has been able to achieve continual efficiency gains and productivity improvements.

MA Tech is continually improving the Total Airport Management System (TAMS), MAHB's technologically superior computer-based distributed management overlay and the key to what makes the KLIA one of the most operationally efficient airports in the

world today. In its quest to provide service excellence, MA Tech is taking the lead in promoting the concept of 'Simplifying the Business' (StB), in line with IATA's and ACI's initiatives in making air travel a more efficient experience.

Some of MA Tech's key achievements in its efforts to enhance systems availability in 2005 include:

- Replacement of KLIA Flight Information System from the old CRT Display Monitor to the latest TFT LCD Monitor
- Enhancement of the Information Broker, a TAMS integration tool, from DCA/Encna to MQ series
- Migration and replacement exercise for KLIA's gate allocation system
- Implementation of additional CCTV at baggage handling areas
- Commissioning of a Business Intelligence System to facilitate the preparation of statistical reports and analysis for aircraft and passenger traffic movements
- Implementation of the first in the world SITA Airport-Hub in KLIA in collaboration with Societe Internationale de Telecommunications Aeronautiques (SITA). This is an IP-VPN network connectivity that allows airlines to access SITA Global Messaging System Network (GMSNet).



# 245

ICT personnel  
managing  
TAMS

In the coming financial year, MA Tech will continue to focus on improving operational and cost effectiveness vis-à-vis process and system standardisation. The key objectives for 2006 will be to:

- Improve ICT governance at MAHB group-wide
- Focus on deploying leading-edge technology to further streamline operations and achieve improved operating margins and performance
- Continue with its commitment to deliver quality services and continual process development initiatives

## Malaysia Airports (Properties) Sdn. Bhd. [MA (P)]

An investment holding company, MA (P) also manages and operates the Airside Transit Hotel (ATH), the Southern Common Amenities and Facilities (SCAF) and car parks at KLIA. The 80-room Airside Transit Hotel (ATH) is located at the Satellite 'A' Building, KLIA for the convenience of transit passengers. Located within the vicinity of the cargo complex, the SCAF has retail and banking facilities catering mainly for employees at the airport. MA (P) also operates a short-term car park with 6,208 parking bays and a long-term car park within the vicinity of the KLIA. With the opening of the Low Cost Carrier Terminal-KLIA (LCCT-KLIA) towards the end of March 2006, MA (P) now manages the LCCT-KLIA parking area as well.

## Asia Pacific Auction Centre Sdn. Bhd. (APAC)



Through APAC, the Group operates a world-class 'one stop total clearance', an auction centre located at Subang, which commenced operation in late 2000. Since its appointment as the Malaysian Government's official auctioneer in 2004, APAC has endowed its prominence further as an established

and leading auction centre. The year 2005 recorded a 36% growth in transacted value to RM136.0 million, compared to RM100 million achieved previously.

In 2005, APAC conducted a total of 82 auctions, ranging from motor vehicles, machinery and general goods. This included a 2-day Regional Machinery Auction and an exclusive maiden auction of 28 prestige motor vehicles, netting aggregate sales in excess of RM7 million. Other event highlights included were the hosting of Export Furniture Exhibition 2005 and the 2005 International Forklift Competition. Both events attracted participants and visitors from Malaysia as well as overseas.

**RM136**  
million total APAC  
transacted value

## Sepang International Circuit Sdn. Bhd. (SIC)



A subsidiary of MAHB, SIC manages and operates the Sepang Formula 1 racing circuit located at the periphery of KLIA. It also promotes and organises major international motor sport events and Formula One being the most prestigious. Since its opening in 1999, the circuit has become a benchmark for future international tracks. Both SIC and the circuit has won accolades such as 'The World's Best Organised Grand Prix' from the Formula One Management and 'Most Beautiful Circuit in the World' from Festival Automobile International. Besides the Formula One Grand Prix, SIC is promoting the Sepang F1 circuit as a motor-sports hub. Currently SIC promotes and organises five (5) major international events i.e. Formula One, World MotoGP, Japan GT, Merdeka Millennium Endurance and A1 Grand Prix.

## 1st inaugural A1 Grand Prix 2005





# 5

## Acting responsibly

# enhancing business relations

MAHB's participation at major international forums and conferences is a key strategy to enhance business relations with the major players in the global aviation industry. More than 100 industries related meetings were held in 2005. MAHB attended the major meetings such as the Arabian Travel Mart, China Mission, New Route Asia, Air Cargo Europe, 116th and 117th IATA Schedules Conference, ACI Forum, World Route Development Forum, Aviation Outlook Summit 2006 and the Pacific Area Travel Association forum.

The World Route Development Forum or better known as Routes is one of the most important platforms for MAHB to fast track its marketing efforts to attract more new airlines to come to KLIA and other international airports. Routes have a strategic role in the aviation sector as a platform for airlines and airports to meet at a single place. As the largest

networking event in the industry, it brings together airport and airline development professionals from around the globe. At the last Routes 2005 in Copenhagen, MAHB met up with no less than 28 international airlines.

Malaysia will be the first Asian country to host the 11th Routes in 2008, breaking the tradition of giving the host job to an European country. MAHB has won the bid to host the forum amidst keen competition from other airport operators in the region. We already have the experience of successfully hosting the spin-off edition of World Routes - the New Route Asia - for three straight years. MAHB's partners for the Routes 2008 will be the Ministry of Transport, Ministry of Tourism, Tourism Malaysia, Malaysia Airlines, Kuala Lumpur City Hall and Express Rail Link Sdn. Bhd.. About 2,000 delegates are expected to come to Kuala Lumpur for the event.

Given the magnitude of the task facing our Safety & Security Division, MAHB depends a great deal on the cooperation and support of many agencies. Over the years, we have established good working relations with Polis DiRaja Malaysia (PDRM), Internal Security Ministry, various government security officers and enforcement agencies such as the Department of Civil Aviation (DCA), Customs, Immigration, Road Transport Department and airport authorities throughout the world. Through networking with these agencies, we have been able to exchange useful information and follow up on leads as preventive security measures.

MAHB enjoys a mutually beneficial working relationship with members of the media, carefully cultivated over the years. Our top management has regular dialogue and briefing sessions with the media to provide them with updates on

## Managing Director's Review of Operations (cont'd.)

airport developments. These are supplemented with familiarisation tours of our new facilities. Under an agreement signed in November 2005, MAHB collaborated with the Malaysian Press Institute (MPI) in training journalists to further enhance their knowledge of airport operations. In December 2005, an Airport Literacy Programme was held for journalists at Pan Pacific Kuala Lumpur International Airport.

The Malaysia Airports Media Hunt is an annual event to further enhance MAHB's relationship and networking with the media. It is also an effort on the part of MAHB to express its gratitude to the media for their support and cooperation over the years. The 2005 event attracted the participation of various media organisations, with a total entry of 60 cars joining the motor hunt from Subang to Kuantan. To promote and introduce our airport to the participants, Kuantan Airport was selected as one of the venue they have to enter to get their clues.

In November 2005, the inaugural Malaysia Airports Golf Invitational 2005 was held at Kuala Lumpur Golf & Country Club (KLGCC) to further enhance networking with our respective business partners. More than 120 participants comprising our staff, business partners, clients and representatives from the airlines, media, private and government agencies turned up for the event. In a convivial environment, away from the pressure of the office, the golf tournament served as a platform to build relationships and cement those already established.

**382**  
trained  
customer  
relation  
specialist



# customer relationship management

To provide unsurpassed levels of customer service and support to all visitors, we are leaving no stone unturned. From little things, like leaving sweets at information counters to creating new facilities, we are constantly searching for new ideas.

Among the new initiatives introduced in 2005 is the employment of students from various institutions of higher learning to serve as 'airport ambassadors'. Through our observations, we realised there are two distinct seasons in a year that will see an influx of visitors from China and from the Arab-speaking countries. That is when our ambassadors come into the picture. Wearing a 'May I Help You' sign and conversant in both Mandarin and Arabic, our part-time ambassadors have proven their worth to visitors coming to the KLIA for the first time.

We also pay close attention to complaints and suggestions. A Family Lane has been created at the Immigration Arrival Hall with space allocated for family members to rest while waiting for their passports to clear. A special lane has also been created for disabled travellers, and all assistance is provided to meet their requirements. Another common complaint in the past has been the time taken to retrieve baggage. Owing to the

configuration of the airport, we are aware that it takes some time for the baggage to arrive. However, we have now improved the system so that the first baggage now arrives within 25 minutes. The time taken for the last baggage to arrive has been shortened to 40 minutes from the previous 55 minutes.

In the interest of passenger safety, KLIA has one of the most stringent security measures in place. However, more security can also mean more time. To prevent long queues forming, an additional screening facility has been installed at the link bridge for international departing passengers. And for arriving passengers at the end of a long journey, we know that the last thing they want is to be harassed by touts. Thus we have our security personnel dressed in plain clothes to put an end to touting.

Passengers on domestic flights are also receiving more attention. Domestic passengers on long transits or caught up

in a delay can now spend time shopping at the newly opened Flying Emporium. Alternatively, upon request, they can be issued transit passes to enable them to leave the waiting area.

One of the most important initiatives introduced last year is the eventual migration to the E-Airport concept. During the year, MAHB signed a five-year contract with SITA Inc to equip KLIA with the latest technology for common-use check-in and boarding systems. Equipped with 36 self-service check-in kiosks and a modern suite of baggage reconciliation systems, the application of SITA's common-use terminal equipment integrated network and terminal application is an integral part of KLIA's major move to upgrade its information technology as it prepares for increased passenger numbers.

# safety & security: no compromises

Safety and security are among critical parameters in the AETRA airport customer satisfaction survey. In 2005, the MAHB system of airports handled 41.6 million passengers, a figure that is projected to grow in the coming years. At this level of responsibility and with so much at stake, there can be no room for complacency or compromises. The safety and security of all Malaysian airports has been under the purview of the Aviation Security Division (AVSEC) since its formation in 1978.

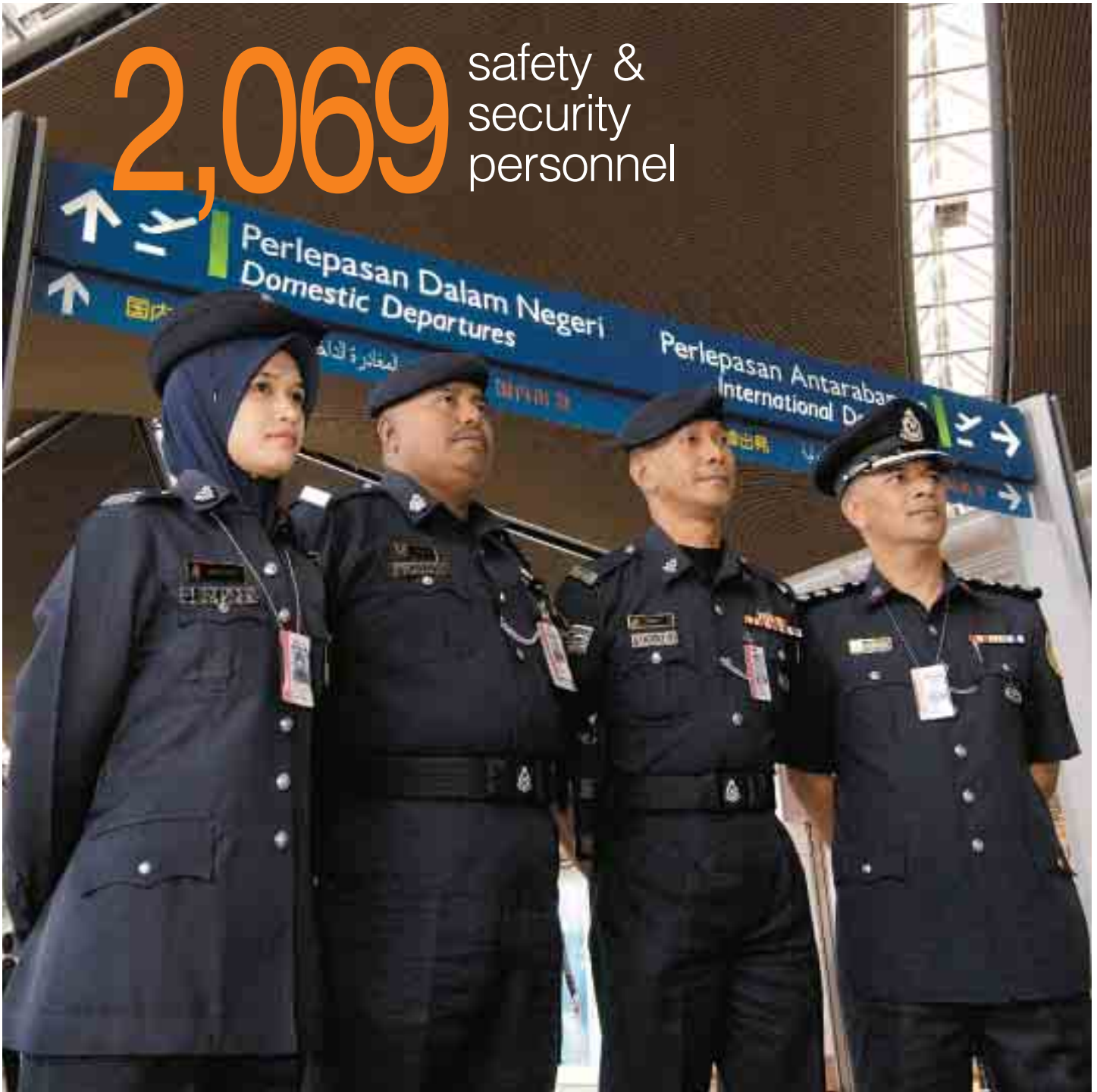
At the upper echelons, a corps of knowledgeable and experienced security professionals. Our officers are highly skilled professionals trained at the Polis DiRaja Malaysia (PDRM) Academy. As the imminent threat of terrorism becomes reality, our officers have been given extensive training and exposure on the use of sophisticated security equipment, weapons, surveillance and

explosive detectors. Since 1993, Malaysia Airports Training Center (MATC) serves as the ICAO-accredited Aviation Security (AVSEC) Training Centre for Asia Pacific region. Testifying to their competence, three AVSEC officers have been certified as ICAO Instructors to conduct the training programme. One AVSEC officer has also been certified as ICAO Auditor under the Universal Security Audit Programme (USAP).

In striving for continual improvements in its security systems, AVSEC has been accredited to MS ISO 9002: 2000 quality system since 2001. During the year in review, MAHB continued to implement measures to beef up security in its system of airports. Airlock Aviation PLC, an international security consultant based in the United Kingdom, was commissioned to carry out a security audit at the KLIA in September 2005. Quoting verbatim from the report, the consultant observed that aviation security at the KLIA is "exceptionally well-organised, well-trained, highly disciplined and efficient department with an effective command and control structure". Although the report made reference to incidents of pilferage, it acknowledged that this is a problem that cannot be eliminated completely. It also noted that incidents of pilferage at the KLIA are 'quite small' as compared with other airports audited by the same consultant.

The consultant's findings verified that all security systems in place at the KLIA are in compliance with international standards. MAHB's comprehensive

2,069 safety & security personnel



## Managing Director's Review of Operations (cont'd.)

Airport Security System covers a broad spectrum of areas that includes passenger screening, cabin and checked baggage screening, airport pass system, access control system, integrated surveillance system and biometric fingerprint technology system.

The year in review also saw the formation of an AVSEC Intelligence and Investigation Unit, headed by a Senior Police Officer currently on attachment from PDRM. The main functions of this specialised unit are to gather, collate and analyse intelligence information from internal and external sources to pre-empt terrorist and criminal activities. It will also set up and oversee the AVSEC Taskforce Teams for all Malaysian airports, the primary function of the teams being to conduct overt and covert operations, system penetration test, to prevent any untoward acts. Resulting from all these measures, the crime index in MAHB's system of airports has been reduced significantly.

When the cabinet approved the establishment of AVSEC, it was agreed that aviation security personnel should have the same enforcement powers as

the auxiliary police force. However, each force had its own uniform and a different identity. In 2005, PDRM gave its permission for aviation security personnel to wear the same easily identifiable dark blue uniform as their counterparts in the police force. A change of uniform may seem insignificant. But looking at the bigger picture, and from the public's perspective, the new uniforms have strengthened the reassuring omni-presence of the police at the airports. This has helped create a sense of greater security, while serving as a deterrent to criminals. A new logo has also been designed in tandem with the uniform change.

During the year, the AVSEC force was further strengthened with the addition of 168 security personnel, bringing the total number of the force to 1,816 by end of the year. Another 224 recruits are currently undergoing training at the Malaysia Airports Training Centre in Penang.

Although the primary roles of AVSEC are the prevention of acts of sabotage and hijacking of an aircraft, we also carry out other duties such as anti-touting and anti-crime patrolling and traffic

control. In 2005, AVSEC personnel arrested 1,700 touts at the KLIA who were subsequently handed to the police. Following the recent amendment to the Road Traffic Act 1987, an anti-touting law will be enforced in 2006. With his new provision, the tout issue will be dealt with more effectively. Haphazard parking and traffic congestion at the KLIA was another area that needed our attention. Working alongside the police to control the traffic flow, we have now resolved this problem.

MAHB is continually reviewing the security system at all airports. In our efforts to stay ahead, we will invest in state-of-the-art technology such as x-ray machines, explosives and surveillance equipment. Through this and other initiatives, which will be implemented in future, we remain true to our conviction that security is an obligation to ourselves and a responsibility to others.

# towards a safer & healthy work culture

Going forward in achieving our mission, having a safe and healthy work culture completes all expectations of a world-class facility. Beginning in our own backyard, we remain steadfast to our commitment to inculcate a safe and healthy work culture. We continuously strive to create a safer and healthier work environment for the well-being of our workforce.



To prevent unsafe working practices and to improve the safety and occupational health performance of staff, various training programmes and campaigns were conducted throughout the year to equip them with appropriate safety

knowledge. These include Dengue Campaign; City Survival Training for Ladies; Fire Safety Awareness and Survival Tips; Basic Introduction to Occupational Safety and Health; KLIA Joint Apron Safety Campaign; Risk Management Training and a site visit to Westport, Port Klang.

Complementing the above, we published monthly Airport Safety Bulletin to disseminate safety and health information to all staff. The bulletin focused on relevant safety and health issues such as 'How Does the Occupational Safety and Health Act 1994 Affect You as an Employer and Employee' and 'Know your Roles and

Responsibilities in Establishing a Safe and Healthy Workforce'.

The introduction of Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Diseases (NADOPOD) Regulation 2004 under the Occupational Safety and Health Act 1994 strengthen the requirement that all accidents should be reported as soon as practicable. Hence, an important notice in relation to the NADOPOD was issued to all operating units, thereby formalising the reporting of all accidents in respect of safety and health. This was followed by a series of awareness programmes to continuously remind and encourage

staff to report all work-related accidents and illnesses, including minor incidents and near misses. By keeping such records, we are able to learn from past mistakes, and hopefully prevent recurrences.

On top of these regular programmes, we are also prepared to cope with any ad-hoc situations such as the haze that affected certain parts of the country in August last year. At the height of the haze, which caused respiratory problems among many Malaysians, we did our best to mitigate the situation by distributing facemasks to all staff.

The year 2006 will see even more comprehensive programmes launch to inculcate a 'Safety First' work culture. Key initiatives will include programmes focusing on Job Safety Analysis and Risk Management as a professional management tool to achieve excellence. Other activities will include site visits, internal as well as external training programmes and comprehensive audit.

It is hoped that with the implementation of the above plan it will enhance establishment of the safe and healthy work culture in Malaysia Airports.

**722**  
fire & rescue  
personnel







# developing our human capital

MAHB thrives on vision and ambition. Right from the outset, our aspiration was to be the world's best airport. This was achieved in 2005. Looking to the future, we have now set our sights on being a world-class organisation. To achieve this objective, we recognise the pivotal role that our human capital plays in driving the organisation. To this end, MAHB launched a key initiative to enhance the professional performance of its human capital in developing the Career Development Programme (CDP).

MAHB is one of the first government-linked companies (GLC) to introduce a CDP as an integral part of its human resource development efforts. This is in response to the Government's clarion call to improve the efficiency and effectiveness of GLCs under the Transformation Programme (TP) launched by the Prime Minister on 29 July 2005. The CDP is in line with one of the initiatives underscored in the TP, namely the management and development of leaders and human capital.

Adopting a holistic approach, CDP is a comprehensive programme that addresses the career paths and succession planning of employees, especially those at the middle and senior management levels. Among its primary objectives is the creation of a pool of talents, which is critical in ensuring a continual supply of highly competent airport personnel to meet MAHB's present and future needs.

The CDP encompasses a total of ten programmes to address the career progression of MAHB's workforce:

- Fast-Track Airport Managers Development Programme (FT AMDP)
- Airport Managers Development Programme (AMDP)
- Corporate Career Pathing Programme (CCP)
- Specialist Development Programmes (SDP)
- Management Trainee Programme (MTP)
- International Collaboration (IC)
- Education Assistance Programme
- Employment Transition Programme
- Education Sponsorship Programme
- Foreign Language Proficiency Programme

## Managing Director's Review of Operations (cont'd.)

The above programmes were designed to cover all phases of the employees' lifecycle; from the moment they join the Company until the end of their employment. By implementing these programmes, our intention is to give employees the opportunity and platforms to explore their career options, gain exposure and related job experience.

The CDP is being implemented in two phases. The first six programmes (FT-AMDP, AMDP, SDP, CCP, MTP and IC) have already been fully developed and implemented during 2005. The remaining four programmes will be implemented in 2006.

The year 2005 was also a progressive year for the implementation of the Human Performance Management (HPM) appraisal system. Previously, the performance appraisal system was managed using different parameters for executives and non-executives. In 2005, the Competency-based HPM appraisal system was for the first time, uniformly extended to all employees across the organisation.

In line with the Government's aspiration to inculcate a high performance culture in corporate Malaysia, MAHB has also

implemented an empirical means of performance management for all executive staff using Key Performance Indicators (KPIs). The implementation of KPIs was kicked-off in early 2005 involving more than 450 executive staff. In parallel with the implementation of KPIs, MAHB also initiated performance-linked compensation. Besides ensuring focus on the core business, the initiative has motivated and galvanised employees by linking rewards to performance.

MAHB today has a staff strength of 5,654, many of who have served the Group loyally for many years and contributing towards its success. In recognition of their contributions, 217 employees who have been with the Company for 25 years or more received the Loyal Service Award at separate ceremonies held in Kuching and KLIA.

In gearing up to achieve bigger things, the training of staff remained a priority. During the year, 156 training programmes were organised consisting of 227 sessions. A total of 3,454 staff members benefited from competency-based training programmes, while another 321 employees attended induction programmes for new recruits to the Company. Based on the 2004 year-end

assessment results, 627 staff attended tailor-made courses designed to close competency gaps identified in the said assessment. MAHB staff also benefited from the 13 training programmes offered by ICAO for its member countries.

When dealing with customers, a smile or polite greeting and a little courtesy can go a long way. In the drive to inculcate a customer-centric culture and achieve a new standard of customer satisfaction, we developed a customised programme to enforce Standard People Practices among frontline staff. The programme aims at educating frontline staff on the desired behaviour and practices in greeting people and managing customers. A total of 150 staff members attended this programme.

An extension of this programme is the Courtesy and Care programme being developed for frontline staff and other service providers who have direct dealings with customers. The programme will be rolled-out in 2006, for implementation at the KLIA and other international airports namely Penang, Kota Kinabalu and Kuching.

# 6

Environmental  
awareness

## green globe 21 re-certification



KLIA has been conceptualised as a green airport. This has been reinforced by extensive landscaping in and around the airport with cascading waterfalls, tranquil fishponds and a lush tropical rainforest as its centrepiece.

## Managing Director's Review of Operations (cont'd.)



Even as the KLIA continues to forge ahead in its expansion plans, we primarily remain committed to the continual identification, control and improvement of the environmental and social impacts of our operations.

As manifestation of this commitment, KLIA has the distinction of being the first environmentally friendly airport in the Asia Pacific region, having earned accreditation to the Green Globe 21 (GG 21) certification. GG 21 is the global benchmarking, certification and improvement programme for sustainable travel and tourism endorsed by 182 Governments at the United Nations Rio de Janeiro Earth Summit in 1992. It provides the environmental certification programme for the Pacific Asia Travel Association and is also endorsed by the World Tourism Organisation's global code of ethics for tourism, setting a framework of reference for the responsible and sustainable development of world tourism. Renewable annually, KLIA's certification requires the implementation of an integrated environmental management system.

In 2005, KLIA's Green Globe Certification was renewed for the second successive year after successfully undergoing an independent onsite assessment audit. Re-certification to GG 21 consisted of two parts: (a) a multi-stage surveillance audit to determine the extent of conformance with the requirement of GG 21, Version 1.2 and (b) collation and analysis of sustainability performance indicators benchmarked against GG 21 Standards.

# register of environmental performance indicators

KLIA achieved Best Practice Level for energy consumption, potable water consumption and noise monitoring. All the other indicators scored above the baseline level. Maintaining GG 21 certification was a team effort, co-ordinated by a GG 21 Committee comprising representatives from the various operating units (OPU) and divisions.

Each OPU and division knew the role they had to play towards the GG 21 effort. As part of its ongoing outreach programme, MA (Sepang) organised a number of campaigns, exhibitions and tours besides lending its support to various charitable organisations. On the operational side, MA (Sepang) focused its efforts on preventive maintenance of the de-silting ponds to prevent the back-flow of water to the airside area and as a flood control mechanism.

MA (Sepang) has also embarked on a compost marking project utilising waste materials from landscaping activities and sludge from the wastewater treatment plant. The compost is now used as organic fertilisers for landscaping purposes, thereby reducing our dependence on chemical fertilisers. The paper recycling campaign continued to gain momentum. Staff members are now recycling used paper for photocopying and preparation of drafts. Besides deriving cost savings, we are driving home the point and reinforcing environmental awareness and responsibility among employees.

# corporate social responsibility

MAHB considers it a moral obligation to play an active role in contributing towards society. This stems from our conviction that the enterprise and the community are inseparable and our success must therefore be inclusive. We are in the business for the long haul. Thus while growing our businesses, we have planted roots deep into the communities in which we operate.

Each year, we support many charitable organisations and worthy causes. Besides donations to orphanages and homes for old folks and disabled members of the community, we organise visits to the KLIA for the under-privileged. In 2005, under the New Straits Times School Sponsorship programme, we sponsored five schools in the Sepang district. This programme promotes the use of the newspaper as a teaching tool for students to improve their command of the English language.

We also donated old but still serviceable computers to schools in the Sepang area. Eraman Malaysia's annual Charity Gala Dinner 2005 netted a total of RM45,000, which was channeled to the National Cancer Council, an old folks' home and a paediatrics ward. Until recently, KLIA had set up collection boxes called Tabung KLIA at strategic locations in KLIA, for travellers to donate their loose change in any currency. The money collected has been donated to various charitable institutions in Malaysia.

Some of the more significant programmes we undertook included our participation in the Asian Tsunami relief effort in 2004/2005. At the height of the effort, four of our airports were used as transit points for relief operations. The United Nations World Food Programme used the Sultan Abdul Aziz Shah Airport at Subang as a forward staging area for relief supplies en route to Aceh, Sumatra. As MAHB's contribution towards the effort, we waived landing and parking charges for such humanitarian flights. By the time

the last flight took off in February 2005, the four airports had handled a total of 270 relief flights. At an average of RM2,420 per flight for landing and parking charges, the total waiver amounted to RM653,400.

Malaysia Airports also donated RM10,000.00 to the Malaysian tsunami disaster fund, the second time Malaysia Airports contributed for the victims. The second donation was made possible by a joint donation drive between Malaysia Airports and KLIA Airport Operators Committee (AOC), which represents all airlines operating at KLIA. Malaysia Airports also assisted in welcoming our heroes who had helped the tsunami victims in Aceh.

For the 7th anniversary celebration for KLIA in July, Malaysia Airports organised a few visits for orphans and school children. Other than visits, the orphans were treated with lunch and presented with school attire and souvenirs while donations were also made.

MAHB also waived the landing and parking charges for the DC10 aircraft operated by the International Orbis Flying Eye Hospital when it arrived at Subang Airport's Terminal 3 in November 2004. Orbis was in Malaysia for two

weeks at the invitation of the Tun Hussein National Eye Hospital and the Ministry of Health. During its stay, volunteer surgeons performed surgery on patients requiring specialist eye treatment and also trained local eye care professionals.

It is in ways like these that MAHB has gained the hard-earned respect of the community, and to be looked upon as a valued neighbour and trusted friend contributing towards the betterment of society.



The next time you visit KLIA, know that you are in an award-winning airport. Winning the AETRA Award has put Malaysia on the world map. People are more likely to associate KLIA with Malaysia rather than MAHB. Thus in winning the award, we have done the nation proud in the spirit of 'Malaysia Boleh'.

Air travel in the 21st Century is no longer looked upon as a luxury, but more as a necessity. A flotilla of low-cost airlines mushrooming all over the world is re-inventing the airline industry. New business models are meeting passenger expectations for lower fares. In Malaysia, we have AirAsia promoting air travel like never before. More people than ever before are now flying. But all this would not be possible without the existence of airports. We are the backbone of the tourism industry.

## contributions to the nation

There was an estimated 16.5 million tourist arrivals to Malaysia in 2005, which generated estimated receipts of RM35 billion with an average spending of RM1,880 per person and 6.9 nights average length of stay. The travel and tourism sector is expected to account, directly and indirectly, for 14.6% of GDP and 1.34 million jobs or 12.6% of total employment in 2006. This sector is expecting growth of 7.9% in 2006 and by 6.3% in real terms from 2007 to 2016. (Source: The Sun, 23 March 2006)

We also support successful businesses that are the keys to economic development. KLIA is among the preferred airports in the region. Reasonable charges and the quality and quantity of connections available at KLIA attract businesses to Malaysia. In today's fast-paced business environment, more businesses are using air transportation as a means to ferry cargo and services across the globe. Cargo traffic has been rising steadily across MAHB's system of airports. Despite spiraling fuel costs, cargo traffic rose 4.4% in 2005 to 999,295 mt.

Airports are also catalysts for development. Our reach extends to some of the more remote areas of the country making them accessible in a matter of hours rather than days. When such backwaters are opened, development often follows as a matter of course, bringing a better quality and standard of life for rural Malaysians. As a result, whole areas have been transformed for the better.

More than anything else, we bring people together. In step with the stated objectives of the Government, we play our part in bridging the rural-urban divide. We now see a blurring of the distinctions with greater integration achieved between rural and urban folks, East and West Malaysia. Malaysians now travel beyond their home states to look for work or for tourism. In a country known for its many festive occasions, our airports allow Malaysians to 'balik kampung' or to return home to loved ones. Making this possible may not be our biggest contribution, but it is certainly the most rewarding.



# planning the future

KLIA is expected to reach its maximum capacity of 25 million passengers per annum in two years time and the recently unveiled Ninth Malaysia Plan (9MP) has taken cognizance of this projection. Although the opening of the LCCT will take some pressure off KLIA in terms of capacity, there is still the need to begin planning now in view of the lead-times involved in getting projects off the ground to commissioning.



Under the 9MP, the Government will build an additional satellite building. Presently, one satellite building and two runways serve KLIA. To date, only about 25% of the 10,000-hectare area has been developed. Based on the masterplan KLIA would eventually have four runways and two mega-terminals, each with two linked satellite buildings and a LCCT. This will enable the airport to handle up to 100 million passengers.



The Government is also evaluating plans to develop land around KLIA into an Airport City. As envisaged, this will include hiking trails for jet-lagged travellers, a golf course, a theme park, a shopping centre, hotels and a wetlands nature preserve.

Meanwhile, MAHB is also expected to raise the Subang Airport's profile by utilising the land surrounding the airport's perimeter as a nucleus for further economic and commercial activities. This is in line with the Government's vision to position Malaysia as one of the global players in the aerospace industry by the year 2015.

On 12 August 2005, the Malaysia International Aerospace Centre (MIAC) was officially launched by the Malaysian Prime Minister, Y.A.B. Dato' Seri Abdullah Ahmad Badawi. He also announced the function of a consortium to spearhead the development of MIAC. Malaysia Airports will manage MIAC while the consortium comprising MIGHT, MAS, MAHB and NADI will act as an advisory body to Malaysia Airports.

The MIAC will bring together users and manufacturers involved in six main activities:

- Maintenance, repair and overhaul
- Helicopter Centre
- General Aviation Centre
- Aerospace Training Centre
- Aerospace Technology Centre
- Commercial Centre

While MAHB has made good progress in 2005, I have no illusions that we have still some distance to travel. We have been transparent in making known what we hope to achieve. At the same time we know that we have our work cut out for us. Cost reduction and productivity remain critical issues. We need to improve efficiency and seek creative ways to meet the growing demands of our customers. In the

dynamic environment in which we operate, we may need to re-look at our business model to transform MAHB into a more competitive and resilient organisation.

**We must and we will do better!**

**Dato' Seri Bashir Ahmad Abdul Majid**  
Managing Director  
Malaysia Airports Holdings Berhad



Moved **999,295** metric tonnes of cargo last year



the equivalent  
of **333,000** commercial buses



# 7

Solid  
structure

## corporate information

### BOARD OF DIRECTORS

TAN SRI DATUK DR. ARIS BIN OTHMAN  
*(Chairman)*  
*(Non-Independent Non-Executive)*

DATO' SERI BASHIR AHMAD  
BIN ABDUL MAJID  
*(Managing Director)*  
*(Non-Independent Executive)*

DATO' ZAHARAAH BINTI SHAARI  
*(Non-Independent Non-Executive)*

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

DATUK ALIAS BIN HAJI AHMAD  
*(Independent Non-Executive)*

DATUK SITI MASLAMAH BINTI OSMAN  
*(Independent Non-Executive)*

AHMAD KAMAL BIN ABDULLAH AL-YAFII  
*(Independent Non-Executive)*

IZLAN BIN IZHAB  
*(Non-Independent Non-Executive)*  
*Appointed as Director w.e.f.*  
*1 June 2005*

DATO' AHMAD FUAAD  
BIN MOHD DAHALAN  
*(Non-Independent Non-Executive)*  
*Appointed as Director w.e.f.*  
*25 August 2005*

GHO PENG SENG  
*(Alternate Director to*  
*Eshah binti Meor Suleiman)*  
*(Non-Independent Non-Executive)*

LONG SEE WOOL  
*(Alternate Director to*  
*Dato' Zaharaah binti Shaari)*  
*(Non-Independent Non-Executive)*

#### COMPANY SECRETARY

Sabarina Laila binti Mohd Hashim  
(LS 0004324)

#### SHARE REGISTRAR

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Fax : 603-2094 9940/2095 0292

#### PRINCIPAL BANKERS

Malayan Banking Berhad  
Bumiputra-Commerce Bank Berhad  
Citibank Berhad

#### AUDITORS

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Fax : 603-7845 2254  
Website : [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my)  
E-mail : [sabarina@malaysiaairports.com.my](mailto:sabarina@malaysiaairports.com.my)

#### STOCK EXCHANGE LISTING

Main Board  
Bursa Malaysia Securities Berhad





MALAYSIA AIRPORTS HOLDINGS BERHAD

# group corporate structure

## **MALAYSIA AIRPORTS SDN. BHD.**

(230646-U)

100%

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

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

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

(320480-D)

100%

Management, operations and maintenance of KLIA, Sepang and related provision of airport related services

## **MALAYSIA AIRPORTS MANAGEMENT & TECHNICAL SERVICES SDN. BHD.**

(375245-X)

100%

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

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

(281310-V)

100%

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

## **SEPANG INTERNATIONAL CIRCUIT SDN. BHD.**

(457149-T)

100%

Management and operations of Sepang F1 Circuit and organisation and promotion of motor sports and entertainment events

## **ASIA PACIFIC AUCTION CENTRE SDN. BHD.**

(488190-H)

100%

Operations and management of an auction centre

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

(467902-D)

100%

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

## **MALAYSIA AIRPORTS TECHNOLOGIES SDN. BHD.**

(512262-H)

100%

Operations and maintenance of the Total Airport Management System at KLIA and undertaking ICT business ventures

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

(330863-D)

100%

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



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

(484656-H)  
100%

Investment holding, management and operations of car park, Airside Hotel and Southern Common Amenities all at KLIA, Sepang

**URUSAN TEKNOLOGI WAWASAN SDN. BHD.**

(459878-D)  
75% \*

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

**MALAYSIA AIRPORTS (MAURITIUS) PRIVATE LIMITED**

(59049C1/GBL)  
100%

Investment holding

**MALAYSIA AIRPORTS MANAGEMENT & TECHNICAL SERVICES (LABUAN) PRIVATE LIMITED**

(LL05298)  
100% \*\*

Dormant

**AIRPORT VENTURES SDN. BHD.**

(512527-U)  
100%

Investment holding

**ERAMAN (MALAYSIA) SDN. BHD.**

(324329-K)  
100%

Dormant. Intended principal activity is general trading

**NECC SDN. BHD.**

(521231-V)  
100%

Undertaking the proposed development of the National Exhibition and Convention Centre at Subang. The activities of the Company have been suspended since 2001

**KUALA LUMPUR AVIATION FUELING SYSTEM SDN. BHD.**

(395396-X)  
20%

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

**GAS DISTRICT COOLING (KLIA) SDN. BHD.**

(351873-V)  
12.5%

Owning and operating gas-fired district cooling plants for generating and sale of chilled water and electricity especially for the facilities at KLIA

\* Subsidiary effective from 24 January 2006.

\*\* Subsidiary effective from 7 April 2006.

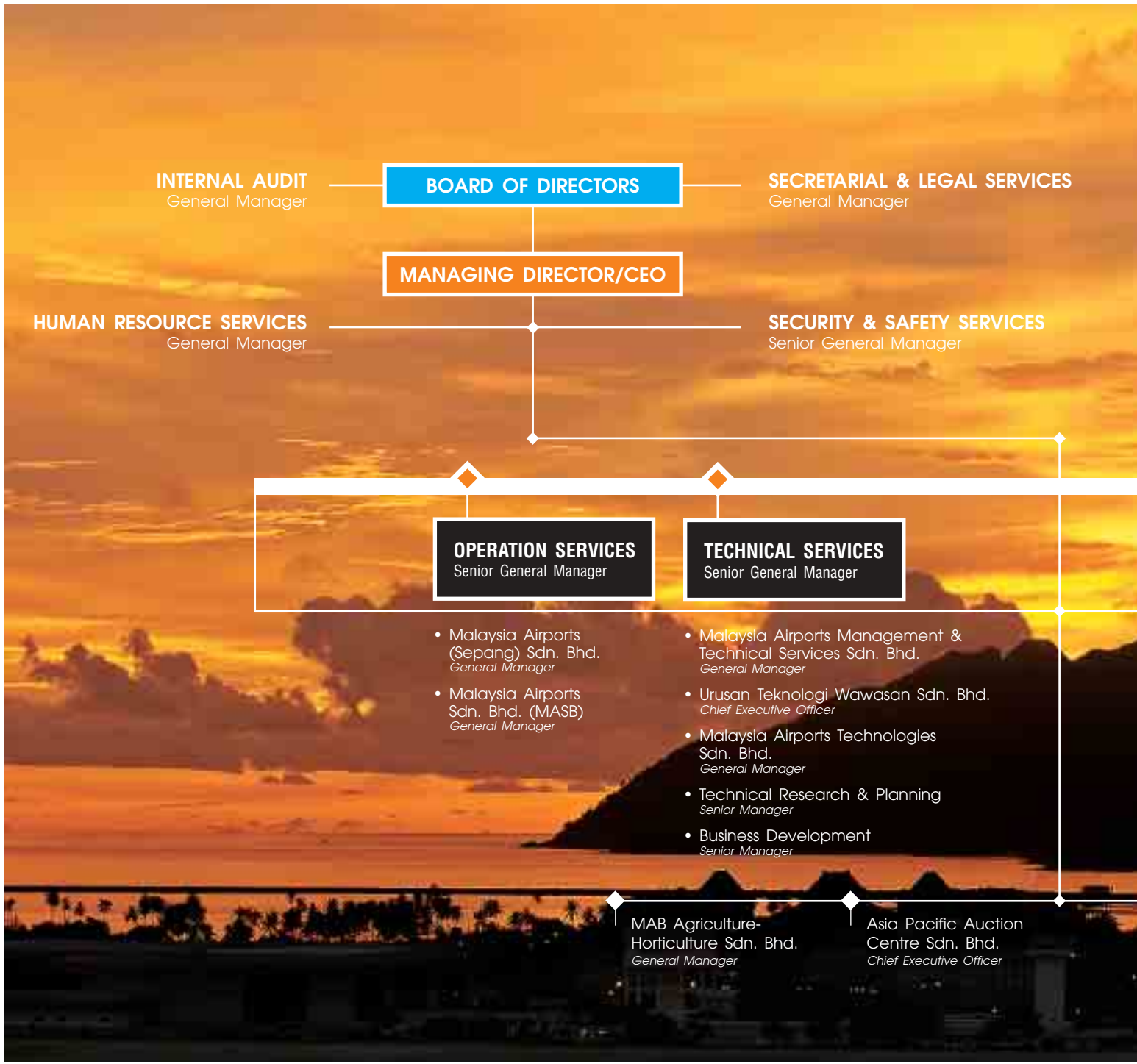
Wholly owned subsidiary of Malaysia Airports Holdings Berhad

Subsidiary of Airport Ventures Sdn. Bhd.

Subsidiary of Malaysia Airports (Properties) Sdn. Bhd.

Subsidiary of Malaysia Airports (Niaga) Sdn. Bhd.

Subsidiary of Malaysia Airports Management & Technical Services Sdn. Bhd.



**INTERNAL AUDIT**  
General Manager

**BOARD OF DIRECTORS**

**SECRETARIAL & LEGAL SERVICES**  
General Manager

**MANAGING DIRECTOR/CEO**

**HUMAN RESOURCE SERVICES**  
General Manager

**SECURITY & SAFETY SERVICES**  
Senior General Manager

**OPERATION SERVICES**  
Senior General Manager

**TECHNICAL SERVICES**  
Senior General Manager

- Malaysia Airports (Sepang) Sdn. Bhd.  
*General Manager*
- Malaysia Airports Sdn. Bhd. (MASB)  
*General Manager*

- Malaysia Airports Management & Technical Services Sdn. Bhd.  
*General Manager*
- Urusan Teknologi Wawasan Sdn. Bhd.  
*Chief Executive Officer*
- Malaysia Airports Technologies Sdn. Bhd.  
*General Manager*
- Technical Research & Planning  
*Senior Manager*
- Business Development  
*Senior Manager*

MAB Agriculture-Horticulture Sdn. Bhd.  
*General Manager*

Asia Pacific Auction Centre Sdn. Bhd.  
*Chief Executive Officer*

# group organisation structure

## COMMERCIAL SERVICES

General Manager

- Malaysia Airports (Niaga) Sdn. Bhd.  
*Chief Executive Officer*
- Malaysia Airports (Properties) Sdn. Bhd.  
*Senior Manager*
- Commercial Malaysia Airports (Sepang) Sdn. Bhd.  
*Senior Manager*
- Commercial Malaysia Airports Sdn. Bhd.  
*Senior Manager*

## PROCUREMENT AND CONTRACT

General Manager

## CORPORATE SERVICES

General Manager

- Marketing  
*Senior Manager*
- Corporate Communications  
*Senior Manager*
- Public Relations KLIA  
*Senior Manager*
- Research & Planning  
*Senior Manager*
- Risk Management  
*Senior Manager*
- Land Management  
*Manager*

## FINANCE

General Manager

- Finance Malaysia Airports Holdings Berhad  
*Senior Manager*
- Finance Malaysia Airports (Sepang) Sdn. Bhd.  
*Senior Manager*
- Finance Malaysia Airports Sdn. Bhd.  
*Senior Manager*
- K.L. Airport Hotel Sdn. Bhd.  
*Manager*
- Finance Malaysia Airports Technologies Sdn. Bhd.  
*Manager*

Sepang International Circuit Sdn. Bhd.  
*General Manager*

# 8

Sound  
management

## Malaysia Airports Holdings Berhad

# profile of directors

### **TAN SRI DATUK DR. ARIS BIN OTHMAN**

**CHAIRMAN, Non-Independent Non-Executive**

Tan Sri Datuk Dr. Aris bin Othman, aged 61 and a Malaysian, was appointed to the Board of Directors of MAHB as a Non-Independent Non-Executive Director and Chairman of MAHB on 7 June 2003. He holds a Bachelor (Hons) in Analytical Economics from University of Malaya, Master in Development Economics from Williams College, Williamstown, Massachusetts and Master in Political Economy from Boston University, Boston. He also holds a PhD. in Development Economics from Boston University, Boston, USA.

He has served as Assistant Secretary (Macro-Economics) Economic Planning Unit ("EPU"), Principal Assistant Director (Racial Balance, National Development Planning Committee Secretariat and Administration) EPU, Director (Distribution and Macro-Economics) EPU, Senior Director (Macro-Economics) EPU, Deputy Director-General (Macro) EPU, Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resource) Bumiputra-Commerce Bank Berhad (*formerly known as "Bank Bumiputra Malaysia Berhad"*), Deputy Secretary General II, Ministry of Finance ("MOF"),

Executive Director (South-East Asia Group), The World Bank, Washington DC, Deputy Secretary General (Policy) MOF and thereafter was elevated to the position of Secretary General of MOF. He was formerly the Executive Chairman of Bank Pembangunan dan Infrastruktur Malaysia Berhad and thereafter the Managing Director/Chief Executive Officer of the same bank prior to his appointment as Chairman of MAHB.

Tan Sri Datuk Dr. Aris chairs the Board Tender Committee, Board Finance and Investment Committee, Board Risk Management Committee and Board Planning and Development Committee of MAHB. He is also a Director of AMMB Holdings Berhad and AmMerchant Bank Berhad, and the Chairman of Malaysia Design and Creativity Innovation Centre, Cyberjaya.

Tan Sri Datuk Dr. Aris has attended 14 out of 14 Board Meetings held during the financial year.

**DATO' SERI BASHIR AHMAD BIN ABDUL MAJID**  
**MANAGING DIRECTOR, Non-Independent Executive**

Dato' Seri Bashir Ahmad bin Abdul Majid, aged 56 and a Malaysian, was appointed as Managing Director of MAHB on 7 June 2003. He was a graduate of University of Malaya with a Bachelor of Arts Degree (Hons) majoring in International Relations.

He has held various senior positions in Malaysian Airline System Berhad ("MAS") within the 29 years of service in the said company, which includes Director of Corporate Planning, Commercial Director, Senior Vice-President Commercial and Executive Vice-President Airline. Prior to his present employment, he was the Aviation Advisor to the Ministry of Transport.

Dato' Seri Bashir Ahmad sits on the Board Finance and Investment Committee, Board Risk Management Committee and Board Planning and Development Committee of MAHB. Currently he also sits on the Board of Penerbangan Malaysia Berhad.

Dato' Seri Bashir Ahmad has attended 14 out of 14 Board Meetings held during the financial year.

**DATO' ZAHARAAH BINTI SHAARI**  
**Non-Independent Non-Executive**

Dato' Zaharaah binti Shaari, aged 56 and a Malaysian, was appointed as Non-Independent Non-Executive Director to the Board of Directors of MAHB in 1999. She graduated with a Bachelor of Arts (Hons) from University of Malaya in 1971 and later obtained a Master of Science in Transport Planning & Management from the Polytechnic of Central London, United Kingdom.

She began her working career with the Ministry of Transport ("MOT") as Assistant Secretary, Civil Aviation Division in 1971 and later as Principal Assistant Secretary in the Civil Aviation Development, Air Transport and International Affairs Division. In 1974, she was promoted to Director of the Air Transport and International Affairs Division and subsequently to the post of Under Secretary of Aviation in MOT. She was appointed as Deputy Director of Budget in the Ministry of Finance in 1989 and subsequently as Director of Budget in 1996 before assuming the position of Secretary General to MOT from June 1999 to July 2005. She is currently the Special Transport Advisor to the Ministry of Transport.

Dato' Zaharaah sits on the Board Audit Committee, Board Tender Committee, Board Risk Management Committee and Board Planning and Development Committee of MAHB. Dato' Zaharaah is also a Director of Malaysian Airline System Berhad ("MAS").

Dato' Zaharaah has attended 7 out of 14 Board Meetings held during the financial year.

### **ESHAH BINTI MEOR SULEIMAN**

#### **Non-Independent Non-Executive**

Eshah binti Meor Suleiman, aged 51 and a Malaysian, was appointed to the Board of Directors of MAHB on 29 January 2004 as a Non-Independent Non-Executive Director. She was previously the Alternate Director to Dato' Izzuddin bin Dali from April 2000 to June 2003. She holds a Bachelor of Economics (Hons) Degree from University of Malaya and a Masters in Business Administration (Finance) from Oklahoma City University, USA.

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

Eshah sits on the Board Nomination Committee, Board Remuneration Committee, Board Finance and Investment Committee, Board Planning and Development Committee and Board Tender Committee of MAHB.

Eshah has attended 14 out of 14 Board Meetings held during the financial year.

### **IZLAN BIN IZHAB**

#### **Non-Independent Non-Executive**

Izlan bin Izhah, aged 60 and a Malaysian, was appointed to the Board of Directors of MAHB on 1 June 2005 as a Non-Independent Non-Executive Director. He holds a Bachelor of Laws degree from University of London and attended the Advanced Management Program at the University of Hawaii.

During his working career, he has served as Assistant Legal Officer for Majlis Amanah Rakyat, Company Secretary for Kompleks Kewangan Malaysia Berhad, Company Secretary for Permodalan Nasional Berhad and Executive Vice President Corporate & Legal Affairs, Kuala Lumpur Stock Exchange. In addition to his directorship at MAHB, he is also a director of Bumiputra-Commerce Holdings Berhad, Apex Equity Holdings Berhad, Nexnews Berhad, Ramunia Holdings Berhad, N2N Connect Berhad, OSK-UOB Unit Trust Management Berhad, Commerce International Group Berhad and is the Chairman of Commerce Takaful Berhad. He is also a member of Bursa Malaysia Securities Berhad's Appeals Committee.

Izlan occasionally lectures on Malaysian securities law, company law and corporate governance for various public and private sector consultancy and training organisations.

Izlan sits on the Board Audit Committee, Board Remuneration Committee and Board Nomination Committee of MAHB.

Izlan bin Izhah has attended 8 out of 8 Board Meetings held during the financial year, since his appointment to the Board of Directors of MAHB.

## **DATO' AHMAD FUAAD BIN MOHD DAHALAN**

### **Non-Independent Non-Executive**

Dato' Ahmad Fuaad bin Mohd Dahalan, aged 55 and a Malaysian, was appointed to the Board of Directors of MAHB on 25 August 2005 as a Non-Independent Non-Executive Director. He holds a Bachelor of Arts (Hons) Degree from University of Malaya.

Dato' Ahmad Fuaad was attached to Wisma Putra, Ministry of Foreign Affairs as Malaysian Civil Service ("MCS") Officer in April 1973 before joining Malaysia Airlines in July 1973. While in Malaysia Airlines, Dato' Ahmad Fuaad served various posts and his last position was as the Managing Director. He was formerly a Director for Lembaga Penggalakan Pelancongan Malaysia and Director for Malaysian Industry-Government Group for High Technology. Dato' Ahmad Fuaad is currently a member of the Board of Directors of HLG Capital Berhad.

Dato' Ahmad Fuaad bin Mohd Dahalan sits on the Board Remuneration Committee, Board Nomination Committee and Board Risk Management Committee of MAHB.

Dato' Ahmad Fuaad has attended 2 out of 4 Board Meetings held during the financial year, since his appointment to the Board of Directors of MAHB.

## **DATUK SITI MASLAMAH BINTI OSMAN**

### **Independent Non-Executive**

Datuk Siti Maslamah binti Osman, aged 58 and a Malaysian, was appointed as an Independent Non-Executive Director of MAHB on 1 December 2003. She is a Fellow member of The Chartered Institute of Management Accountants (United Kingdom).

Datuk Siti Maslamah was formerly the Treasury Accountant of Jabatan Telekom Malaysia and the Finance Manager of Bank Simpanan Nasional. In the Accountant General's Department, she served as the Senior Treasury Accountant, Assistant Project Manager of Unit Permodenan Perakaunan, Director, Information Technology Services Department, Deputy Accountant General (Management) and Deputy Accountant General (Operation). She was elevated to the position of Accountant General in October 2000 before retiring in 2003.

Datuk Siti Maslamah chairs the Board Audit Committee and sits on the Board Remuneration Committee, Board Nomination Committee and Board Finance and Investment Committee of MAHB. She is also a director of Island & Peninsular Berhad and Avenue Capital Resources Berhad.

Datuk Siti Maslamah has attended 12 out of 14 Board Meetings held during the financial year.

### **DATUK ALIAS BIN HAJI AHMAD**

#### **Independent Non-Executive**

Datuk Alias bin Haji Ahmad, aged 58 and a Malaysian, was appointed to the Board of Directors of MAHB as an Independent Non-Executive Director on 1 December 2003. He graduated from the University of Malaya with an Honours Degree in Arts and Economics in 1972 and immediately thereafter joined the Malaysian Civil Service – PTD.

He started his Public Service career as an Assistant Secretary (Finance) at the Ministry of Finance and then moved on to become the Special Officer to the Minister of Trade and Industry, before moving on as Director of Vocational Training at the Manpower Department, Ministry of Labour then. Datuk Alias also served at the Ministry of Defence in various senior positions and then was appointed as Federal Secretary for Sabah. He was the Deputy Secretary General (Finance) of Ministry of Health before retiring in July 2003.

Datuk Alias chairs the Board Remuneration Committee and is a member of the Board Nomination Committee, Board Tender Committee, Board Audit Committee and Board Risk Management Committee of MAHB.

Datuk Alias has attended 13 out of 14 Board Meetings held during the financial year.

### **AHMAD KAMAL BIN ABDULLAH AL-YAFII**

#### **Independent Non-Executive**

Ahmad Kamal bin Abdullah Al-Yafii, aged 68 and a Malaysian, was appointed as an Independent Non-Executive Director of MAHB on 1 December 2003. He is an Accountant by profession and a Fellow member of The Institute of Chartered Accountants (England & Wales).

Ahmad Kamal was formerly the Chief Accountant of Federal Agricultural Marketing Authority, Tutor in Accountancy in University of Malaya and a Financial Controller in Malayawata Steel Bhd. He was a partner of Hanafiah Raslan & Mohamad in 1970 and subsequently Ernst & Young before retiring in November 1999. Ahmad Kamal is also a director of several other public-listed companies, which include Chase Perdana Berhad, Keramat Tin Dredging Berhad, Malaysia Smelting Corporation Berhad, Berjuntai Tin Dredging Berhad, Negara Properties (M) Berhad, Mentakab Rubber Company (Malaya) Berhad and Sitt Tatt Berhad.

He chairs the Board Nomination Committee and sits on the Board Audit Committee, Board Planning and Development Committee and Board Remuneration Committee of MAHB.

Ahmad Kamal has attended 14 out of 14 Board Meetings held during the financial year.



## **GHO PENG SENG**

### **Alternate Director to Eshah binti Meor Suleiman**

Gho Peng Seng, aged 48 and a Malaysian, was appointed to the Board of Directors of MAHB on 1 March 2004 as an Alternate Director to Eshah binti Meor Suleiman. He holds a Bachelor of Arts (Hons) majoring in Economics from University of Malaya and a Masters in Development Economics from Vanderbilt University, USA.

He has served as an Assistant Secretary, Ministry of Defence and Assistant Secretary, Ministry of Agriculture. He was appointed as Principal Assistant Secretary, Ministry of Finance since June 1998.

Gho also sits on the Board of Technology Park Malaysia Berhad and Malaysia Airports Management & Technical Services Sdn. Bhd., a wholly-owned subsidiary of MAHB.

## **LONG SEE WOOL**

### **Alternate Director to Dato' Zaharaah binti Shaari**

Long See Wool, aged 51 and a Malaysian, was appointed to the Board of Directors of MAHB on 1 March 2004 as an Alternate Director to Dato' Zaharaah binti Shaari. He holds a Bachelor of Arts (Hons) from University of Malaya and a Diploma in Public Administration from INTAN.

He has served as Division Secretary (Air Transport) and Principal Assistant Secretary (Airport Development), Aviation Division, Ministry of Transport ("MOT"). Long See Wool was appointed as Under Secretary (Aviation), Aviation Division, MOT since 16 May 2002.

Loong also sits on the Board of Malaysia Airports (Sepang) Sdn. Bhd. and Malaysia Airports Sdn. Bhd., both are wholly-owned subsidiaries of MAHB, since December 2002.

### **Note:**

*All the Directors have no family relationship with any other Director/Major Shareholder of the Company, no conflict of interest with the Company and have not been convicted for any offences (other than traffic offences) within the past 10 years.*

## **SABARINA LAILA BINTI MOHD HASHIM** (LS 0004324) **Company Secretary**

Sabarina Laila binti Mohd Hashim, aged 38 and a Malaysian, is currently the Company Secretary for MAHB and Group of Companies. She was appointed as Company Secretary on 20 September 2004. Sabarina is also the General Manager, Secretarial & Legal Services Division, MAHB. She holds a degree in Bachelor of Laws from the University of Malaya and was duly admitted to the High Court of Malaya as an advocate and solicitor in 1992.

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

Sabarina joined Malaysia Airports in 1995 as a Legal Advisor in charge of legal matters and since then, has been heading the Legal Affairs Division. Prior to joining Malaysia Airports, Sabarina was a practicing lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies.

At present, Sabarina is also the secretary for all seven (7) Board Committees of MAHB.

**Board of Directors**

AHMAD KAMAL BIN  
ABDULLAH AL-YAFII

DATO' ZAHARAAH  
BINTI SHAARI

DATUK ALIAS  
BIN HAJI AHMAD

DATO' SERI BASHIR AHMAD  
BIN ABDUL MAJID  
*Managing Director*

IZLAN BIN IZHAB

ESHAH BINTI MEOR  
SULEIMAN



DATUK SITI MASLAMAH  
BINTI OSMAN

DATO' AHMAD FUAAD  
BIN MOHD DAHALAN

GHO PENG SENG

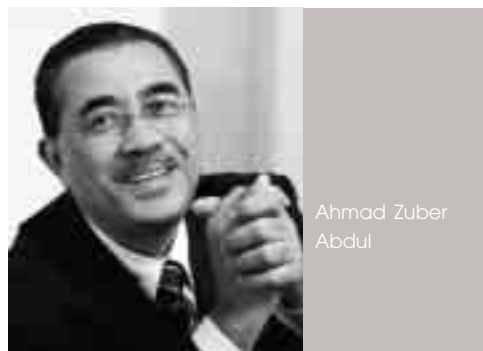
TAN SRI DATUK  
DR. ARIS BIN OTHMAN  
*Chairman*

SABARINA LAILA  
BINTI MOHD HASHIM

LONG SEE WOOL



# group senior management





Abdul  
Rahman Karim



Suradini  
Abdul Ghani



Mohd.  
Nasir Ismail



Muhammad  
Arshad



Datuk Ahmad  
Mustafa



Che Aziz Mohd  
Nor



Mohd. Aminuddin  
Yaakub



Sabarina Laila  
Mohd Hashim



Nasrein Fazal  
Sultan

*Syed Ahmad Syed Salim (Chief Executive Officer, Malaysia Airports (Niaga) Sdn. Bhd.) - not in picture (deceased 16 December 2005).*

# Malaysia Airports Holdings Berhad

## management team profile

### **DATUK KAMARUDDIN MOHD. ISMAIL**

**Senior General Manager, Safety & Security Services, MAHB**

Datuk Kamaruddin Mohd. Ismail, aged 60, is currently the Senior General Manager of Safety & Security Services MAHB, having held the post since 2001. Before joining MAHB, he had 34 years of experience serving the Royal Malaysian Police at district, state and headquarters levels. His last post in the Royal Malaysian Police was as the Chief Police Officer for the State of Johor. He holds a Diploma in Public Administration, a Degree in Business Administration and a Masters Degree in Law Enforcement Administration.

### **DATO' ABDUL HAMID MOHD ALI**

**Senior General Manager, Technical Services, MAHB**

Dato' Abdul Hamid Mohd Ali, aged 50, is the Senior General Manager of Technical Services, MAHB. Dato' Abdul Hamid holds a degree in Civil Engineering from University of Glasgow and a Masters of Science degree in Airport Planning and Management from Loughborough University of Technology, United Kingdom. He has 25 years of experience in airport maintenance, airport planning, airport development and operations. He was involved in setting up the joint management and operations of Cambodian airports with Aeroport de Paris, planning and development of New Hyderabad Airport, India and proposals for the privatisation or management of other airports in Middle East and Central Asia. Besides airport planning he has extensive experience in project management which include Construction of Formula One Racing Circuit in KLIA. His previous posts include Director of Airport Development Division of the Department of Civil Aviation (DCA), Manager Privatisation Unit-Kuala Lumpur International Airport Berhad, Senior Manager-Engineering Division of Malaysia Airports Sdn. Bhd., General Manager of Malaysia Airports Management & Technical Services Sdn. Bhd., Executive Director of UTW and prior to his present position he was the General Manager of Malaysia Airports (Sepang) Sdn. Bhd..

### **DATO' MAHAT SAMAH**

**Senior General Manager, Operation Services, MAHB**

Dato' Mahat Samah, aged 52, is the Senior General Manager of Operation Services MAHB. He graduated with a Bachelor of Engineering (Mechanical) (Hons) from University of Technology Malaysia and a Master of Science (Engineering) from the University of Edinburgh, United Kingdom. He started his career as a Mechanical Engineer at the Department of Civil Aviation (DCA) in 1977 and was then promoted to Senior Mechanical Engineer at DCA HQ and later moved to Subang International Airport. His previous posts include Principal of DCA College Subang, Senior Manager (Human Resource, Safety & Security) MAHB, Head of Engineering & Human Resource MAHB, General Manager Engineering/Operation/Business Development MAHB, Project Manager NECC and General Manager Technical & Quality Assurance Division MAHB. He was also involved in the Design, Construction and Operational Readiness of KLIA, Short Term & Long Term Carparks projects as well as the Southern Common Amenities Project at KLIA. He was the Chief Executive Officer of Urusan Teknologi Wawasan Sdn. Bhd. (UTW) before attaining his current post.

## **UMAR BUSTAMAM**

### **General Manager, Commercial Services, MAHB**

Umar Bustamam, aged 53 is the General Manager of Commercial Services MAHB. He holds a Bachelor of Science Degree in Electronics Communications Engineering from University of Salford, United Kingdom. In his 28 years of working career, he had held several senior positions, which include Director of Aeronautical Communications with the Department of Civil Aviation, Construction Manager for KLIA development project, Head of Total Airport Management System (TAMS) of KLIA, General Manager of Malaysia Airports (Technologies) Sdn. Bhd., General Manager of Technical and Quality Assurance MAHB and General Manager of Corporate Services MAHB.

## **SUFFIAN BAHARUDDIN**

### **General Manager, Finance, MAHB**

Suffian Baharuddin, aged 36, is the General Manager of Finance, MAHB. He is a member of the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants (United Kingdom). He also holds a Bachelor of Science (Hons) degree in accountancy from the University of East Anglia, United Kingdom. He started his career in the Corporate Finance Division of AmMerchant Bank Berhad in 1994. He joined Renong Berhad in 1996 and held various positions in the company including the post of Senior Manager (Finance) prior to joining MAHB in 1999.

## **AHMAD ZUBER ABDUL**

### **General Manager, Human Resource, MAHB**

Ahmad Zuber Abdul, aged 48, is the General Manager, Human Resource, MAHB. He holds a Bachelor of Arts (Hons) from Universiti Sains Malaysia. Prior to his present position, he had held several senior managerial positions at HICOM Berhad and Edaran Otomobil Nasional Berhad (EON). He brings to the Group 20 years of human resource management and development experience.

## **AZMI MURAD**

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

Azmi Murad, aged 54, is the General Manager of Malaysia Airports (Sepang) Sdn. Bhd. since January 2004. He started his career with the Department of Civil Aviation in 1970 as an Air Traffic Controller. He was later appointed as Airport Manager for Kota Bharu, Alor Star, Kota Kinabalu, Penang International Airport and KL International Airport. He was involved in the opening of KLIA in 1998 as Head of Operations, Malaysia Airports (Sepang) Sdn. Bhd.. Since then, he has acquired substantial experience in the management and operations of airports. He was also the General Manager of Sepang International Circuit in 2000 before becoming the General Manager of Corporate Communications and Air Traffic Services at MAHB in 2001.

## **ABDUL RAHMAN KARIM**

### **General Manager, Malaysia Airports Sdn. Bhd.**

Abdul Rahman Karim, aged 49, is the General Manager of Malaysia Airports Sdn. Bhd.. He holds a Bachelor of Science in Electrical & Electronic Engineering from the University of Leeds, United Kingdom. He started his career in 1980 and has held several posts in various agencies prior to joining Department of Civil Aviation and Malaysia Airports. He has more than 20 years of experience in airport operation, which include facilities management, engineering and airport management. Prior to the present post he has served as Chief Engineer and Airport General Manager for Subang International Airport, Regional General Manager for Sabah and Sarawak and General Manager of Malaysia Airports (Sepang) Sdn. Bhd..

## Management Team Profile (cont'd.)

### **IR SURADINI ABDUL GHANI**

**General Manager, Malaysia Airports Management & Technical Services Sdn. Bhd.**

Ir Suradini Abdul Ghani, aged 45, is the General Manager of Malaysia Airports Management & Technical Services Sdn. Bhd. (MAMTS). She holds a Bachelor of Science Degree in Electrical & Electronics Engineering from the University of Nottingham, United Kingdom and a Postgraduate Diploma in Airport Engineering from Nanyang Technological University, Singapore. Starting her career in the Public Works Department in 1983, she then joined the Engineering Division of the Department of Civil Aviation (DCA) Malaysia and later Malaysia Airports in 1992. She had held various positions in the Engineering Division of the Group including Senior Manager (Engineering) post at KLIA for five years. Her experience covers Engineering Design & Supervision, Operation & Maintenance of Airport Facilities, Airport Planning, Design & Development, Contract Management and Project Management. She is an Electrical Engineer by profession. She is a Member of the Institute of Engineers Malaysia and is a registered Professional Engineer with the Board of Engineers Malaysia. She brings to the Group more than 20 years of experience in Engineering Management.

### **SYED AHMAD SYED SALIM**

(Deceased 16 December 2005)

**Chief Executive Officer, Malaysia Airports (Niaga) Sdn. Bhd.**

Syed Ahmad, aged 46, is the Chief Executive Officer for Malaysia Airports (Niaga) Sdn. Bhd. or better known as Eraman Malaysia. He holds an MBA from the University of Stirling, Scotland, UK. He started his career with Isetan, a well-known Japanese retailer in Singapore in 1980. In 1990, he became a member of the project team responsible for the construction and development of Isetan's maiden retail store in Malaysia. During this period, he also assumed responsibility for the Group's Duty Free outlets at the former Subang International Airport. In 1995, he assumed a senior management position of a privatised Federal Government establishment in Johor. He also headed Malaysia Airlines Golden Boutique as Chief Operating Officer prior to joining Malaysia Airports (Niaga) Sdn. Bhd. in 2002.

### **MOHD NASIR ISMAIL**

**General Manager, MAB Agriculture-Horticulture Sdn. Bhd.**

Mohd Nasir Ismail, aged 50, is the General Manager of MAB Agriculture-Horticulture Sdn. Bhd.. He holds a Bachelor of Science in Engineering (Mechanical) from Plymouth Polytechnic, UK. Prior to joining the Group in 1998, he has held several positions at Sime Darby Plantations including a senior post with PT-Sime Indo Agro, based in Indonesia. He brings to the Group 25 years of plantation and agricultural experience.

### **MUHAMMAD ARSHAD**

**Chief Executive Officer, Asia Pacific Auction Centre**

Muhammad Arshad, aged 58, is the Chief Executive Officer of Asia Pacific Auction Centre Sdn. Bhd. (APAC). He holds a Bachelor of Commerce & Administration Degree from Victoria University, Wellington, New Zealand. Prior to joining the Group in 1998, he spent most of his working life with Cold Storage (Malaysia) Berhad. He had held the position of General Manager (Legal and Administration) cum Company Secretary before moving to APAC. He brings to the Group over 25 years of Sales & Marketing, Administrative and Secretarial experience.

### **DATUK AHMAD MUSTAFA**

**General Manager, Sepang International Circuit**

Datuk Ahmad Mustafa, aged 47, is an Electronic Engineer by profession. He holds a Bachelor of Science in Electronics Engineering from Northrop University, Los Angeles, California. He has served Renong Bhd. for 10 years and was also the Senior General Manager Engineering for TV3 before being appointed as the General Manager of Sepang International Circuit in 2001.



### **CHE AZIZ MOHD NOR**

**Chief Executive Officer, Urusan Teknologi Wawasan Sdn. Bhd.**

Che Aziz Mohd Nor, aged 46, currently is the Chief Executive Officer of Urusan Teknologi Wawasan Sdn. Bhd.. He holds a Bachelor of Engineering (Electrical) Hons. from Universiti Teknologi Malaysia and has vast experience in engineering, having served the Public Works Department for almost 10 years before joining the Department of Civil Aviation (DCA). He later held several senior posts at MAHB. He was the General Manager of Malaysia Airports Management & Technical Services Sdn. Bhd. (MAMTS) before being appointed to his current position.

### **MOHD. AMINUDDIN YAAKUB**

**General Manager, Malaysia Airports Technologies Sdn. Bhd.**

Mohd. Aminuddin Yaakub aged 52, is the General Manager of Malaysia Airports Technologies Sdn. Bhd.. He graduated in B.Sc (Hon) from University Science Malaysia, Penang. He joined Malaysia Airports in 2005 bringing more than 20 years experience in the Information Technology field having been in Malaysia Airlines IT division and heading Business Information Technology Sdn. Bhd. prior to joining Malaysia Airports.

### **SABARINA LAILA MOHD HASHIM**

**General Manager, Secretarial and Legal Services Division cum Company Secretary, MAHB**

Sabarina Laila Mohd Hashim is the General Manager, Secretarial & Legal Services Division, MAHB. She is also the Company Secretary for Malaysia Airports Holdings Berhad and its group of companies. She holds a degree in Bachelor of Laws from the University of Malaya and duly admitted to the High Court of Malaya as an advocate and solicitor in 1992. Sabarina joined Malaysia Airports in 1995 as a Legal Advisor in charge of legal matters and since then, has been heading the Legal Affairs Division. Prior to joining Malaysia Airports, Sabarina was a practising lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies. She is currently an Affiliate of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").

### **NASREIN FAZAL SULTAN**

**General Manager, Internal Audit Division, MAHB**

Nasrein Fazal Sultan, aged 41 is the General Manager of Internal Audit Division, MAHB. She holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (IIA). She had held several senior posts in Finance at SIRIM and was the Finance Manager of a subsidiary of the Sime Darby Group prior to joining MAHB in 1998.

# 9

## Memorable moments

# '05 awards & accolades

**1** KLIA is second for Best Airport 15-25 million passengers per annum category in the 2004 AETRA Airport Customer Satisfaction Survey.

**2** KLIA voted second runner-up in the Favourite Asian Airport category in the fifth annual TIME Readers' Travel Choice Awards.

**3** KLIA in the top 10 airports in the 2005 World Airport Awards survey organised by Skytrax Research, a British based air travel industry research company.

**4** Malaysia Airports 2004 Annual Report received the Certificate of Merit in the National Annual Corporate Report Awards 2005 (NACRA), the second time Malaysia Airports received the NACRA award.

**5** The Free Commercial Zone (FCZ) at KLIA received the MS ISO 9001:2000 Quality Management Systems from SIRIM for the scope of management of FCZ covering issuance of licences and monitoring of the movement of cargo in and out of FCZ.

**6** Kuching International Airport received the MS ISO 9001:2000 from SIRIM for Airport Management, Operations and Maintenance of Airport Covering Fire and Rescue Services, Aviation Security, Engineering and General Operations.

**7** Kuching International Airport received the Aerodrome Certification from the Department of Civil Aviation (DCA), being the second airport in Malaysia, after KLIA to receive the prestigious certification.

**8** Penang International Airport received the Aerodrome Certification from the Department of Civil Aviation (DCA).

**9** Penang International Airport received the MS ISO 9001:2000 from SIRIM for Airport Management, Operations and Maintenance of Airport Covering Fire and Rescue Services, Aviation Security, Engineering and General Operations.

**10** Eraman Malaysia won the 2005/2006 Service & Courtesy Excellence Award from Malaysia Retailers Association.

**11** Malaysia Airports Management & Technical Services (MAMTS) received the MS ISO 9001:2000 Quality Management Systems from SIRIM for the scope of provision of technical advisory and consultancy services in the management of airport cleaning services, monitoring of the quality of airport cleaning services and project management consultancy.

**12** Pan Pacific Kuala Lumpur International Airport was voted The Best Airport Hotel in Asia 2005 by Business Asia Magazine.

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# calendar of events 2005

## 1 18 January 2005

### **Dialogue Session With Media Editors**

The Managing Director held a dialogue session with the local printed media agencies where editors were briefed on highlights of 2004. The purpose of this dialogue session was to educate and update the media on current development and address various issues pertaining to Malaysia Airports.

## 2 18 January 2005

### **6th Airline From China Flies Into KLIA**

Shenzhen Airlines became the sixth airline from mainland China to join KLIA's increasing list of airlines when its maiden flight touched down at KLIA today. Shenzhen Airlines began operating its scheduled services to KLIA with three flights weekly, on the Shenzhen – Kuala Lumpur vice versa route.

## 3 18 January 2005

### **Malaysia Airports Donates Again To Malaysian Tsunami Disaster Fund**

Malaysia Airports in collaboration with KLIA Airlines Operators Committee (AOC) today donated another RM10,000.00 to Malaysian Tsunami Disaster Fund, with the hope to ease the pain and suffering of the victims. This is the second time Malaysia Airports donated to the Malaysian tsunami disaster fund. The first donation amounting RM30,000.00 was made end of last year to NST-BH-TV3-8TV Malaysian Tsunami Disaster Fund.

## 4 2-6 March 2005

### **Export Furniture Exhibition At APAC**

APAC hosted the EFE 2005 from 2 to 6 March 2005 which showcased a world class collection of fashionable, functional and distinctly affordable furniture created for the sole purpose of export with prominent success.

## 5 7 March 2005

### **Malaysia Airports Hosts The Third Annual New Route Asia**

About 300 airports and airlines delegates from the Asia Pacific region gathered for the third edition of New Route Asia. Malaysia Airports has been given the privilege to play host for the third time in a row. Malaysia Airports is also the first airport operator in Asia Pacific to be given the opportunity to host the New Route Asia.

## 6 18-20 March 2005

### **Petronas Malaysian Grand Prix 2005**

Sepang International Circuit again played host to this international event where more than 100,000 spectators thronged the circuit to watch it live while thousands of Formula 1 fan around the globe watched the live telecast.

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### 1 31 March 2005

#### **Xiamen Airlines Bringing More China Tourist To Malaysia**

Xiamen Airlines further contribute towards the influx of Chinese tourist to Malaysia by introducing another operations from China when its Xiamen – KLIA operations commenced today. For the Xiamen – KLIA route, Xiamen Airlines operates four flights weekly, on Tuesdays, Thursdays, Fridays and Sundays on Boeing 737-700 aircraft with 127 seats configuration. Xiamen Airlines also operates the Fuzhou – KLIA route.

### 2 5 April 2005

#### **Kuching International Airport Receives Sirim Certification**

Kuching International Airport increases its airport users confidence in the services and facilities offered when it received the MS ISO 9001:2000 Quality Management System from SIRIM QAS International Sdn. Bhd. at a ceremony held in Kuching today. The scope of registration for this certification is Management, Operations and Maintenance of Airport Covering Fire and Rescue Services, Aviation Security, Engineering and General Operations.

### 3 7 April 2005

#### **Limbang New Airport Commenced Operations**

Another milestone in the nation's aviation history was written today when Limbang Airport relocates to a new and modern airport, which is situated 4.8 km from Limbang Town. This is part of Malaysia Airports' efforts to support the nation in terms of bridging the gap between remote areas and town or city.

### 4 8 April 2005

#### **Aerodrome Certification For Kuching International Airport**

Kuching International Airport received the Aerodrome Certification from the Department of Civil Aviation (DCA), certifying that the airport has been audited and meets the Aerodrome Certification requirement by International Civil Aviation Organisation (ICAO). This is a new mandatory requirement of ICAO, which requires all international airports open for public use to provide uniform safety conditions for all aircraft.

### 5 13 April 2005

#### **Malaysia Airports Signs MoU With Incheon Airport**

Malaysia Airports is pleased to announce that it has signed a Memorandum of Understanding (MoU) with Incheon International Airport Corporation (IIAC), which will see both international airports regularly exchanging information and experience in the area of airport management and operations.

### 6 3 May 2005

#### **KLIA Aerotrains Expansion Plan**

KLIA installed a car to each train to accommodate 50% more passengers to the current capacity of 400 passengers per trip. The KLIA Aerotrains Expansion is part of the development plan of KLIA that was scheduled to take place this year, in line with other expansion plan to cater to the growth of the passenger movements.

### 7 16 May 2005

#### **Two More Sirim Certifications For Malaysia Airports**

Malaysia Airports achieved double achievements when the Free Commercial Zone (FCZ) of KLIA and Malaysia Airports Management & Technical Services Sdn. Bhd. (MAMTS) received MS ISO 9001:2000 Quality Management System from SIRIM QAS International today. The KLIA FCZ is the first Airport Free Zone Authority in Malaysia to be awarded the MS ISO 9001:2000 certification by SIRIM, putting the division as the role model for the industry.

### 8 16 May 2005

#### **29 Staff Received Diploma**

Chairman of Malaysia Airports presented certificate of appreciation to 29 staff who have graduated in Diploma in Executive Management from University Malaya (UM) last year. This 13 months programme, where classes were held at headquarters of Malaysia Airports has the objective of fulfilling Malaysia Airports needs in enhancing knowledge, expertise and management expertise of its workforce.

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### 1 16 May 2005

#### **Presentation Of Loyal Service Awards**

160 Malaysia Airports staff from airports in Peninsular Malaysia who have served the company for 25 years received their Loyal Service Award from Chairman of Malaysia Airports. The Loyal Service Award is an annual affair to honour staff who has loyally and diligently served the company for 25 years.

### 2 19 May 2005

#### **47th Airline Commenced To KLIA**

Jet Airways commenced their inaugural flight from Chennai, India to KLIA today. This largest domestic airline in India becomes the 47th airlines that fly to KLIA. Jet Airways operates daily flight on the Chennai - KLIA vice versa route.

### 3 1 June 2005

#### **First Annual Quality Of Service At Airports Conference & Exhibition Launched**

The first annual Quality of Service at Airports Conference and Exhibition, which attracted about 200 delegates from all over the world, was launched today at Hilton Kuala Lumpur. This conference and exhibition is organised by Airports Council International (ACI) in collaboration with International Air Transport Association (IATA) and AETRA. Malaysia Airports hosted this two-day conference.

### 4 3 June 2005

#### **Malaysia Airports Strengthened its Airport Fire and Rescue Services Division**

Malaysia Airports welcomes 98 Trainee Recruits who completed their Basic Airport Fireman Training today. The Marching Out Parade for Malaysia Airports Fireman Training was held at Kompleks Bunga Raya, KLIA. The Basic Fire Training was held over a period of nine months at the Malaysia Airports Training Centre in Penang.

### 5 6 June 2005

#### **Malaysia Airports Ready For LCC Terminal Operations**

Y.A.B. Dato' Sri Mohd Najib Tun Hj Abdul Razak, Deputy Prime Minister launched the construction work of the low cost carrier (LCC) terminal in a ground breaking ceremony at KLIA today. The RM108 million terminal building is to be modeled after existing LCC terminals around the world.

### 6 28 June 2005

#### **Pakistan International Airlines Makes Comeback To KL**

Pakistan International Airlines (PIA), the Pakistani flag carrier, resumes its operations to KLIA today after four years absence. PIA operates twice weekly flights, from Karachi to KLIA via Singapore and Bangkok on Tuesdays and Saturdays, utilising Airbus 310 aircraft with 190 seats configuration.

### 7 30 June 2005

#### **KLIA Celebrates 7th Anniversary**

KLIA today celebrates its 7th anniversary, marking it with receptions for its 115th million passenger (total) and 38th million passenger (domestic). Lucky passengers were feted by Malaysia Airports, with Y.Bhg. Dato' Seri Bashir Ahmad, Managing Director of Malaysia Airports welcoming them. This celebration is one of the ways for Malaysia Airports to express its gratitude to all parties at KLIA for their support and co-operations throughout these years.

### 8 30 June 2005

#### **First Airport Radio In The World Launched**

KLIA becomes the first airport in the world to have its own radio station when the KLIA Radio was officially launched today. Listeners in Klang Valley can tune to Fly.fm at 95.8fm to hear to this premier airport radio. The radio station is broadcasting from the Satellite Building of KLIA.



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### 1 19 July 2005

#### **Joint Apron Safety Campaign – Safety First**

KLIA organised its fourth apron safety campaign, officiated by Chairman of Malaysia Airports. KLIA in collaboration with the operating agencies; i.e. Malaysia Airlines System (MAS), KL Airport Services (KLAS), Air Asia, Petronas, ESSO, Shell, Sinar Jernih, organised this joint apron safety campaign to educate all the apron users on the importance of safety while they are carrying out their duties and responsibilities at the apron area.

### 2 19 July 2005

#### **Lucky Teacher Wins Mercedes At KLIA**

A primary school teacher won a brand new luxury German Mercedes Benz C180 Kompressor through the Grand Shopping Bonanza, a part of KLIA Shopping Discover of Malaysia campaign from 1 November 2004 to 28 February 2005.

### 3 1 August 2005

#### **Full Electrical Power Supply System Integrity Test At KLIA**

KLIA today conducted an Electrical Power Supply (EPS) Integrity Test to ascertain the performance of the KLIA EPS and the response of all standby back up power supply in the event of power supply failures at KLIA. This yearly simulation exercise is to prepare all the KLIA communities on emergency actions to be carried out in the event of power supply failures at KLIA.

### 4 7 August 2005

#### **Air Nepal Is No. 6 For KLIA In 2005**

KLIA is proud to welcome the inaugural flight of Air Nepal International, the sixth airlines to commence operations at KLIA in 2005. Air Nepal operates three flights weekly, on Mondays, Tuesdays and Thursdays on the Kathmandu – Kuala Lumpur vice versa route. It utilises the Boeing 767-300 aircraft with a 245 seats configuration. KLIA is the second international destination for Air Nepal after Bangkok.

### 5 12 August 2005

#### **Launching Of Malaysia International Aerospace Centre**

Y.A.B. Dato' Seri Abdullah Bin Hj. Ahmad Badawi, the Prime Minister of Malaysia launched the Malaysia International Aerospace Centre (MIAC) at Sultan Abdul Aziz Shah Airport (SAAS) today. The decision to redevelop SAAS into an International Aerospace Centre by the Government is a vital and strategic step taken in seeking to take advantage of the growing trend for transnational aerospace companies to locate and work in countries that have the most favourable industrial, technological, scientific and economic climate.

### 6 18 August 2005

#### **Malaysia Airports Wins Bid To Host First World Route Development Forum 2008 In Asia**

Malaysia Airports edged three other mega rivals, which include Singapore, Bangkok and Beijing Airports to win the bid as host for World Route Development Forum 2008, the world's leading airport-airline networking event. Malaysia is the first Asian country to host this event where traditionally is held annually in Europe. Today, Memorandum of Understanding (MoU) for the hosting of this event between Malaysia Airports and Routes, the event organiser was signed at the Kuala Lumpur Convention Centre.

### 7 19 August 2005

#### **Penang International Airport Receives Two Certifications**

Penang International Airport today received the Aerodrome Certification from the Department of Civil Aviation (DCA), certifying that the airport has been audited and meets the Aerodrome Certification requirement by International Civil Aviation Organisation (ICAO). During the same event, Penang International Airport also received the MS ISO 9001:2000 Quality Management System from SIRIM QAS International Sdn. Bhd.. The scope of registration for this certification is Management, Operations and Maintenance of Airport Covering Fire and Rescue Services, Aviation Security, Engineering and General Operations.

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### 1 23 August 2005

#### **Fun Charity Visit At KLIA**

KLIA today organised a Fun Charity Visit programme for students from various schools in Sepang District and Rawang, in conjunction with the Merdeka Celebrations at KLIA. The fun charity visit programme is part of KLIA corporate social responsibility programme to inculcate the sense of responsibility among all the KLIA communities and staff.

### 2 30 August 2005

#### **48th National Day Countdown Celebration At KLIA**

In conjunction with the 48th Merdeka Day, Malaysia Airports hosted a celebration of Ambang Merdeka at KLIA. Nearly 1,000 airport communities and publics gathered at the KLIA Corridor Area of Main Terminal Building, to witness the countdown and the flag raising ceremony. This is to further celebrate and share the spirit of the Merdeka Day.

### 3 2 September 2005

#### **International Forklift Competition**

A one-day competition involving 100 professional forklift drivers from China, Indonesia, India, Korea and Malaysia was held at APAC. The winner featured as Asia Pacific representative for the World Forklift Competition.

### 4 17 September 2005

#### **3,000 Malaysia Airports Citizens Celebrated Family Day at Wet World Shah Alam**

Approximately 3,000 Malaysia Airports' employees, together with their families had a joyful day-out when they celebrated Family Day 2005 at Wet World, Shah Alam. The Family Day 2005 was organised to infuse family spirits and foster a closer relationship, while giving the opportunity to all employee to experience aquatic activities at the water theme park.

### 5 20 September 2005

#### **KLIA Partners With SITA To Be The First Fully Integrated Airport In Asia**

Malaysia Airports today signed a five-year contract with SITA INC (Societe Internationale de Telecommunications Aeronautiques Information Networking Computing) to equip the KLIA with the latest technologies for common-use check-in systems making it the first fully integrated airport system in the Asia Pacific region.

### 6 22 September 2005

#### **Malaysia Airports Supports Malay Mail Big Walk 2005**

Malaysia Airports joined other companies in showing support for the Malay Mail Big Walk 2005 when it contributed RM10,000.00 for one of the biggest and most anticipated event in this country.

### 7 23 September 2005

#### **KLIA Is AWAIR'S First International Destination**

KLIA welcomed the inaugural flight of AWAIR, making KLIA the airline's first international destination since its recent re-launch. AWAIR is the seventh airline to commence operations to KLIA this year, operates daily flights on the Jakarta - Kuala Lumpur vice versa route utilising the Boeing 737-300 aircraft with a 148-seat configuration.

### 8 24-25 September 2005

#### **Malaysian MotoGP World Championship**

Nearly 60,000 spectators flocked Sepang International Circuit to watch the Malaysian Motorcycle Grand Prix.

### 9 25-27 September 2005

#### **Malaysia Airports Joins Routes 2005**

Malaysia Airports delegates participated in the World Route Development Forum 2005 held in Copenhagen, Denmark where meetings were held with various potential airlines in its continued efforts to encourage the airlines to fly to Kuala Lumpur.

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### 1 28 September 2005

#### **Penang International Airport Conducts Aircraft Crash Practice**

Malaysia Airports conducted an aircraft crash practice at Penang International Airport today to test and evaluate the effectiveness of Airport Emergency Procedure (AEP) for aircraft emergencies at this airport and also to ensure all agencies at the airport are always well prepared in case of aircraft crash. This practice is in compliance with ICAO and DCA requirement for all airports in Malaysia to conduct a full-scale crash practice once in every two years.

### 2 1 October 2005

#### **Malaysia Airports' Media Relationship Further Enhanced Through Treasure Hunt**

Malaysia Airports today organised a "Media Hunt 2005-East Coast Challenge" with the objective to further enhance its relationship and networking with the media. The Malaysia Airports Media Hunt is an annual event that has attracted nearly 60 cars from various media organisations this year.

### 3 15 November 2005

#### **Malaysia Airports Supports MPI In Training Of Journalists**

Malaysia Airports and the Malaysian Press Institute (MPI) signed an agreement today where under the agreement, journalists will be given extensive training to further enhance their knowledge on airport operations. For the purpose of this training, Malaysia Airports presented MPI a cheque of RM100,000.00. The first

training was held at Pan Pacific Kuala Lumpur International Airport on 8-7 December for journalists in Klang Valley.

### 4 17 November 2005

#### **Much-Awaited Airbus A380 Lands In KLIA**

The Airbus A380 today made its maiden landing at KLIA witnessed by the Deputy Prime Minister, Y.A.B. Dato' Sri Mohd Najib Tun Hj. Abdul Razak and other dignitaries. The Airbus A380 and its 40-men strong crew were given a traditional Malaysian welcome upon arrival, greeted by a fusion of cultural and modern music and dance. The aircraft was on the final leg of its Asia Pacific tour which covered Singapore, Australia and Malaysia.

### 5 19 November 2005

#### **Malaysia Airports Celebrates Hari Raya With Orphans**

As part of Malaysia Airports' efforts to inculcate empathy and caring culture in the society, it has organised "Mesra Aidilfitri" function for orphans at the Pan Pacific Kuala Lumpur International Airport. The celebration was also aimed at sharing the delights and merriments of Aidilfitri with the unfortunate ones.

### 6 19-20 November 2005

#### **SIC Hosts A1 Grand Prix**

Selangor International Circuit hosted the A1 Grand Prix where drivers from nations worldwide pitted their skills in front of thousands of car racing enthusiasts.

### 7 22 November 2005

#### **Malaysia Airports Beef-Up Its Aviation Security**

Malaysia Airports today enhanced security for airports under its purview when 168 security trainees completed their Basic Course for Aviation Security. The new security personnel will be placed at all airports operated by Malaysia Airports.

### 8 27 November 2005

#### **120 Golfers Took Part In The Inaugural Malaysia Airports Golf Invitational**

Malaysia Airports today organised the inaugural Malaysia Airports Golf Invitational 2005, held at the Kuala Lumpur Golf & Country Club (KLGCC). More than 120 participants comprising business partners, airlines, media agencies, clients, private and government agencies and senior officials from Malaysia Airports turned up for the challenge. The purpose of this golf competition is to further enhance relationship and networking through sports activities with these parties.

### 9 2 December 2005

#### **Malaysia Airports Sponsors Aviation Outlook Summit**

Malaysia Airports took part in this two-day Aviation Outlook Summit 2006 held at Westin Hotel, Kuala Lumpur, sharing a common objective with the other participants, i.e. to ensure that the aviation industry in the Asia-Pacific and Middle-East regions continues to outperform the rest of the global aviation markets.

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Connecting a total of **2.5 kms** via aerobridge





the **length** of the connecting bridge  
**between** Malaysia-Singapore, and back



# 10

## Effective governance

# Statement on corporate governance

### A. DIRECTORS

#### The Board

The Board plays a pertinent role in corporate governance by formulating the strategic planning of the Group, steering the Group in the proper direction to achieve its objectives, overseeing the conduct of the Group's businesses to ensure that these are properly managed, identifying and managing the risks affecting the Group and reviewing the adequacy and integrity of the Group's system of internal control. With the assistance of the various Board Committees which have been delegated with specific responsibilities and operated within a clearly defined terms of reference, the Board managed to successfully ensure the orderly succession of management within the Group, and that the Company maintains an effective information and communications system with its shareholders and the investing public.

The corporate governance practices adopted by the Board are further enhanced by the implementation of the

Government-Linked Companies ("GLC") Transformation Programme ("Transformation Programme") initiated by the Putrajaya Committee on High Performance. Under the Transformation Programme, the Managing Director and the Board have been given clear roles and accountability for intensifying performance management in the Group. The Managing Director is responsible for the overall design and implementation of the performance management scheme, particularly developing the strategy; defining the Key Performance Indicators and cascading them through the organisation; reviewing performance of the business, taking corrective action and reporting it to the Board; reviewing the performance of the Senior Management and delivering meaningful rewards and consequences. The Board is responsible for contributing and concurring to the strategy; setting targets for and reviewing the performance of the Company and the Managing Director; and following up with meaningful rewards and consequences for the Managing Director. The Directors were also highlighted of the expectation

to actively and constructively challenge and problem-solve with the Board and the Management of the Group on key roles such as talent review, succession planning, strategy development, risk management and performance management, among others.

#### Board Balance

The structure of the Board is important to assure its continuous effectiveness and in this regard, the Board's composition is balanced proportionately with the substantial shareholders being adequately represented without compromising the interest of the minority shareholders. The Independent Directors on the Board not only provide for check and balance to the representatives of majority shareholder, but also act as caretaker of the minority shareholders.

There is a clear division of responsibility between the Chairman and the Managing Director to maintain a balance of authority and accountability. In order to maintain this balance, the positions of the Chairman and the

Managing Director are held by separate members of the Board. The Chairman is primarily responsible for orderly conduct and working of the Board, where healthy debates on issues being deliberated are encouraged to reflect any level of scepticism and independence. The Chairman also ensures that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of the majority. The Managing Director is responsible for implementing the policies and decisions of the Board, overseeing the operation as well as coordinating the development and implementation of business and corporate strategies. The Managing Director's in-depth knowledge of the aviation and airport operation industry and the Group's affairs contributes significantly towards managing the direction of the Group to achieve its goals and objectives.

The Board currently has nine (9) Directors comprising 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 the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

All Independent and Non-Independent Non-Executive Directors were appointed based on their background, and they possessed the relevant knowledge, skills and mindset required to be effective

members of the Board and to bring an independent judgement on issues of strategy, performance and resources. The Directors' relevant background ensures that they have the understanding of the key roles of the Board of Directors and adheres to the boundaries between the Board and Management of the Group, as well as having a good working knowledge of the Group and its competitive environment.

Given the composition of the Board, in particular the strong and independent elements 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. A brief profile of each Director is presented on pages 74 to 79 of the Annual Report.

#### **Directors' Training**

The Group acknowledges that continuous education is critical for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies. All the Directors have attended and successfully completed the Continuous Education Programme as required by the Listing Requirements of BMSB. As prescribed by BMSB under the Mandatory Accreditation Programme, the Board of Directors had assumed the onus of determining and overseeing the training needs of its members, who are 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.

All the members of the Board of Directors of MAHB had attended training during the financial year 2005. The Board, being cognizant of the Listing Requirements of BMSB, had taken the initiative to organise two in-house training programmes conducted by external consultants. The first training programme entitled "Code of Corporate Compliance and Ethical Conduct" was conducted by Creative Management Initiative on 27 October 2005, whereby the three-hour programme was accomplished by way of a luncheon talk upon the conclusion of the Board of Directors' Meeting. The members of the Board had also attended a one-day seminar entitled "Understanding Financial Management for Company Directors and Senior Management" conducted by Bursatra Sdn. Bhd. on 11 November 2005.

#### **Meeting and Attendance**

The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During the financial year ended 31 December 2005, twelve (12) Board Meetings and two (2) Special Board Meetings were held. All the Directors proportionately attended more than 50% of the Board Meetings held for the full financial year of 2005, in compliance with the Listing Requirements of BMSB and the Company's Articles of Association.

## Statement on Corporate Governance (cont'd.)

The record of meeting attendance of each Director during the financial year 2005 is detailed as follows:-

DIRECTORS	NUMBER OF BOARD MEETINGS ATTENDED/ HELD (DURING THE DIRECTORS' TENURE)
Tan Sri Datuk Dr. Aris bin Othman	14/14
Dato' Seri Bashir Ahmad bin Abdul Majid	14/14
Dato' Zaharaah binti Shaari	7/14
Eshah binti Meor Suleiman	14/14
Izlan bin Izhah (Appointed w.e.f. 1 June 2005)	8/8
Dato' Ahmad Fuaad bin Mohd Dahalan (Appointed w.e.f. 25 August 2005)	2/4
Datuk Alias bin Haji Ahmad	13/14
Datuk Siti Maslamah binti Osman	12/14
Ahmad Kamal bin Abdullah Al-Yaffi	14/14

At each Board Meeting, the Board deliberates on a formal schedule of matters reserved specifically for the Board's deliberation and approval which include, inter alia, the Group's financial statements and results for each quarter, the monthly performance of the Group's businesses as against budgets, policies and strategic issues affecting the Group's businesses, and any acquisition and disposal of assets of the Company and its subsidiaries, that are material to the Company.

The Board also considers the principal risks affecting the businesses of the Group, and measures that could be taken to mitigate such risks. A yearly audit planning submitted by the External Auditors to the Board Audit Committee sets out the Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis of the Group, which identifies and highlights the possible options that could be implemented to mitigate the

impact of business risks. The External Auditors also, on an annual basis, issue a Management Letter raising issues affecting the business operation of the Group. The Board addresses and monitors risks and concerns affecting the Group through the Board Risk Management Committee that had been established by the Board on 23 October 2002.

### Access to Information and Advice

The Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable them to discharge their duties. Prior to the Board Meetings, all Directors receive the agenda timely, with a full set of Board Papers containing information relevant to the business of the meeting, which include information that goes beyond the assessment of the quantitative performance of the enterprise and other performance factors, such as customer satisfaction, product service quality and market

shares, amongst others. It has been the Group's practice that the Notices for all Board of Directors' Meetings are issued to the Directors at least 14 days from the date of the Meeting and the Notices of the Board Committee Meetings are circulated to the Committee members and all those who are required to attend the Meeting, at least 7 days before each meeting. The Agenda and the Board Papers are circulated to the Directors within 7 days from the meeting.

All Directors have full access to the advice and services of the Senior Management and the Company Secretary of the Group, whose enhanced role includes maintaining good corporate governance in terms of meetings, advising the Board on matters pertaining to Directors' responsibilities under the respective legislations and compliance with the relevant laws, guidelines and regulations.

The Board recognises the entitlement of the Chairman to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board. Apart from the advisory role to the Directors, the duties of the Company Secretary include, amongst others, to communicate the decisions of the Board for implementation, to handle company share transactions such as issuance of new shares, arranging for payment of dividends and liaising with the external auditors, lawyers, tax advisors, bankers and shareholders. In addition to the unlimited access for the advice and services of the Senior Management and the Company Secretary of the Group, the Directors may, if necessary, obtain independent professional advice in furtherance of their duties from external consultants, at the Company's expenses.

#### **Appointment to the Board**

The Board Nomination Committee is primarily responsible for 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 Company's present situation and future strategic direction. The Committee is also responsible for assessing and ensuring, amongst others, that the candidate is technically competent with a strong sense of professionalism and integrity, possesses organisational and strategic awareness and the ability to add value, as well as being able to foster and practise the highest standards of business.

Appointment to the Board of Directors of MAHB, upon the recommendation by the Committee, is made either by the Special Shareholder (pursuant to Articles 111 (1) of the Company's Articles of Association) or by the Board of Directors (pursuant to Article 129 of the Company's Articles of Association). The Board Nomination Committee was established on 30 August 2001 with the membership comprising exclusively of 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 Board Nomination Committee's main responsibilities and such other responsibilities, as may be determined by the Board include, amongst others, the following:

- To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board.
- To review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which Non-Executive Directors should bring to the Board and other qualities to function effectively and efficiently.

- To consider, evaluate and propose to the Board any new appointment, whether executive or non-executive position, and the responsibilities, including membership and chairmanship of the Board Committees.
- To evaluate and recommend the appointment, promotion, transfer and dismissal of the Managing Director as well as Non-Executive Directors and their duties.
- To establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each Director.
- To evaluate, on an annual basis, the effectiveness of each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees and to provide the necessary feedback to Directors in respect of their performance.
- To provide for adequate training and orientation of new Directors with respect to the business, structure and management of the Group, as well as the expectations of the Board with regard to their contribution to the Board and the Group.

## Statement on Corporate Governance (cont'd.)

- To establish appropriate framework and plans for succession at the Board level and to review and set policies and procedures on human resources and employee matters.
- To review and determine the level and make-up of key management positions within the Group and to develop policies and recommend appropriate proposals to facilitate the recruitment and the retention of senior management, as well as a programme for Management development.
- To recommend to the Board to review and approve the appointment and promotion of executives, secondment of employees as well as extension of service for retired employees.

### Re-election of Directors

In accordance with Articles 129, 131 and 132 of the Company's Articles of Association, all Directors, including the Managing Director, are subject to re-election by the shareholders at their first

opportunity after their appointment, and are subject to re-election at least once every three (3) years. The re-election of Directors at a regular interval not only promotes the creation of an effective Board but also presents the shareholders with the opportunity to review the Directors' performance. Directors over the age of seventy years old are also required to submit themselves for re-appointment annually, in accordance with Section 129 (6) of the Companies Act, 1965.

### Board Committees

The Board of Directors has delegated specific responsibilities to the following Board Committees, which operate within clearly defined terms of reference:-

BOARD COMMITTEE	KEY FUNCTIONS
Board Audit Committee ("BAC")	Review and evaluate performance of External Auditors and Internal Audit Division in ensuring efficiency and effectiveness of the Company's operations, adequacy of internal control system, compliance to established policies and procedures, transparency in decision-making process and accountability of financial and management information.
Board Nomination Committee ("BNC")	To determine criteria for Board/Board Committees' membership, structure, responsibilities and effectiveness, and to formulate/ review policies and procedures on human resource matters with regard to recruitment, appointment, promotion, transfer and secondment of employees, etc.
Board Remuneration Committee ("BRC")	Review, assess and recommend to the Board of Directors, remuneration packages of the Managing Director and revised salary for new appointments of General Manager and above for the Group.

BOARD COMMITTEE	KEY FUNCTIONS
Board Finance and Investment Committee ("BF&IC")	Review and monitor the financial performance of the Group, including the budgets, and monitor investment policy and portfolio of the Group.
Board Risk Management Committee ("BRMC")	Formulate the overall risk management strategy of the Group and recommend for approval and/or approve (whenever applicable) any major risk financing decisions by the Group.
Board Planning and Development Committee ("BP&DC")	Oversee the planning and development aspects of the Group's strategies, and domestic and international projects and ventures.
Board Tender Committee ("BTC")	Approve tender for contract value above RM1 million up to RM10 million.

The Chairman of the various Board Committees will report the outcome of the Board Committee Meetings to the Board, and such reports would be incorporated in the minutes of the Board Meeting. These Board Committees are formed in order to enhance business and operational efficiency as well as efficacy. Prior to the establishment of these Board Committees, their functions were assumed by the Board as a whole.

The current memberships of each of the Committees are summarised as follows:-

DIRECTOR	BAC	BNC	BRC	BF&IC	BRMC	BP&DC	BTC
Tan Sri Datuk Dr. Aris bin Othman				C	C	C	C
Dato' Seri Bashir Ahmad bin Abdul Majid				M	M	M	
Dato' Zaharaah binti Shaari	M				M	M	M
Eshah binti Meor Suleiman		M	M	M		M	M
Izlan bin Izhah	M	M	M				
Dato' Ahmad Fuaad bin Mohd Dahalan		M	M		M		
Datuk Alias bin Haji Ahmad	M	M	C		M		M
Datuk Siti Maslamah binti Osman	C	M	M	M			
Ahmad Kamal bin Abdullah Al-Yafii	M	C	M			M	

**Note:** C: Chairman, M: Member

### B. DIRECTORS' REMUNERATION

The Board Remuneration Committee was established on 30 August 2001 with its membership comprising wholly of Non-Executive Directors.

The Committee's main responsibilities, and such other responsibilities as may be determined by the Board include, amongst others, the following:

- To establish and recommend to the Board the remuneration structure and policy for the Managing Director and the General Managers, including the terms of employment or contract of employment/service, benefits, pensions or incentive scheme entitlement, bonuses, fees and expenses and any compensation payable on the termination of the service contract by the Company and/or Group and to review for changes to the policy, as necessary.
- To review the Managing Director and the General Managers' goals and objectives and to assess their performance against these objectives as well as contribution to the corporate strategy.
- To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, with the performance-related

elements of remuneration setting forming a significant proportion of the total remuneration package of the Managing Director.

- To establish, review and recommend to the Board the scheme of service for employees and the general remuneration policies and practices within the Group.
- To recommend to the Board of Directors suitable short and long-term policies of having performance-related incentive schemes and to consider other matters as referred to the Committee by the Board.

As illustrated by the Committee's main responsibilities above, the Committee is authorised to review, assess and recommend to the Board of Directors of the Company the remuneration packages of the Managing Director in all forms, with other independent professional advice as necessary, and to recommend the revised salary for new appointments of General Manager and above for 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 its external consultants.

The Managing Director's remuneration comprises basic salary and other customary benefits as practised by the majority of other organisations in the industry whilst the Non-Executive Directors' remuneration package comprises fees and allowances, which are based on their expected roles and responsibilities, including any additional work and contribution required. The caliber of Non-Executive Directors serving the Company is essential in setting and maintaining the standards of Corporate Governance. The current remuneration package given to the Non-Executive Directors of the Company had proven to be effective in attracting and retaining Directors of such caliber to provide the necessary skills and experiences required for the effective management of the operations of the Group.



The details of the total remuneration of Directors during the financial year 2005 by category are as follows:-

CATEGORY	SALARY, BONUS AND OTHER EMOLUMENTS (RM)	DIRECTORS' FEES (RM)	DIRECTORS' OTHER EMOLUMENTS (RM)	BENEFITS IN KIND (RM)	TOTAL
Executive Director*	670,681.00	—	—	17,898.26	688,579.26
Non-Executive Director	—	153,200.00	219,000.00	16,600.00	388,800.00

\* being the Managing Director

The Board opted not to disclose the remuneration of individual Directors as suggested by the Malaysian Code on Corporate Governance, as it believes that this information will not add significantly to the understanding and evaluation to the Group's governance.

### C. SHAREHOLDERS

#### Dialogue with Investors

The Board recognises the importance of effective communication with the shareholders and the general public, and does so through the Annual Report, Annual General Meeting ("AGM"), the Company website, press conferences, as well as analysts and fund managers' meetings.

The Company has been using AGMs as the platform for communicating with its shareholders, offering them opportunity to have active dialogues with the Board. At the AGM, shareholders and investors alike are given direct access to

the Board as well as the Company's External Auditors to channel their queries, grievances or even opinion on how to further enhance the Company's performance.

A press conference is immediately held after the AGM where questions by the reporters on the Group's activities and performance are answered by the Chairman, Managing Director and/or other Senior Management in charge of their respective divisions, i.e. operation, finance etc. Apart from using the AGM as the forum for dialogues with the shareholders and the press, individual briefings to fund managers and analysts are also held during the year. Briefings for fund managers, institutional investors and investment analysts are occasionally held after the quarterly financial results are released to BMSB. Press conferences are also held to brief the members of the media, to give them a better understanding on the significant events undertaken by the Group.

In addition, information on the Group's latest activities such as financial performance, group background and future events, are easily accessible to the public at large in the Company's official website at [www.malaysiaairports.com.my](http://www.malaysiaairports.com.my).

The Board also acknowledges the need for shareholders to be informed of all material business matters affecting the Company. As part of the Board's practice of good governance and in adhering strictly to the requirements concerning disclosures, as laid down in the Listing Requirements of BMSB, the Board ensures timely announcements of quarterly financial results, change in the composition of the Board, etc. to BMSB and disseminates material information, which are clear, accurate and sufficient to enable shareholders and investors to make informed decisions. The Board also ensures that all formal queries by BMSB and other regulatory authorities are expeditiously responded to.

### D. ACCOUNTABILITY AND AUDIT

#### Financial Reporting

In presenting the annual audited financial statements and quarterly announcement of results to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Board Audit Committee assists the Board by reviewing the information to be disclosed, to ensure completeness, accuracy and adequacy.

#### Internal Control

The Statement of Internal Control set out on pages 120 to 122 of this Annual Report provides an overview of the state of internal controls within the Group.

#### Relationship With Auditors

The Board, through the Board Audit Committee, maintains a formal and transparent professional relationship with both the Group's Internal and External Auditors. The role of the Board Audit Committee in relation to the Auditors is prescribed in the Board Audit Committee Report set out on pages 115 to 116 of this Annual Report.

#### Directors' Responsibility Statement

The Company and the Group's financial statements are drawn up in accordance with the applicable approved accounting standards, and the Board of Directors has the responsibility of ensuring that the financial statements of the Company and the Group give a true and fair

view of affairs of the Company and the Group. The Statement by Directors pursuant to Section 169 (15) of the Companies Act, 1965 is set out on page 130 of this Annual Report.

### E. ADDITIONAL COMPLIANCE INFORMATION

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

#### 1. Option, Warrants or Convertible Securities

The Company did not issue any options, warrants or convertible securities during the financial year 2005.

#### 2. Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and/or its subsidiary companies, Directors or Senior Management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory bodies during the financial year 2005.

#### 3. Material Contracts

Neither the Company nor its subsidiary companies had entered into any material contracts, which involved the Directors and Major Shareholders' interest during the financial year 2005.

#### 4. Non-Audit Fees

There were no non-audit fees paid to the External Auditors, apart from the audit fees, during the financial year ended 31 December 2005.

#### 5. Profit Guarantee

There was no profit guarantee given by the Company during the financial year 2005.

#### 6. Revaluation Policy on Landed Properties

There was no revaluation of properties of the Company during the financial year 2005.

#### 7. Share Buy-Back

There was no share buy-back exercised by the Company during the financial year 2005.

#### 8. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year 2005.

This Statement on Corporate Governance was duly reviewed and approved by the Board of Directors of MAHB on 27 April 2006.

# Risk management

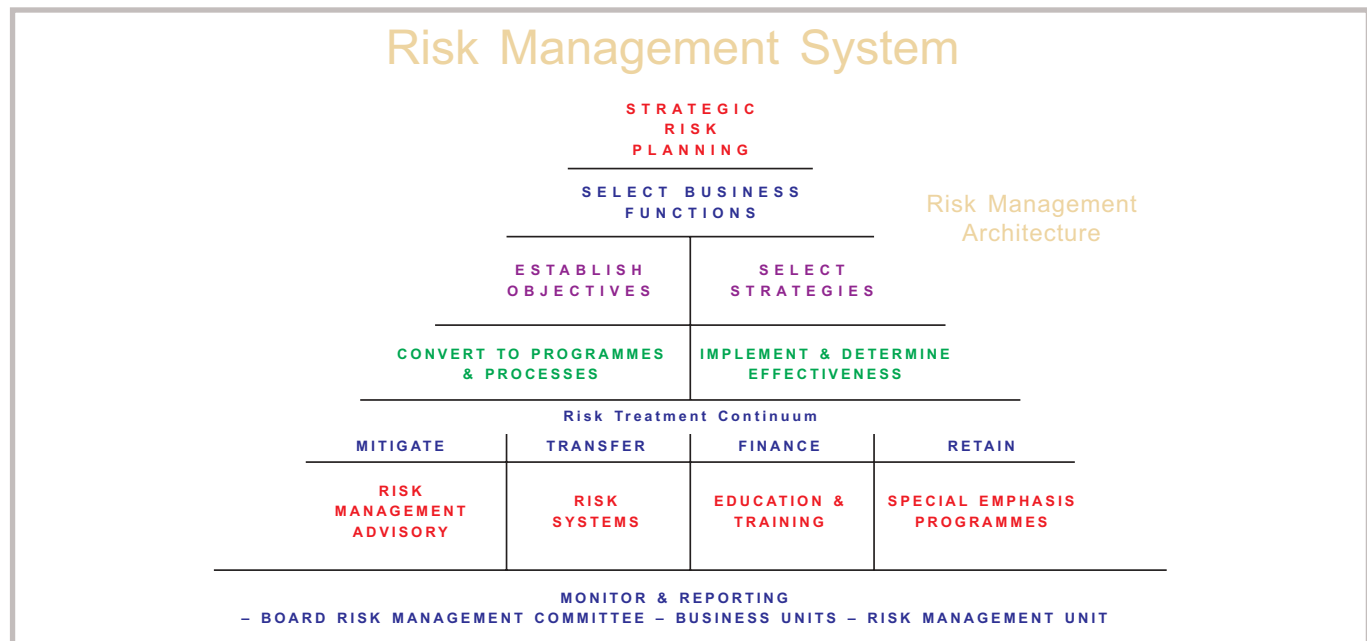
## “Risk Management – The Way Forward”

### INTRODUCTION

Malaysia Airports strive for excellence. The Company’s mission “to be a world class airport” depicts its efforts, in achieving such excellence. In line with the Company’s mission, risks have to be addressed. The first step in managing these risks is to identify the underlying problems and how the risks could affect the Company.

The Company recognise that risk management is the way forward. Risk Management is a professional management tool that enables the Company to identify, prioritise and mitigate risks. In ensuring that the Company has the right foundation in managing risks, a risk management system has been established. In 2004,

the Company’s risk management policy was approved and it is applicable throughout the Company. The policy has been disseminated to all levels of personnel through the “K-Office”, the Company’s very own intranet platform.



## Risk Management (cont'd.)

The philosophy behind risk management implementation is to ensure the survival and sustainability of the Company. In this regard, each staff regardless of position must work towards the protection of the business and its continued growth.

With the risk management policy in place, a programme to establish Enterprise Wide Risk Management (EWRM) was initiated. Having the right system and the right programme in place, 2005 was the year where the risk management was introduced to the staff. Various activities were planned and executed and the following briefly describes the activities carried out and its achievements:-

### RISK MANAGEMENT ACTIVITIES FOR YEAR 2005

#### Risk Assessment Training

The first part in having sound risk management practices is to equip the staff with risk management knowledge. Series of risk management training programmes were held. During each of these sessions, participants were introduced to:

- (i) Concept of risk management
- (ii) Australian New Zealand Risk Management Standard AS/NZ 4360
- (iii) Risk Management Framework/ System in Malaysia Airports

- (iv) Risk Assessment tools and technique
- (v) Maintenance of risk management system at work areas

#### Risk Profile Analysis

Throughout the risk management training programme, each participant identified risks in relation to their respective work areas. The information was then collected and analysed. Results of the analysis were presented to the Board Risk Management Committee in accordance to the following priorities:-

- (1) Safety
- (2) Security
- (3) Financial
- (4) Service Level
- (5) Image & Reputation
- (6) Environment

#### Business Continuity Plan

The Company has embarked on a plan to develop a Business Continuity Plan (BCP). BCP contains three elements i.e. emergency response, crisis management and disaster recovery.

The first BCP would cover KLIA and subsequent phases will cover all other airports. Two workshops were held in 2005 at Pan Pacific KLIA where all key personnel of MA Sepang Sdn. Bhd. were called upon. The first workshop covered aspects such as concept, necessity of

BCP and analysis of current state in relation to BCP process. The second workshop covered aspects of simulation for different types of contingency.

#### Integration of Risk Management in Quality Assurance Procedures at Airports

The Company has integrated the risk management system into the Quality Assurance Procedures (QAP). The Company is proud that the airports have been certified with ISO 9001:2000. However the challenge is to maintain the certification. Therefore to ensure that such status is maintained, risks associated to such certification must be mitigated.

### CONCLUSION

The Company aim is to have a matured and sound risk management practices throughout the organisation. Therefore the Company will continue with its effort to improve risk management in line with the best practices of corporate governance.

## Board Audit

# committee report

The Board Audit Committee comprises three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors of the Board as follows:

**Datuk Siti Maslamah binti Osman**  
(Chairman)  
Independent Non-Executive Director

**Dato' Zaharaah binti Shaari**  
Non-Independent  
Non-Executive Director

**Datuk Alias bin Haji Ahmad**  
Independent Non-Executive Director

**Ahmad Kamal bin Abdullah Al-Yafii**  
Independent Non-Executive Director

**Izlan bin Izhab**  
Non-Independent  
Non-Executive Director  
(appointed w.e.f. 1 June 2005)

The Chairman of the Board Audit Committee is a member of the Malaysian Institute of Accountants (MIA) in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

During the financial year under review, the Committee met six (6) times. The attendance of each committee member is as follows:

<b>Name of Director</b>	<b>Attendance</b>
Datuk Siti Maslamah binti Osman	6/6
Dato' Zaharaah binti Shaari	2/6
Datuk Alias bin Haji Ahmad	6/6
Ahmad Kamal bin Abdullah Al-Yafii	6/6
Izlan bin Izhab	3/3

## Board Audit Committee Report (cont'd.)

Four (4) of these meetings were held in the presence of the External Auditors, Ernst & Young, to obtain an independent opinion on the financial performance of the Group. During one of the meetings, the Committee held a private discussion with the auditors without the presence of the management.

The meetings covered the following activities:

### EXTERNAL AUDIT

- Reviewed with the External Auditors their Audit Planning Memorandum.
- Reviewed with the External Auditors the External Auditors Management Letter together with the management response.
- Evaluated the performance of the External Auditors and made recommendations to the Board of Directors on their reappointment and audit fees.
- Reviewed the Statement on Internal Control.

### INTERNAL AUDIT

- Reviewed the Internal Audit Plan to ensure key risk areas were covered.
- Approved the Key Performance Indicators for the head of the Internal Audit Division.

- Evaluated the performance of the Internal Audit Division, including the adequacy and the competency of the resources to carry out its work.
- Reviewed the Internal Audit Reports to ensure that corrective actions were taken by management on audit findings.
- Recommended to the Board of Directors and Management on improvement of internal controls.

### FINANCIAL STATEMENTS

- Reviewed the quarterly financial results of the Group before recommending to the Board of Directors.
- Reviewed the audited results of MAHB Group with the External Auditors.
- Ensured compliance to the Listing Requirements of BMSB, Applicable Accounting Standards in Malaysia, provisions of the Companies Act 1965 and other legal and regulatory requirements.

For the financial year under review, the Group Internal Audit Division produced thirty one (31) reports. The scope of the audits conducted were in the area of finance/accounts, operations, management, information systems and investigation. During the year, the

Internal Audit introduced Self Audits ie. Internal Control Questionnaire (ICQ) in a selected area. The Self Audits provide management with an easy and effective tool to review and improve the control system.

In accordance with the terms of reference of the Board Audit Committee, the audits focused on the following areas:

#### **Efficiency and effectiveness of operations**

#### **Adequacy of internal control systems**

#### **Compliance to established policies and procedures**

#### **Transparency in decision making process**

#### **Accountability of financial and management information**

The minutes of the Board Audit Committee meetings were circulated to all members of the MAHB Board of Directors and material issues were discussed at the Board meetings.

# Terms of Reference

## board audit committee

### 1. CONSTITUTION

- 1.1 The authority and function of the Board Audit Committee extend to MAHB and all its subsidiaries, joint ventures and associates within the Group.

### 2. ESTABLISHMENT OBJECTIVES

- 2.1 Assist the Board of Directors in fulfilling its fiduciary responsibilities relating to the company's accounting policies and internal controls, financial reporting practices and business ethics policies.
- 2.2 Ensure transparency, integrity and accountability in the Group's activities to safeguard the rights and interest of the Shareholders.
- 2.3 Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External and Internal Auditors.
- 2.4 Enhance the independence of the External and Internal Audit functions.

### 3. MEMBERSHIP

- 3.1 The Board Audit Committee shall be appointed by the Board of Directors of MAHB from among its members and:
  - i. shall comprise of no fewer than four (4) members
  - ii. a majority of the members must be Independent Directors

- iii. at least one member must be a member of the Malaysian Institute of Accountants, or if he is not, then he must comply with para 15.10 of the Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

- 3.2 If for any reason the membership falls below four members, the Board of Directors shall within one month of the event, appoint such number of new members as may be required to fulfil the minimum requirement.
- 3.3 No alternate Director is to be appointed as a member of the Board Audit Committee.
- 3.4 The Chairman of the Board Audit Committee shall be an independent Non-Executive Director appointed by the Board of Directors.

### 4. AUTHORITY

- 4.1 The Board Audit Committee shall have the following authority as empowered by the Board of Directors:
  - i. Have authority to investigate any matter within its terms of reference.
  - ii. Have the resources required to perform its duties.
  - iii. Have full and unrestricted access to any information, records, properties and personnel within the Group.
  - iv. Have direct communication channels with the External Auditors and Internal Auditors.

## Terms of reference board audit committee (cont'd.)

- v. Be able to obtain independent professional advisers or other advisers and to engage outsiders with relevant experience and expertise if necessary.
- vi. Be able to convene meetings with the External Auditors (excluding the executive members of the committee), whenever deemed necessary.

### 5. FUNCTIONS AND DUTIES

The Functions and Duties of the Board Audit Committee shall be to:

- 5.1 Consider the appointment of the External Auditors, the audit fee and any questions of resignation or dismissal.
- 5.2 Discuss with the External Auditors before the audit commences the nature and scope of the audit, the annual audit plan and ensure co-ordination where more than one firm is involved.
- 5.3 Review the quarterly and year-end financial statements of the Group prior to submission to the Board, focusing particularly on:
  - any changes in accounting policies and practices
  - significant adjustments arising from the audit
  - extraordinary events
  - the going concern assumption
  - compliance with accounting standards, the Listing Requirements of BMSB and other legal requirements
- 5.4 Review the efficiency of the Group's operations, particularly those relating to areas of significant risks.
- 5.5 Assess the internal process for determining and managing key risk.
- 5.6 Discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss in the absence of management where necessary.
- 5.7 Review the External Auditor's Management Letter and management's response.
- 5.8 Oversee the Internal Audit functions by:
  - reviewing the adequacy of the plan, scope, functions and resources and that it has the necessary authority to carry out its work and have appropriate standing in the Group.
  - reviewing the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate action is taken on its recommendations.
  - reviewing the appraisal or assessment of the performance of its members.
  - approving the appointments of senior staff members.
  - being informed of resignations of staff members and provide them the opportunity to submit reasons for resigning.
- 5.9 Review any related party transactions that may arise within the Group.
- 5.10 Consider the major findings of internal investigations and management's response.
- 5.11 Consider other duties as directed by the Board.



- 5.12 Promptly report to BMSB on matters reported by it to the Board that have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the BMSB.
- 5.13 Direct any special investigations to be carried out by the Internal Audit.
- 5.14 Review and reassess, with the assistance of management and the External Auditors, the adequacy of the Terms of Reference of the Board Audit Committee.

## 6. MEETINGS

- 6.1 The Board Audit Committee Meetings shall be held at least six times during the financial year. Notice of meetings shall be circulated to the members one week in advance. The agenda for each meeting shall be circulated at least three full working days before each meeting to the Committee members.
- 6.2 Upon the request of any member of the Board Audit Committee, the Head of Internal Audit or the External Auditor, the Chairman of the Board Audit Committee shall convene a special meeting to consider any matters.
- 6.3 A quorum of three members, of which two are independent, is the minimum required to be present at any Board Audit Committee Meetings. At any meetings, there must be a majority of independent members.

- 6.4 The Company Secretary shall be the Secretary of the Board Audit Committee.
- 6.5 The meetings of the Board Audit Committee shall be normally attended by the Head of Internal Audit. The Management of MAHB shall be represented by the Managing Director or his authorised representatives, at the invitation of the Board Audit Committee and shall excuse themselves when so directed by the Board Audit Committee.
- 6.6 The Committee may request other members of management, Internal Auditors and External Auditors to participate in the Board Audit Committee meetings, as and when necessary.
- 6.7 The minutes of the meetings shall be tabled at the MAHB Board of Directors meetings.

# Statement on internal control

The Board of Directors (“Board”) is ultimately responsible for the Group’s system of internal control which includes the establishment of an appropriate control environment and review of its adequacy and integrity on a regular basis to ensure its effectiveness. The Board is committed to safeguard shareholder’s investment, Group’s assets and other stakeholder’s interests.

In accordance with the *Statement on Internal Control: Guidance for Directors of Public Listed Companies*, the Board confirms that there is an ongoing process for identifying, evaluating and managing risks faced by the Group. This process has been in place for the year under review and up to the date of issuance of the annual report and financial statements. However, in view of the limitations in any system of internal control, the Board acknowledges that this system is designed to manage rather than eliminate the risk completely. As such, internal controls can only provide reasonable and not absolute assurance against risk.

The key features of the Group’s internal control system during the financial year under review were as follows:

- Regular Board of Directors meetings with clear agendas were held where important matters were tabled, discussed and decided upon.
- The Audit Committee appointed by the Board, comprising five members of whom a majority are independent non-executive directors, regularly reviewed reports of the Internal Audit function including an annual assessment on the adequacy of the function’s scope of work and resources. The Committee also reviewed the internal control issues identified by the External Auditors through its annual presentation of the Memorandum of Suggestions and the Internal Audit Division updated the status at subsequent meetings. A Board Audit Committee Report is provided on pages 115 to 116.
- The Risk Management Committee appointed by the Board continued to oversee the management of risk in the Group. During the year, four (4) meetings were held. The Risk Management Unit (“RMU”) continued with training activities to all employees with the aim of developing the risk register for the Group. The RMU also embarked on Business Continuity Planning development for the Group with workshops at subsidiary levels covering concepts and simulations. A Risk Management Report is provided on pages 113 to 114.
- To ensure effectiveness of the procurement system, two committees are in place at Group level namely, Main Procurement Committee and Board Tender Committee. Major projects are subject to Board’s review and approval and where required, approval from the Ministry of Finance is sought.

- Other Board committees that have been established with clear terms of reference to ensure effective management and monitoring of the Group's business operations include the Nomination Committee and Remuneration Committee. In January 2006, an Information Communication Technology (ICT) Steering Committee (management) was formed to address the investments, prioritisation and governance of all ICT initiatives within the Group.
- Existence of a Management Committee to assist the Board in ensuring the effectiveness of the Group's operations. The Management Committee is represented by heads of Subsidiaries and heads of relevant functions at Head Office.
- Defined organisational structure with clear lines of responsibility and accountability in the Group. Reporting structure is aligned according to functional responsibilities.
- With the assistance of an external consulting firm, a Transformation Management Office (TMO) was established in September 2005 to assist the Group in the Government Link Companies (GLCs) transformation process. A 5 year Business Plan was drawn up with various initiatives identified across the Group to be undertaken by management in achieving the expectation of the stakeholders.
- Annual Business Plan and Budget prepared at subsidiary levels were reviewed by the Finance and Investment Committee before being tabled to the Board for approval. The business performance of the Company was compared with the approved budgets and submitted to the Board on a monthly basis, facilitating management to focus on areas of concern.
- In line with the government's desire to enhance the performance of the GLCs, the management has implemented a performance evaluation system based on Key Performance Indicators ("KPIs") to assess and reward Senior Management of the Group. Top-down target setting process with target cascading from the Managing Director has improved strategic focus and direction. As part of the implementation of the system, senior management are placed on contract compensation scheme.
- As one of the initiatives under the GLCs transformation, a centralised procurement function has been established which covers procurement and inventory management for the whole Group. The new structure has been entrusted to bring in significant cost savings in the procurement activities. Detail Procurement Policies and Procedures also known as 3Ps, approved by the Board are applicable to the whole Group.
- Implementation of competency based Human Resources processes covering human performance, career development and succession planning, including hiring and termination of staff and structured training programme for all staff to ensure staff are competent in carrying out their duties.
- The Internal Audit Division carried out ongoing reviews of the internal control system of the Group. The audits conducted were in the areas of finance/accounts, operations, management, information systems and investigation in accordance with the approved Audit Plan. During the year, the Internal Audit Division introduced Self Audits ie. Internal Control Questionnaire (ICQ) in a selected area. The Self Audits

## Statement on Internal Control (cont'd.)

provide management with an easy to use and effective tool to review and improve the control system.

The Internal Audit Division reports directly to the Board Audit Committee. The KPIs of the head of the Internal Audit Division are approved by the Board Audit Committee.

- Financial Limits of Authority ("FLOA") approved by the Board are applied to the whole Group, covering areas of finance/accounts and selected corporate matters. Revisions and additions are made to the FLOA when deemed necessary. This authority facilitates quality and timely decision-making.
- Accounting Policies approved by the Board are adopted for the whole Group, covering accounting policies related to the Group. Revisions and additions are made when necessary, taking into consideration the new accounting standards in Malaysia.
- Continuous documentation of Standard Operating Procedures are undertaken for all business units. All five international airports, namely KL

International Airport (main operations), Kuching International Airport, Kota Kinabalu International Airport, Penang International Airport and Langkawi International Airport and seven domestic airports have been certified to MS ISO 9001:2000 quality management system. Three more domestic airports have been audited and are currently pending certification. The remaining five domestic airports are planned for year 2006.

- All five international airports have been awarded the Aerodrome Certification by the Department of Civil Aviation as required under Annex 14, International Civil Aviation Organisation ("ICAO"). This certificate is a requirement to ensure safety, regularity and efficiency of aerodromes. The domestic airports are awaiting DCA inspection.
- Acquired Fire Certificate for KLIA and Penang (airport buildings) as required under Fire Services (Designated Premises) Order 1988 of Fire Services Act 341. Other airports that meet the classification are currently pursuing the certification.

- KLIA is certified to Green Globe 21, an award for commitment to Sustainable Travel & Tourism through Control & Improvement of Environment and Social Aspects. KLIA is the first airport in Asia Pacific to attain such certification. This certificate is regularly reviewed to ensure continued applicability to the activities and applicable legislative requirement.

The above Statement on Internal Control has been reviewed by the External Auditors for inclusion in the annual report of the Group for the year ended 31 December 2005.

# Statement of directors' responsibility

in respect of the preparation of the Financial Statements for the financial year ended 31 December 2005

The Directors are required by the Companies Act, 1965 ("the Act") to ensure that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the results and cashflows of the Group and the Company for the financial year. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Act.

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2005 set out on pages 132 to 193, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed.

The Directors have ensured that the accounting records to be kept by the Group and the Company have been properly kept in accordance with the provisions of the Act, which disclose with reasonable accuracy the financial position of the Group and of the Company.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 April 2006.

11

Financial  
stability



# financial statements '05

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The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

### RESULTS

	Group	Company
	RM'000	RM'000
Net profit for the year	182,263	62,846

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDENDS

The amount of dividend declared and paid by the Company since 31 December 2004 was as follows:

	RM'000
In respect of the financial year ended 31 December 2004 as reported in the directors' report of that year:	
Final dividend of 3% less 28% taxation, paid on 17 June 2005	23,760

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2005, of 4% less 28% taxation on 1,100,000,000 ordinary shares, amounting to RM31,680,000 (2.88 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.



## DIRECTORS

The names of the directors of the Company in the office since the date of the last report and at the date of this report are:

Tan Sri Datuk Dr. Aris bin Othman  
Dato' Seri Bashir Ahmad bin Abdul Majid  
Dato' Zaharaah binti Shaari  
Eshah binti Meor Suleiman  
Datuk Siti Maslamah binti Osman  
Datuk Alias bin Hj Ahmad  
Ahmad Kamal bin Abdullah Al-Yafii  
Izlan bin Izhah (*appointed on 1 June 2005*)  
Dato' Ahmad Fuaad bin Mohd Dahalan (*appointed on 25 August 2005*)  
Long See Wool (*alternate director to Dato' Zaharaah binti Shaari*)  
Gho Peng Seng (*alternate director to Eshah binti Meor Suleiman*)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

## OTHER STATUTORY INFORMATION (CONT'D.)

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SUBSEQUENT EVENT

The subsequent event is as disclosed in Note 28 to the financial statements.

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

**Tan Sri Datuk Dr. Aris bin Othman**

**Dato' Seri Bashir Ahmad bin Abdul Majid**

Kuala Lumpur, Malaysia  
28 March 2006

## Statement by Directors pursuant to Section 169(15) of The Companies Act, 1965

We, **Tan Sri Datuk Dr. Aris bin Othman** and **Dato' Seri Bashir Ahmad bin Abdul Majid**, being two of the directors of **Malaysia Airports Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 132 to 193 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

**Tan Sri Datuk Dr. Aris bin Othman**

**Dato' Seri Bashir Ahmad bin Abdul Majid**

Kuala Lumpur, Malaysia  
28 March 2006

## Statutory Declaration pursuant to Section 169(16) of The Companies Act, 1965

I, **Suffian bin Baharuddin** (MIA Number: 24477), being the officer primarily responsible for the financial management of **Malaysia Airports Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 132 to 193 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by     )  
the abovenamed Suffian bin Baharuddin     )  
at Kuala Lumpur in the Federal Territory     )  
on 28 March 2006     )     **Suffian bin Baharuddin**

Before me,

**Abas bin Hasan**  
W 392  
*Commissioner for Oaths*

Kuala Lumpur

We have audited the accompanying financial statements set out on pages 132 to 193. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

**Ernst & Young**  
AF: 0039  
*Chartered Accountants*

Kuala Lumpur, Malaysia  
28 March 2006

**Nik Rahmat Kamarulzaman bin Nik Ab. Rahman**  
No. 1759/02/08 (J)  
*Partner*

	Note	2005 RM'000	2004 RM'000
Revenue	3	1,112,837	1,024,688
Other income		107,089	73,860
Changes in inventories		4,635	5,318
Purchases of inventories		(116,916)	(105,177)
Staff costs	4	(213,013)	(194,481)
Depreciation	11	(94,300)	(96,178)
Contract costs		(51,225)	(44,844)
Other expenses		(470,610)	(468,460)
Profit from operations	5	278,497	194,726
Finance costs	6	(6,658)	(6,825)
Share of results of associated companies		7,194	7,685
Profit before taxation		279,033	195,586
Taxation	8	(96,770)	(70,397)
Net profit for the year		182,263	125,189
Earnings per share (sen) - basic	9	16.57	11.38
Net dividends per ordinary share in respect of the year (sen)	10	2.16	1.44

The accompanying notes form an integral part of the financial statements.

	Note	2005 RM'000	2004 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	2,884,497	2,915,084
Investment in associates	13	33,048	30,245
Other investments	14	112,697	104,773
Staff loans	15	29,959	28,130
		3,060,201	3,078,232
<b>CURRENT ASSETS</b>			
Inventories	16	41,573	45,923
Trade receivables	17	252,280	225,578
Other receivables	18	124,051	215,004
Marketable securities	19	88	140
Cash and bank balances	20	561,321	514,267
		979,313	1,000,912
<b>CURRENT LIABILITIES</b>			
Trade payables	21	87,494	88,222
Other payables	22	197,615	269,397
Short term borrowings	23	6,000	83,000
Taxation		49,206	67,143
		340,315	507,762
<b>NET CURRENT ASSETS</b>			
		638,998	493,150
		3,699,199	3,571,382
<b>FINANCED BY:</b>			
Share capital	24	1,100,000	1,100,000
Reserves		1,556,155	1,397,652
Shareholders' equity		2,656,155	2,497,652
Deferred liabilities	25	928,044	956,730
Long term borrowings	23	115,000	117,000
Non-current liabilities		1,043,044	1,073,730
		3,699,199	3,571,382

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity for the year ended 31 December 2005

	Reserves				Total RM'000
	Non-distributable Share Premium	Distributable Retained Profits	Total Reserves	Share Capital	
	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2004</b>	822,744	465,559	1,288,303	1,100,000	2,388,303
Net profit for the year	—	125,189	125,189	—	125,189
Dividends (Note 10)	—	(15,840)	(15,840)	—	(15,840)
<b>At 31 December 2004</b>	822,744	574,908	1,397,652	1,100,000	2,497,652
Net profit for the year	—	182,263	182,263	—	182,263
Dividends (Note 10)	—	(23,760)	(23,760)	—	(23,760)
<b>At 31 December 2005</b>	822,744	733,411	1,556,155	1,100,000	2,656,155

The accompanying notes form an integral part of the financial statements.



	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	279,033	195,586
Adjustments for:		
Depreciation	94,300	96,178
Provision for doubtful debts	44,577	69,909
Provisions for liabilities	18,060	19,877
Interest expense	6,658	6,825
Impairment of property, plant and equipment	1,022	—
Inventories written off	818	288
Amortisation of premium on investments	368	403
Bad debts written off	234	92
Impairment of investment	52	448
Property, plant and equipment written off	33	43
Interest income	(21,233)	(13,264)
Adjustment for depreciation on reversal of land premium (Note 11)	(11,200)	—
Gain on disposal of associates	(9,823)	(1,312)
Share of results of associated companies	(7,194)	(7,685)
Retirement benefits	(1,987)	17,455
Provision for doubtful debts written back	(692)	(1,446)
Gain on disposal of property, plant and equipment	(209)	(8)
Investment income	(208)	(2,119)
(Writeback)/provision for short term accumulating compensated absences	(173)	485
Operating profit before working capital changes	392,436	381,755
Decrease/(increase) in inventories	3,532	(14,123)
Decrease/(increase) in receivables	18,554	(49,040)
(Decrease)/increase in payables	(18,483)	34,810
Cash flow generated from operations	396,039	353,402
Income tax paid	(113,782)	(54,040)
Retirement benefits paid	(3,034)	(1,846)
Net cash flow generated from operating activities	279,223	297,516

## Consolidated Cash Flow Statement for the year ended 31 December 2005 (cont'd.)

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(148,199)	(88,751)
Proceeds from disposal of property, plant and equipment	228	685
Purchase of other investments	(13,543)	(6,654)
Proceeds from disposal of investments	16,666	6,555
Dividend received from associate companies	656	—
Investment income received	208	2,119
Interest received	21,233	13,264
Net cash flow used in investing activities	(122,751)	(72,782)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(6,658)	(6,825)
Dividends paid	(23,760)	(15,840)
Drawdown of borrowings	4,000	100,000
Repayment of borrowings	(83,000)	—
Net cash flow (used in)/generated from financing activities	(109,418)	77,335
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	47,054	302,069
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	514,267	212,198
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 20)</b>	561,321	514,267

The accompanying notes form an integral part of the financial statements.

	Note	2005 RM'000	2004 RM'000
Revenue	3	118,000	83,900
Other income		3,494	1,293
Staff costs	4	(4,120)	(3,408)
Depreciation	11	(1,013)	(666)
Other expenses		(13,050)	(2,225)
Profit from operations	5	103,311	78,894
Finance costs	6	(6,658)	(6,170)
Profit before taxation		96,653	72,724
Taxation	8	(33,807)	(17,341)
Net profit for the year		62,846	55,383

The accompanying notes form an integral part of the financial statements.

	Note	2005 RM'000	2004 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	3,419	1,717
Investment in subsidiaries	12	1,797,716	1,807,607
Other investments	14	19,953	6,660
		1,821,088	1,815,984
<b>CURRENT ASSETS</b>			
Other receivables	18	597,615	645,631
Cash and bank balances	20	112,198	63,567
		709,813	709,198
<b>CURRENT LIABILITIES</b>			
Other payables	22	439,545	393,315
Taxation		415	89
Short term borrowings	23	6,000	83,000
		445,960	476,404
<b>NET CURRENT ASSETS</b>			
		263,853	232,794
		2,084,941	2,048,778
<b>FINANCED BY:</b>			
Share capital	24	1,100,000	1,100,000
Reserves		866,987	827,901
Shareholders' equity		1,966,987	1,927,901
Deferred liabilities	25	2,954	3,877
Long term borrowings	23	115,000	117,000
Non-current liabilities		117,954	120,877
		2,084,941	2,048,778

The accompanying notes form an integral part of the financial statements.

## Statement of Changes in Equity for the year ended 31 December 2005

	Reserves			Share Capital	Total
	Non-distributable Share Premium	(Accumulated losses)/ Distributable Retained Profits	Total Reserves		
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2004</b>	822,744	(34,386)	788,358	1,100,000	1,888,358
Net profit for the year	—	55,383	55,383	—	55,383
Dividends (Note 10)	—	(15,840)	(15,840)	—	(15,840)
<b>At 31 December 2004</b>	822,744	5,157	827,901	1,100,000	1,927,901
Net profit for the year	—	62,846	62,846	—	62,846
Dividends (Note 10)	—	(23,760)	(23,760)	—	(23,760)
<b>At 31 December 2005</b>	822,744	44,243	866,987	1,100,000	1,966,987

The accompanying notes form an integral part of the financial statements.

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	96,653	72,724
Adjustments for:		
Dividend income	(118,000)	(83,900)
Interest income	(2,226)	(104)
Retirement benefits	(558)	2,651
Impairment loss on subsidiary	9,891	—
Interest expense	6,658	6,170
Depreciation	1,013	666
Provision/(writeback) for short term accumulating compensated absences	76	(5)
Operating loss before working capital changes	(6,493)	(1,798)
Decrease/(increase) in receivables	3,597	(4,065)
Increase in payables	5,210	1,634
Decrease/(increase) in related company balances	137,278	(67,210)
Cash generated from/(used in) operations	139,592	(71,439)
Retirement benefits paid	(320)	(556)
Income tax paid	(441)	(349)
Net cash generated from/(used in) operating activities	138,831	(72,344)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,715)	(1,224)
Purchase of other investments	(13,293)	(6,654)
Dividends received	33,000	60,408
Interest income received	2,226	104
Net cash generated from investing activities	19,218	52,634

	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(6,658)	(6,170)
Dividends paid	(23,760)	(15,840)
Drawdown of borrowings	4,000	100,000
Repayment of borrowings	(83,000)	—
Net cash (used in)/generated from financing activities	(109,418)	77,990
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	48,631	58,280
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	63,567	5,287
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 20)</b>	112,198	63,567

The accompanying notes form an integral part of the financial statements.

## 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 12. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Head Office of MAHB, Sultan Abdul Aziz Shah Airport, 47200 Subang, Selangor Darul Ehsan.

The holding company is Khazanah Nasional Berhad and ultimate holding body is The Minister of Finance (Incorporated) ("MOF"), a body corporate which was incorporated under The Minister of Finance (Incorporation) Act, 1957.

The numbers of employees in the Group and in the Company at the end of financial year were 6,164 (2004: 5,628) and 525 (2004: 357) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 March 2006.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below. The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

### (b) Basis of Consolidation

#### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Company has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair value at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of the acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (b) Basis of Consolidation (cont'd.)

#### (i) Subsidiaries (cont'd.)

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statements.

Minority interest is measured at the minorities' share of post acquisition fair values of the identifiable assets and liabilities of the acquiree.

#### (ii) Associates

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence but no control over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the financial year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

### (c) Goodwill

Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates is included within the carrying amount of investments in associates.

Goodwill is written off in the year of acquisition.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**(d) Investments in Subsidiaries and Associates**

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

**(e) Property, Plant and Equipment and Depreciation**

(i) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(q).

(ii) Concession rights amounting to RM1,308,350,000 comprise fees payable by a subsidiary to the Government of Malaysia ("GoM") for the rights to operate, manage and undertake future development of the K.L. International Airport ("KLIA") in Sepang subject to an extension for an unspecified further period at the discretion of the GoM.

The concession rights is amortised over the remaining concession period of 45 years, commencing from 1 January 2004.

(iii) Capital improvements relate to the upgrading and resurfacing of runway.

(iv) Capital work-in-progress comprises the construction of buildings, renovation in progress and other assets which have not been commissioned. Capital work-in-progress is not depreciated.

(v) Depreciation of other property, plant and equipment is provided on a straight line basis calculated to write off the cost of each asset to its residual value over its estimated useful life.

Leasehold land	Over 50 – 94 years
Terminal buildings	2%
Plantations	4%
Vehicles	10% – 20%
Office, communication and electronic equipment	10% – 50%
Furniture and fittings	10% – 20%
Plant and machinery	20%
Racing circuit	2%
Capital improvements	12.5%
Hotel property	2%
Crockery, glassware, cutlery and linen	25%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (f) Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories comprises cost of purchase of goods. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

### (g) New Planting Expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under plantations.

### (h) Replanting Expenditure

Replanting expenditure incurred during the year is recognised in the income statement. Replanting expenditure represents the total cost incurred from land clearing to the point of harvesting.

### (i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

### (j) Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

### (k) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (l) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**(l) Income Tax (cont'd.)**

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

**(m) Employee Benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plans**

As required by law, the Company makes contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

**(iii) Defined benefit plans**

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service which is based on the qualifying number of years employed and equivalent factoring unit.

The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (m) Employee Benefits (cont'd.)

#### (iii) Defined benefit plans

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised transitional obligations or assets. The Group has amortised the unrecognised transitional obligations over a two year period beginning from the previous financial year.

During the year, the Group changed the policy of the defined benefit plans whereby only employees who have earned in return for their service up to 31 December 2004 shall continue to benefit from the scheme but limited to their qualifying number of years employed up to and equivalent factoring as at 31 December 2004. The existing employees as well as new employees who have earned in return for their service subsequent to 31 December 2004 are not eligible for the scheme but shall be compensated based on the scheme in the defined contribution plans. The change in policy have not given rise to any adjustment to the opening balances of the retained profits of the prior and current years or to changes in comparatives.

### (n) Provision for Pension

Provision made for the services of the staff of Department of Civil Aviation ("DCA") as recorded in the books and records of DCA as at 31 October 1992 has been transferred to a subsidiary. The subsidiary intends to pay the book balance to the GoM after appropriate confirmation and instructions are received.

### (o) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### (i) Dividend Income

Dividend income is recognised when the right to receive payment is established.

#### (ii) Revenue from Services

Revenue from airport management, horticulture and auction services rendered is recognised net of service taxes and discounts as and when the services are performed.

#### (iii) Sale of Goods

Revenue relating to sale of retail goods and agriculture products is recognised net of sales taxes and discounts upon the transfer of risk and rewards.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**(o) Revenue Recognition**

**(iv) Revenue from Hotel Operations**

Revenue from rental of hotel rooms, sale of food and beverages and other related income are recognised on an accrual basis.

**(v) Revenue from Event Management Services**

Revenue from events management is recognised net of discounts as and when the event takes place.

**(p) Foreign Currencies**

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, which are carried at historical costs are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange differences are taken directly to income statement.

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	2005 RM	2004 RM
United States Dollar (USD)	3.78	3.80
Great Britain Pound (GBP)	6.49	7.31
Euro (EUR)	4.49	—
Swiss Franc (CHF)	—	3.35

**(q) Impairment of Assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories and financial assets, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### (r) **Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

### (i) **Other Non-current Investments**

Bonds are stated at cost adjusted for accretion of discount or amortisation of premiums calculated on a straight line basis, to maturity date.

Other non-current investments are stated at cost less provision for diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

### (ii) **Marketable Securities**

Marketable securities are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

### (iii) **Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

### (iv) **Payables**

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**(r) Financial Instruments (cont'd.)**

**(v) Interest-Bearing Borrowings**

Interest-bearing bank loans are recorded at the amount of proceeds received, net of transaction costs.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

**(vi) Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**3. REVENUE**

Revenue of the Group and the Company consists of the following:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sale of goods:-				
- Duty free and non duty free	211,558	207,540	—	—
- Agriculture and horticulture	14,413	12,531	—	—
Services:-				
- Airport operations	747,611	681,743	—	—
- Hotel operations	50,854	41,284	—	—
- Event management services	69,116	69,134	—	—
- Management and auction services	19,285	12,456	—	—
Dividend income from subsidiaries	—	—	118,000	83,900
	1,112,837	1,024,688	118,000	83,900



**4. STAFF COSTS**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Wages and salaries	119,236	112,804	1,522	585
Bonus	13,218	8,529	983	36
Employees Provident Fund – defined contribution plan	21,849	15,371	491	95
Social security costs	2,048	1,765	12	2
Short term accumulating compensated absences	(173)	485	76	(5)
Retirement benefits – defined benefits plan (Note 25)	(1,987)	17,455	(558)	2,651
Other staff related expenses	58,822	38,072	1,594	44
	213,013	194,481	4,120	3,408

Included in staff costs of the Group and the Company are executive director's remuneration amounting to RM671,000 (2004: RM546,000) and RM671,000 (2004: RM546,000) respectively as further disclosed in Note 7.

**5. PROFIT FROM OPERATIONS**

Profit from operations is stated after charging/(crediting):

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Utilities cost	148,505	156,210	705	495
Repair and maintenance costs	122,580	103,447	189	51
Event staging, management and promotion costs	75,788	67,532	—	—
Provision for doubtful debts				
– trade receivables	43,917	69,909	—	—
– other receivables	660	—	—	—
Lease rental paid to Government of Malaysia (Note 26)	5,000	5,000	—	—
Rental expense	2,486	10,076	—	—
Management fee paid to hotel operator	2,013	1,559	—	—

**5. PROFIT FROM OPERATIONS (CONT'D.)**

Profit from operations is stated after charging/(crediting): (cont'd.)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Impairment of property, plant and equipment	1,022	—	—	—
Inventories written off	818	288	—	—
Non-executive directors' remuneration (Note 7)	424	348	389	309
Amortisation of premium on investment	368	403	—	—
Audit fees	317	317	28	28
Bad debts written off	234	92	—	—
Impairment of investment	52	448	9,891	—
Property, plant and equipment written off	33	43	—	—
Interest income	(21,233)	(13,264)	(2,226)	(104)
Adjustment for depreciation on reversal of land premium (Note 11)	(11,200)	—	—	—
Gain on disposal of investments	(9,823)	(1,312)	—	—
Rental income	(4,522)	(4,670)	—	—
Realised foreign exchange gain	(1,032)	(754)	—	—
Writeback of provision for doubtful debts	(692)	(1,446)	—	—
Gain on disposal of property, plant and equipment	(209)	(8)	—	—
Investment income	(208)	(2,119)	—	—
Bad debts recovered	(171)	(8,145)	—	—

**6. FINANCE COSTS**

Finance costs relate to interest expense on borrowings.

## 7. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Director of the Company</b>				
Executive:				
Salaries, bonus and other emoluments	671	546	671	546
Benefits-in-kind	17	17	17	17
	688	563	688	563
<b>Directors of the Company</b>				
Non-Executive:				
Other emoluments	219	160	219	160
Fees	153	132	153	132
Benefits-in-kind	17	17	17	17
	389	309	389	309
<b>Other Directors</b>				
Non-Executive:				
Fees	35	39	—	—
<b>Total</b>	1,112	911	1,077	872

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2005	2004
Executive director:		
RM150,001 – RM200,000	—	—
RM200,001 – RM250,000	—	—
RM400,001 – RM450,000	—	—
RM500,001 – RM600,000	—	1
RM600,001 – RM700,000	1	—

**7. DIRECTORS' REMUNERATION (CONT'D.)**

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2005	2004
Non-Executive directors:		
Less than RM50,000	9	7
RM50,001 - RM100,000	—	—
RM100,001 - RM150,000	—	1
RM150,001 - RM200,000	1	—

**8. TAXATION**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Tax expense for the year:				
Malaysian income tax	94,389	71,071	33,808	23,407
Foreign tax	—	128	—	—
	94,389	71,199	33,808	23,407
Deferred tax (Note 25):				
Relating to origination and reversal of temporary difference	3,813	1,956	—	—
(Over)/underprovision in prior year	(4,781)	347	—	—
	(968)	2,303	—	—
Malaysian income tax				
Under/(over) provided in prior years	1,457	(5,567)	(1)	(6,066)
Share of taxation of associated companies	1,892	2,462	—	—
	96,770	70,397	33,807	17,341

## 8. TAXATION (CONT'D.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2004: 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Several subsidiaries of the Company qualify for the reduced statutory tax rate of 20% on the first RM500,000 (2004: RM500,000) estimated assessable profit during the year.

As at 31 December 2005, the Company has tax exempt profit available for distribution of approximately RM57,000 (2004: RM57,000), subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2005.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2005 RM'000	2004 RM'000
<b>Group</b>		
Profit before taxation	279,033	195,586
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	78,129	54,764
Effect of different tax rates in the first RM500,000 (2004: RM500,000)	(120)	(120)
Effect of different tax rates in other countries	—	(51)
Income not subject to tax	(3,260)	(762)
Expenses not deductible for tax purposes	17,602	20,714
Utilisation of previously unrecognised tax losses	—	(328)
Utilisation of deferred tax assets not recognised	(482)	—
Reversal of deferred tax assets not recognised in prior year	—	(171)
Deferred tax assets not recognised during the year	8,225	1,571
Under/(over) provision of income tax in prior years	1,457	(5,567)
(Over)/under provision of deferred tax in prior years	(4,781)	347
Tax expense for the year	96,770	70,397

**8. TAXATION (CONT'D.)**

	2005 RM'000	2004 RM'000
<b>Company</b>		
Profit before taxation	96,653	72,724
Taxation at Malaysian statutory tax rate of 28% (2004: 28%)	27,063	20,363
Expenses not deductible for tax purposes	6,745	3,044
Overprovision of income tax in prior years	(1)	(6,066)
Tax expense for the year	33,807	17,341

Tax losses are analysed as follows:

	Group	
	2005 RM'000	2004 RM'000
Tax savings recognised during the year arising from:		
Utilisation of tax losses brought forward from previous years	452	328
Unutilised tax losses carried forward	2,648	35,777

**9. EARNINGS PER SHARE**

Earnings per share of the Group is calculated by dividing the net profit for the year of RM182,263,000 (2004: RM125,189,000) by the number of ordinary shares in issue of 1,100,000,000 (2004: 1,100,000,000) during the financial year.

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

**10. DIVIDENDS**

	Group/Company Amount		Group/Company Dividend per share	
	2005 RM'000	2004 RM'000	2005 Sen	2004 Sen
Final dividend of 2.0% less 28% taxation, in respect of the financial year ended 31 December 2003, paid on 28 June 2004	—	15,840	—	1.44
Final dividend of 3.0% less 28% taxation, in respect of the financial year ended 31 December 2004, paid on 17 June 2005	23,760	—	2.16	—
	23,760	15,840	2.16	1.44

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2005, of 4% less 28% taxation on 1,100,000,000 ordinary shares, amounting to RM31,680,000 (2.88 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.

## 11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings*	Plantations	Vehicles, office, communications and electronic equipment, furniture and fittings, plant and machinery, crockery, glassware, cutlery and linen**	Racing circuit, capital improvements and capital work-in- progress***	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group Cost</b>					
At 1 January 2005	2,266,477	72,439	325,461	690,943	3,355,320
Additions	2,223	1,535	14,713	129,728	148,199
Disposals	—	—	(1,876)	—	(1,876)
Written offs	—	—	(730)	—	(730)
Adjustments	(93,332)	(110)	(105)	(1,065)	(94,612)
Transfers	906	—	50,013	(50,919)	—
At 31 December 2005	2,176,274	73,864	387,476	768,687	3,406,301
<b>Accumulated Depreciation</b>					
At 1 January 2005	165,177	4,416	181,669	88,974	440,236
Charge	46,316	2,444	31,113	14,427	94,300
Disposals	—	—	(1,857)	—	(1,857)
Impairment losses	—	—	1,022	—	1,022
Adjustments (Note 5)	(11,200)	—	—	—	(11,200)
Written offs	—	—	(697)	—	(697)
At 31 December 2005	200,293	6,860	211,250	103,401	521,804



**11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

	Leasehold land and buildings*	Plantations	Vehicles, office, communications and electronic equipment, furniture and fittings, plant and machinery, crockery, glassware, cutlery and linen**	Racing circuit, capital improvements and capital work-in- progress***	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>					
<b>Net Book Value</b>					
At 31 December 2005	1,975,981	67,004	176,226	665,286	2,884,497
At 31 December 2004	2,101,300	68,023	143,792	601,969	2,915,084
<b>Details at 1 January 2004</b>					
Cost	2,037,138	68,647	300,897	635,189	3,041,871
Accumulated depreciation	114,471	2,357	153,814	74,668	345,310
<b>Depreciation charge for 2004</b>	50,706	2,059	29,085	14,328	96,178

**11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

\* Leasehold Land and Buildings

	Concession rights	Leasehold land	Terminal buildings	Hotel property	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group Cost</b>					
At 1 January 2005	1,308,350	102,528	687,948	167,651	2,266,477
Additions	—	—	2,223	—	2,223
Adjustment <sup>^</sup>	—	(93,332)	—	—	(93,332)
Transfer	—	—	906	—	906
At 31 December 2005	1,308,350	9,196	691,077	167,651	2,176,274
<b>Accumulated Depreciation</b>					
At 1 January 2005	29,074	11,760	99,877	24,466	165,177
Charge	29,074	121	13,820	3,301	46,316
Adjustment <sup>^</sup>	—	(11,200)	—	—	(11,200)
At 31 December 2005	58,148	681	113,697	27,767	200,293
<b>Net Book Value</b>					
At 31 December 2005	1,250,202	8,515	577,380	139,884	1,975,981
At 31 December 2004	1,279,276	90,768	588,071	143,185	2,101,300
<b>Details at 1 January 2004</b>					
Cost	1,081,680	102,528	685,279	167,651	2,037,138
Accumulated depreciation	—	9,773	86,122	18,576	114,471
<b>Depreciation charge for 2004</b>	29,074	1,987	13,755	5,890	50,706

<sup>^</sup> The adjustment in respect of reversal of land premium as disclosed in Note 22.

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

\*\* Vehicles, Office, Communication and Electronic Equipment, Furniture and Fittings, Plant and Machinery, Crockery, Glassware, Cutlery and Linen.

	Vehicles	Office, communication and electronic equipment, furniture and fittings	Plant and machinery, crockery, glassware, cutlery and linen	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group Cost</b>				
At 1 January 2005	64,791	255,481	5,189	325,461
Additions	1,999	12,549	165	14,713
Disposals	(1,468)	(328)	(80)	(1,876)
Written offs	—	(730)	—	(730)
Adjustments	(17)	(88)	—	(105)
Transfers	3,042	46,971	—	50,013
At 31 December 2005	68,347	313,855	5,274	387,476
<b>Accumulated Depreciation</b>				
At 1 January 2005	42,691	133,955	5,023	181,669
Charge	3,507	27,579	27	31,113
Disposals	(1,467)	(310)	(80)	(1,857)
Impairment	—	1,022	—	1,022
Written offs	—	(697)	—	(697)
At 31 December 2005	44,731	161,549	4,970	211,250
<b>Net Book Value</b>				
At 31 December 2005	23,616	152,306	304	176,226
At 31 December 2004	22,100	121,526	166	143,792

**11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

\*\* Vehicles, Office Communication and Electronic Equipment, Furniture and Fittings, Plant and Machinery, Crockery, Glassware, Cutlery and Linen.

	Vehicles	Office communication and electronic equipment, furniture and fittings	Plant and machinery, crockery, glassware, cutlery and linen	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>Details at 1 January 2004</b>				
Cost	62,534	233,145	5,218	300,897
Accumulated depreciation	38,685	110,061	5,068	153,814
<b>Depreciation charge for 2004</b>	4,180	24,881	24	29,085

\*\*\* Racing Circuit, Capital Improvements and Capital Work-In-Progress

	Racing circuit	Capital improvements	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 January 2005	399,828	59,473	231,642	690,943
Additions	—	147	129,581	129,728
Adjustments	—	(100)	(965)	(1,065)
Transfers	—	781	(51,700)	(50,919)
At 31 December 2005	399,828	60,301	308,558	768,687

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

\*\*\* Racing Circuit, Capital Improvements and Capital Work-In-Progress

	Racing circuit	Capital improvements	Capital work-in- progress	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
<b>Accumulated Depreciation</b>				
At 1 January 2005	55,504	33,470	—	88,974
Charge for the year	7,996	6,431	—	14,427
At 31 December 2005	63,500	39,901	—	103,401
<b>Net Book Value</b>				
At 31 December 2005	336,328	20,400	308,558	665,286
At 31 December 2004	344,324	26,003	231,642	601,969
<b>Details at 1 January 2004</b>				
Cost	397,974	58,696	178,519	635,189
Accumulated depreciation	47,520	27,148	—	74,668
<b>Depreciation charge for 2004</b>	7,984	6,344	—	14,328

- (i) On 16 January 2003, the Company, announced that Ministry of Finance (Incorporated) ("MoF") has agreed to the broad terms of the proposed disposal, inter-alia, the Sepang F1 Circuit, which is an asset of the Company. The purchase consideration of RM389.35 million for Sepang International Circuit Sdn. Bhd. and Sepang F1 Circuit shall be set-off against the concession fees due to the GoM pursuant to the Concession Agreement in relation to KLIA. There has been no further development during the financial year.
- (ii) Included in the Capital work-in-progress is an amount RM159,635,000 (2004: RM160,541,000) incurred in relation to the proposed development of the National Exhibition and Convention Centre at Subang which have remained suspended. The Group's negotiations with GoM to restructure its obligations includes the said amount incurred which is pending formalisation between the parties concerned.

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Motor vehicles	Office equipment	Total
	RM'000	RM'000	RM'000
<b>Company</b>			
<b>Cost</b>			
At 1 January 2005	662	2,324	2,986
Addition	525	2,190	2,715
At 31 December 2005	1,187	4,514	5,701
<b>Accumulated Depreciation</b>			
At 1 January 2005	256	1,013	1,269
Charge	166	847	1,013
At 31 December 2005	422	1,860	2,282
<b>Net Book Value</b>			
At 31 December 2005	765	2,654	3,419
At 31 December 2004	406	1,311	1,717
<b>Details at 1 January 2004</b>			
Cost	662	1,100	1,762
Accumulated depreciation	124	479	603
<b>Depreciation charge for 2004</b>	132	534	666

Included in the cost of property, plant and equipment of the Group and the Company are cost of fully depreciated assets which are still in use amounting to RM109,632,000 (2004: RM104,872,000) and RM988,000 (2004: RM493,000) respectively.

## 12. INVESTMENT IN SUBSIDIARIES

	Company	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	1,807,607	1,807,607
Provision for impairment	(9,891)	—
	1,797,716	1,807,607

Details of the subsidiaries, all of which are incorporated in Malaysia (except for Malaysia Airports (Mauritius) Pte Ltd, a company incorporated in Mauritius), are as follows:

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2005 %	2004 %	
Malaysia Airports Sdn. Bhd. (230646-U)	360,113,847	100	100	Management, operations and maintenance of designated airports and provision of airport related services in Malaysia other than Kuala Lumpur International Airport ("KLIA").
Malaysia Airports (Sepang) Sdn. Bhd. (320480-D)	50,000,003	100	100	Management, operations, maintenance and future development of KLIA and provision of airport related services.
Malaysia Airports (Niaga) Sdn. Bhd. (281310-V)	5,000,002	100	100	Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.
Malaysia Airports Management & Technical Services Sdn. Bhd. (375245-X)	500,002	100	100	Provision of management, maintenance and technical services in connection with the airport industry.
Malaysia Airports (Properties) Sdn. Bhd. (484656-H)	2	100	100	Investment holding, management and operations of car park, airside hotel, and Southern Common Amenities at KLIA.

**12. INVESTMENT IN SUBSIDIARIES (CONT'D.)**

Details of the subsidiaries, all of which are incorporated in Malaysia (except for Malaysia Airports (Mauritius) Pte Ltd, a company incorporated in Mauritius), are as follows: (cont'd.)

Name of Company	Issued and Paid-up Capital	Effective Interest Held		Principal Activities
		2005	2004	
	RM	%	%	
MAB Agriculture-Horticulture Sdn. Bhd. (467902-D)	10,000,000	100	100	Cultivation and selling of oil palm and other agricultural products, and engaging in horticulture activities.
K.L. Airport Hotel Sdn. Bhd. (330863-D)	10,900,000	100	100	Owner of the hotel known as The Pan Pacific Hotel KLIA.
Malaysia Airports Technologies Sdn. Bhd. (512262-H)	1,150,002	100	100	Operations and maintenance services and undertaking Information and Communication Technology business ventures.
Sepang International Circuit Sdn. Bhd. (457149-T)	10,000,000	100	100	Management and operations of Sepang F1 Circuit and organisation and promotion of motor sports and entertainment events.
Asia Pacific Auction Centre Sdn. Bhd. (488190-H)	10,556,000	100	100	Management and operations of an auction centre.
NECC Sdn. Bhd. (521231-V)	10,000,000	100	100	Undertaking the proposed development of the National Exhibition and Convention Centre at Subang. The activities of the Company have been suspended since 2001.
Airport Ventures Sdn. Bhd. (512527-U)	2	100	100	Investment holding.
Cargo One Restaurant & Lounge Sdn. Bhd. (528261-V)	2	100	100	Involved in the business of restaurant operations. The Company has ceased operations since 2001.



## 12. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries, all of which are incorporated in Malaysia (except for Malaysia Airports (Mauritius) Pte Ltd, a company incorporated in Mauritius), are as follows: (cont'd.)

Name of Company	Issued and Paid-up Capital	Effective Interest Held		Principal Activities
		2005	2004	
	RM	%	%	
Asia Pacific Auction Sales Sdn. Bhd. (523300-X)	2,000	95	95	Involved in the auction of general machineries. The Company has ceased operations since 2001.
Asia Pacific Machinery Auctions Sdn. Bhd. (503068-D)	2,000	51	51	Involved in the auction of light and heavy machineries. The Company has ceased operations since 2001.
Malaysia Motor Auctions Sdn. Bhd. (500189-H)	2,000	51	51	Involved in the auction of general motor vehicles. The Company has ceased operations since 2001.
Beans Around The World Coffee Shop Sdn. Bhd. (528250-P)	2	100	100	Provide services in respect of sale of beverages. The Company has ceased operations since 2001.
Eraman (Malaysia) Sdn. Bhd. (324329-K)	2	100	100	Dormant. Intended principal activity is general trading.
Malaysia Airports (Air Traffic Services) Sdn. Bhd. (438244-H)	2	100	100	Dormant. Intended principal activity is the provision of consultancy services in relation to air traffic management.
KLIA.com Sdn. Bhd. (516854-V)	2	100	100	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.
Malaysia Airports (Mauritius) Pte Ltd	USD2	100	—	Dormant. Intended principal activity is investment holding.

On 14 October 2005, the Company acquired Malaysia Airports (Mauritius) Private Limited, a company incorporated in Mauritius for cash consideration of USD2.00 for ordinary shares of USD1.00 each.

13. INVESTMENT IN ASSOCIATES

	Group	
	2005 RM'000	2004 RM'000
Unquoted shares, at cost	18,602	18,627
Group's share of post acquisition retained profits	14,446	11,618
	33,048	30,245
Represented by:		
Share of net tangible assets	33,048	30,245

Details of the associates are as follows:

Name of Associates	Country of Incorporation	Issued and Paid-up Share Capital	Effective Interest Held		Financial Year End	Principal Activities
			2005 %	2004 %		
Kuala Lumpur Aviation Fuelling System Sdn. Bhd.	Malaysia		20	20	31 March	Development, management and operations of aviation fuelling system at KLIA.
- ordinary shares		RM3,000,000				
- preference shares		RM2,360,000				
Urusan Teknologi Wawasan Sdn. Bhd.	Malaysia	RM750,000	49	49	30 June	Provision of mechanical, electrical and civil engineering services at KLIA in Sepang.

### 13. INVESTMENT IN ASSOCIATES (CONT'D.)

Details of the associates are as follows: (cont'd.)

Name of Associates	Country of Incorporation	Issued and Paid-up Share Capital	Effective Interest Held		Financial Year End	Principal Activities
			2005	2004		
			%	%		
Cambodia Airport Management Services Limited	Cambodia	USD25,000	—	40	31 December	Provision of services in connection with the operations, management and commercial promotion of the Phnom Penh International Airport and Siem Reap - Angkor International Airport in Cambodia.

On 14 July 2005, the Group disposed its entire 40% equity interest in an associate company, Cambodia Airport Management Services Pte Ltd for a cash consideration of USD3.07 million (RM11.67 million).

### 14. OTHER INVESTMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Bonds in Malaysia - net of amortisation of premium of RM4,153,000 (2004: RM3,785,000)	70,273	75,641	—	—
Unquoted shares, at cost	42,424	29,132	19,953	6,660
	112,697	104,773	19,953	6,660
Market value of bonds	76,757	83,054	—	—

**15. STAFF LOANS**

	Group	
	2005 RM'000	2004 RM'000
Staff loans	32,726	29,731
Less: Current portion (Note 18)	(2,767)	(1,601)
	29,959	28,130

**16. INVENTORIES**

	Group	
	2005 RM'000	2004 RM'000
At cost:		
Spares and consumables	15,565	23,666
Trading goods	25,762	22,014
Food and beverages	172	181
	41,499	45,861
At net realisable value:		
Trading goods	74	62
	41,573	45,923

## 17. TRADE RECEIVABLES

	Group	
	2005 RM'000	2004 RM'000
Trade receivables	380,647	422,991
Less: Provision for doubtful debts	(128,367)	(197,413)
	252,280	225,578
The movement in provision for doubtful debts is as follows:		
At beginning of year	197,413	134,603
Additional provision made	43,917	69,909
Provision for doubtful debt written back	(692)	—
Bad debts recovered	(171)	—
Write off of provision against trade receivables	(112,100)	(7,099)
At end of year	128,367	197,413

The Group's normal trade credit term ranges from 7 to 90 (2004: 7 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

As at balance sheet date, the concentration of credit risk in the form of outstanding balances is mainly due to four (2004: four) customers representing approximately 63% (2004: 60%) of the total trade receivables.

18. OTHER RECEIVABLES	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Due from subsidiaries	—	—	596,763	641,182
Staff loans (Note 15)	2,767	1,601	—	—
Other accrued revenue	475	3,916	—	—
Tax recoverable	149	145	—	—
Prepayment for event management activities	14,104	98,367	—	—
Amounts recoverable arising from event management activities	95,635	91,063	—	—
Other prepayments and sundry receivables	12,541	20,872	852	4,449
	125,671	215,964	597,615	645,631
Less: Provision for doubtful debts	(1,620)	(960)	—	—
	124,051	215,004	597,615	645,631

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The movement in provision for doubtful debts is as follows:

	Group	
	2005	2004
	RM'000	RM'000
At beginning of year	960	1,241
Additional provision made	660	—
Writeback of provision	—	(281)
At end of year	1,620	960

**19. MARKETABLE SECURITIES**

	Group	
	2005 RM'000	2004 RM'000
Shares quoted in Malaysia	210	210
Less: Impairment losses	(122)	(70)
At net realisable value	88	140
Market value of quoted shares	88	140

**20. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cash on hand and at bank	57,911	75,251	868	407
Deposits with:				
Licensed banks	350,380	346,316	—	—
Licensed finance companies	3,350	4,350	—	—
Licensed discount house	15,700	3,700	—	—
Money on call with:				
Licensed banks	118,980	69,650	111,330	63,160
Licensed discount house	15,000	15,000	—	—
Cash and bank balances	561,321	514,267	112,198	63,567

**20. CASH AND CASH EQUIVALENTS (CONT'D.)**

The range of weighted average effective interest rates during the financial year and the range of average maturities of deposits at the balance sheet date were as follows:

	Weighted Average Interest Rate		Average Maturities	
	2005 %	2004 %	2005 Days	2004 Days
<b>Group</b>				
Deposits with:				
Licensed banks	2.75	2.33	41	17
Licensed finance companies	2.70	2.84	23	7
Licensed discount house	2.67	2.68	18	30
Money on call with:				
Licensed banks	2.49	2.50	3	3
Licensed discount house	2.80	2.68	13	6
<b>Company</b>				
Money on call with:				
Licensed banks	2.55	2.50	3	3

**21. TRADE PAYABLES**

The normal trade credit term granted to the Group ranges from 20 to 90 (2004: 20 to 90) days respectively.



**22. OTHER PAYABLES**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Land premium payable to GoM	—	93,332	—	—
Accruals	81,016	75,044	—	—
Provisions for liabilities	47,619	36,265	594	523
Sundry payables	46,072	49,093	6,695	4,016
Deposits	16,457	11,909	2,630	94
Retirement benefit obligations (Note 25)	6,451	3,754	348	303
Due to subsidiaries	—	—	428,278	388,379
	197,615	269,397	438,545	393,315

During the year, the land premium payable in respect to KLIA to GoM was reversed as it was ascertained that the KLIA Concession Agreement and the KLIA Lease Rental Agreement did not specifically require it. This reversal increase profit before tax for the year by RM11,200,000 and accordingly reduced the net book value of property, plant and equipment by RM82,132,000.

The amounts due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Movement for provisions for liabilities during the year is as follows:

	Short term accumulating absences	Lease rental	Assessment fees	Total
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
At beginning of year	3,616	26,000	6,649	36,265
(Writeback of)/additional provision during the year	(173)	18,000	60	17,887
Utilised during the year	(17)	(5,000)	(1,516)	(6,533)
At end of year	3,426	39,000	5,193	47,619

**22. OTHER PAYABLES (CONT'D.)**

Movement for provisions for liabilities during the year is as follows: (cont'd.)

	Short term accumulating absences
	RM'000
<b>Company</b>	
At 1 January 2005	523
Additional provision during the year	76
Utilised during the year	(5)
At 31 December 2005	594

**23. BORROWINGS**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Short term borrowings</b>				
Unsecured:				
Term loans	6,000	3,000	6,000	3,000
Trade time loan	—	80,000	—	80,000
	6,000	83,000	6,000	83,000
<b>Long term borrowings</b>				
Unsecured:				
Term loans	115,000	117,000	115,000	117,000
	121,000	200,000	121,000	200,000
<b>Maturity of borrowings</b>				
Within one year	6,000	83,000	6,000	83,000
More than 1 year and less than 2 years	106,000	6,000	106,000	6,000
More than 2 years and less than 5 years	9,000	111,000	9,000	111,000
	121,000	200,000	121,000	200,000

## 23. BORROWINGS (CONT'D.)

The weighted average effective interest rates at the balance sheet date for borrowings:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Trade time loan	3.35	3.35	3.35	3.35
Term loans	5.47	5.22	5.47	5.22

## 24. SHARE CAPITAL

	Number of Shares of RM1 each		Amount	
	2005	2004	2005 RM	2004 RM
<b>Authorised:</b>				
Special Rights Redeemable Preference Share of RM1 each	1	1	1	1
Ordinary shares of RM1 each	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000
	2,000,000,001	2,000,000,001	2,000,000,001	2,000,000,001
<b>Issued and fully paid:</b>				
Special Rights Redeemable Preference Share of RM1 each	1	1	1	1
Ordinary shares of RM1 each	1,100,000,000	1,100,000,000	1,100,000,000	1,100,000,000
	1,100,000,001	1,100,000,001	1,100,000,001	1,100,000,001

**24. SHARE CAPITAL (CONT'D.)**

(a) The Special Rights Redeemable Preference Share ("Special Share") of RM1 enables the GoM, through the Ministry of Finance ("MoF"), to ensure that certain major decisions affecting the operations of the Company are consistent with GoM policies. The Special Shareholder, which may only be the GoM or any representative or person acting on its behalf, is entitled to receive notices of meetings but not entitled to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings.

The Special Shareholder has the right to appoint any person, but not more than six at any time, to be directors.

(b) The Special Shareholder has the right to require the Company to redeem the Special Share at par at any time by serving written notice upon the Company and delivering the relevant share certificate.

(c) The Special Shareholder shall be entitled to repayment of the capital paid-up on the Special Share in priority to any repayment of capital to any other member.

(d) The Special Shareholder does not have any right to participate in the capital or profits of the Company.

(e) Certain matters which vary the rights attached to the Special Share can only be effective with the written consent of the Special Shareholder, in particular matters relating to the creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover.

**25. DEFERRED LIABILITIES**

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Retirement benefit obligations (a)	50,931	58,649	2,954	3,877
Provision for pension	34,352	34,352	—	—
Concession rights payable (b)	836,680	856,680	—	—
Deferred taxation (c)	6,081	7,049	—	—
	928,044	956,730	2,954	3,877

## 25. DEFERRED LIABILITIES (CONT'D.)

### (a) Retirement benefit obligations

The Group and the Company operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to retirement benefits varying between 50% and 150% of average salary (non-executives) and last drawn salary (executives) and based on the qualifying number of years employed. The value of retirement benefits earned shall be paid on the attainment of the retirement age of 55.

During the year, the Group changed the policy whereby only employees who are eligible for the Scheme as at 31 December 2004 and based on the average salary (non-executives) and last drawn salary (executives) as at 31 December 2004 as well as the qualifying number of years employed up to 31 December 2004 shall continue to benefit from the Scheme. The value of the retirement benefits earned shall be paid on the attainment of the retirement age of 55. The change in policy have not given rise to any adjustment to the opening balances of the retained profits of the prior and current years or to changes in comparatives.

The amounts recognised in the balance sheet are determined as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Present value of unfunded defined benefit obligations	57,382	63,478	3,302	4,048
Unrecognised actuarial (loss)/gain	—	(1,075)	—	132
<b>Net liability</b>	<b>57,382</b>	<b>62,403</b>	<b>3,302</b>	<b>4,180</b>
Analysed as:				
Current (Note 22)	6,451	3,754	348	303
Non-current:				
Later than 1 year but not later than 2 years	2,626	2,779	187	61
Later than 2 years but not later than 5 years	9,530	9,126	576	658
Later than 5 years	38,775	46,744	2,191	3,158
	50,931	58,649	2,954	3,877
	57,382	62,403	3,302	4,180

25. DEFERRED LIABILITIES (CONT'D.)

(a) Retirement benefit obligations (cont'd.)

The amounts recognised in the income statement are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current service cost	—	6,083	—	849
Interest cost	3,503	3,714	201	238
Amortisation of				
- transitional obligations	—	7,658	—	1,564
- actuarial loss/(gain) during the year	1,075	—	(132)	—
Curtailement or settlement gain	(6,565)	—	(627)	—
<b>Total, included in staff costs (Note 4)</b>	<b>(1,987)</b>	<b>17,455</b>	<b>(558)</b>	<b>2,651</b>
Movements in the net liability in the current year were as follows:				
At beginning of year	62,403	46,794	4,180	2,085
Amounts recognised in the income statement	(1,987)	17,455	(558)	2,651
Contributions paid	(3,034)	(1,846)	(320)	(556)
<b>At end of year</b>	<b>57,382</b>	<b>62,403</b>	<b>3,302</b>	<b>4,180</b>

Principal actuarial assumptions used:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Discount rate	6.5	6.5	6.5	6.5
Expected rate of salary increases	4.0	4.0	4.0	4.0

## 25. DEFERRED LIABILITIES (CONT'D.)

(b) The GoM had granted an extension of time for the payment of balance of the concession rights payable pursuant to the concession agreement dated 18 October 1999 entered into between the GoM and Malaysia Airports (Sepang) Sdn. Bhd. ("MA Sepang"), a wholly owned subsidiary of the Company, pending the formalisation of the Group's negotiations with GoM to restructure its obligations with GoM. During the year, the Group made a payment of RM20 million to GoM.

### (c) Deferred taxation

	Group	
	2005 RM'000	2004 RM'000
At beginning of year	7,049	4,746
Recognised in the income statement (Note 8)	(968)	2,303
At end of year	6,081	7,049
Presented after appropriate offsetting as follows:		
Deferred tax asset	(51,489)	(44,697)
Deferred tax liabilities	57,570	51,746
	6,081	7,049

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

#### Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances
	RM'000
At beginning of year	51,746
Recognised in the income statement	5,824
At end of year	57,570

25. DEFERRED LIABILITIES (CONT'D.)

(c) Deferred taxation (Cont'd.)

Deferred Tax Assets of the Group:

	Tax Losses and Unabsorbed Capital Allowances	Receivables	Retirement Benefit Obligations	Other Payables	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At beginning of year	(28,134)	—	(9,617)	(6,946)	(44,697)
Recognised in the income statement	1,718	(8,204)	(4,842)	4,536	(6,792)
At end of year	(26,416)	(8,204)	(14,459)	(2,410)	(51,489)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2005 RM'000	2004 RM'000
Unutilised tax losses	42,476	29,374
Unabsorbed capital allowances	10,485	7,179
Other deductible temporary difference	39,828	28,581
	92,789	65,134

The unutilised tax losses, unabsorbed capital allowances and other deductible temporary allowances are available indefinitely to offset against future taxable profits of the subsidiaries in which those items arise. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiaries in the Group and they have arose in subsidiaries that have a recent history of losses.



**26. COMMITMENTS**

	Due year 2006	Due year 2007 to 2010	Due year 2011 to 2048	Total
	RM'000	RM'000	RM'000	RM'000
<b>2005</b>				
<b>Group</b>				
(i) Approved and contracted for:				
Lease rental payable to the GoM for all airports managed other than KLIA	5,000	20,000	60,000	85,000
Fixed lease rental payable to the GoM in respect of KLIA (a)	187,300	286,600	6,787,870	7,261,770
Capital expenditure	11,816	—	—	11,816
	204,116	306,600	6,847,870	7,358,586
(ii) Approved but not contracted for:				
Capital expenditure	482,210	—	—	482,210
	686,326	306,600	6,847,870	7,840,796
<b>Company</b>				
Approved but not contracted for:				
Capital expenditure	11,346	—	—	11,346

26. COMMITMENTS (CONT'D.)

	Due year 2005	Due year 2006 to 2009	Due year 2010 to 2048	Total
	RM'000	RM'000	RM'000	RM'000
<b>2004</b>				
<b>Group</b>				
(i) Approved and contracted for:				
Lease rental payable to the GoM for all airports managed other than KLIA (Note 5)	5,000	20,000	65,000	90,000
Fixed lease rental payable to the GoM in respect of KLIA (a)	122,400	275,580	6,863,790	7,261,770
Capital expenditure	25,535	—	—	25,535
	152,935	295,580	6,928,790	7,377,305
(ii) Approved but not contracted for:				
Capital expenditure	264,534	—	—	264,534
	417,469	295,580	6,928,790	7,641,839
<b>Company</b>				
Approved but not contracted for:				
Capital expenditure	13,332	—	—	13,332

## 26. COMMITMENTS (CONT'D.)

- (a) Lease rental payable to the GoM comprises a fixed and a variable payment. The lease rental payable disclosed above represents the fixed payment, which commences from RM60 million in year 2004 and increases by 4% in each subsequent year up to the end of the concession period. The variable payment is based on 8% of the total audited revenue of a subsidiary, which was granted the rights in respect of the KLIA Concession, and is payable on an annual basis commencing in year 2004.

The GoM has agreed that the lease rental payable from 2004 be temporarily suspended until the Group's negotiations with GoM to restructure its obligations are formalised between the parties concerned. The commitment disclosed due in the year 2006 is in relation to the fixed payment amount since the effective commencement year 2004, which remains unpaid to date. As at 31 December 2005, the accumulated variable payment for 2005 and 2004 amounted to approximately RM86.5 million and RM41.5 million, respectively.

- (b) There is a claim of RM146,140,000 against the Group by GoM for expenditure incurred prior to the handing over of KLIA to the Group in June 1998 pursuant to the signing of the KLIA Concession Agreement. The Group's negotiations with the GoM to restructure its obligations includes the above claim, if any, which is pending formalisation between the parties concerned.
- (c) The Company has entered into an agreement to acquire an 11% equity interest in Hyderabad International Airport Limited ("HIAL") during the year. HIAL, a company incorporated in India, has been identified for the development of the new Hyderabad International Airport in Andhra Pradesh, India. The Company will progressively make cash investments into HIAL up to a maximum of USD10 million. The construction of the new Hyderabad International Airport is scheduled for completion by 2007.

As at todate, the Company has paid up RM17.9 million (2004: RM6.6 million) as share capital in HIAL and advances which are convertible into shares in HIAL.

## 27. CONTINGENT LIABILITIES, UNSECURED

- (a) The GoM has communicated to the Company that GoM intends to backdate and increase the lease rental from the previously charged amount of RM5 million per annum for the designated airports, other than KLIA, from 1998. The Company is still in discussion with GoM as it was not part of the terms within the letter of undertaking signed on 29 October 1992 and has included this matter as part of its negotiations with GoM.
- (b) Pursuant to the KLIA Land Lease Agreement between The Federal Land Commissioner ("FLC") and MA Sepang, a wholly owned subsidiary of the Company, FLC may revise the lease rental payable for the land area earmarked for future development of KLIA. As at todate, FLC has yet to implement any revision on the lease rental. For the years 1998 to 2000, MA Sepang made lease rental payments of RM4.5 million per annum to the FLC.

**28. SUBSEQUENT EVENT**

On 24 January 2006, Malaysia Airports Management & Technical Services Sdn. Bhd., completed the acquisition of an additional 26% equity interest in an associate company, Urusan Teknologi Wawasan Sdn. Bhd. for a cash consideration of RM2,754,000 thereby increasing its effective interest to 75% equity interest.

**29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The daily operations of the Group require the use of financial instruments. A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, contractual right to exchange financial instruments from other enterprises under conditions that are potentially favourable or an equity instrument of another enterprise, whilst a financial liability is any liability that is a contractual obligation to deliver cash or other financial asset to other enterprises or to exchange financial instruments with other enterprise under conditions that are potentially unfavourable.

The use of financial instruments exposes the Group to financial risks which are categorised as credit, foreign currency, liquidity, cash flow, interest rate and market risks.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the respective companies' businesses whilst managing their risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group financial risk management policies that are approved by the Board.

It is the Group's policy not to engage in speculative transactions. As and when the Group undertakes significant transactions with risk exposure, the Group evaluates its exposure and the necessity or otherwise to hedge such exposure taking into consideration the availability and cost of such hedging instruments.

The policies for controlling these risks when applicable are set out below:

**(a) Credit risk**

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

Generally, the Group does not require collateral in respect of its financial assets. As at the balance sheet date, the concentration of credit risk in the form of outstanding balances is mainly due to four (2004: four) customers representing approximately 63% (2004: 60%) of the total receivables.

## 29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (b) Foreign currency risk

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowings in currencies that match the future revenue streams to be generated from its investments. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to a manageable level and short-term imbalances are addressed by buying or selling foreign currencies at spot rates.

The table below shows the Group's currency exposures, i.e., those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating currency of the operating unit involved.

Functional Currency of Group Companies	US Dollar	Great Britain Pound	Euro	Swiss Francs	Total
	'000	'000	'000	'000	'000
<b>As at 31 December 2005:</b>					
<b>Trade Receivables</b>					
Malaysian Ringgit	RM2,336	—	—	—	RM2,336
Equivalent in foreign currency ('000)	USD618				
<b>Other Receivables</b>					
Malaysian Ringgit	RM406	—	—	—	RM406
Equivalent in foreign currency ('000)	USD107				
<b>Trade Payables</b>					
Malaysian Ringgit	RM15,258	RM106	RM76	—	RM15,440
Equivalent in foreign currency ('000)	USD4,037	GBP16	EUR17		

29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Foreign currency risk (cont'd.)

Functional Currency of Group Companies	US Dollar '000	Great Britain Pound '000	Euro '000	Swiss Francs '000	Total '000
<b>As at 31 December 2005:</b>					
<b>Other Payables</b>					
Malaysian Ringgit	—	RM1,860	—	—	RM1,860
Equivalent in foreign currency ('000)		GBP287			
<b>As at 31 December 2004:</b>					
<b>Trade Receivables</b>					
Malaysian Ringgit	RM1,117	—	—	—	RM1,117
Equivalent in foreign currency ('000)	USD294				
<b>Other Receivables</b>					
Malaysian Ringgit	RM79	—	—	—	RM79
Equivalent in foreign currency ('000)	USD21				
<b>Trade Payables</b>					
Malaysian Ringgit	RM10,138	RM616	—	RM111	RM10,865
Equivalent in foreign currency ('000)	USD2,667	GBP84		CHF33	

(c) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group endeavours to maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

## 29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (c) Liquidity and cash flow risk (cont'd.)

The debt maturity profile of the Group is disclosed as follows:

#### Maturity of borrowings

	Group and Company	
	2005 RM'000	2004 RM'000
<b>Non Current Liability</b>		
Long term borrowing	115,000	117,000

### (d) Interest rate risk

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The interest profile of the financial assets and liabilities of the Group and of the Company at the balance sheet date were represented as follows:

The weighted average interest rates on the financial assets and liabilities at the balance sheet date were as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
<b>Financial Assets</b>				
Floating rate	2.58	2.70	2.55	2.50
<b>Financial Liabilities</b>				
Fixed rate	5.47	5.22	5.47	5.22

**29. FINANCIAL INSTRUMENT AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

**(d) Interest rate risk (cont'd.)**

The weighted average interest rates on the financial liabilities can be further analysed as follows:

	Group/Company	
	2005 %	2004 %
Long Term Loan	5.47	5.22

**(e) Market risk**

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices of the financial instrument or its security assets. For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into short or medium term agreements with suppliers.

**(f) Fair values**

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the followings:

	Group/Company	
	Carrying Amount RM'000	Fair Value RM'000
<b>Financial Liabilities</b>		
<b>At 31 December 2005:</b>		
Term Loan	115,000	116,715
<b>At 31 December 2004:</b>		
Term Loan	117,000	124,592



## 30. SEGMENT INFORMATION

The Group is organised on a local basis into five (5) major segments:

**(i) Retail**

To operate duty free, non duty free outlets and provide management service in respect of food and beverage outlets at designated airports.

**(ii) Airport Services**

To manage, operate and maintain designated airports in Malaysia and to provide airport related services.

**(iii) Agriculture and Horticulture**

To cultivate and sell oil palm and other agricultural products and to carry out horticulture activities.

**(iv) Hotel**

To manage and operate a hotel, known as The Pan Pacific Hotel KLIA.

**(v) Events Management**

To manage and operate Sepang F1 Circuit and to organise and promote motor sports and entertainment events.

Other business segments include provision of operations and maintenance services, undertaking the Information and Communication Technology business ventures and management and maintenance of other technical services in connection with the airport industry, cultivation and selling of oil palm and other agricultural products, and engaging in horticulture activities and auction activities, none of which are of a sufficient size to be reported separately.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

29. SEGMENTAL REPORTING (CONT'D.)

The analysis of results and assets employed by activity is shown below:

	← Sale of goods →				← Airport Services →	
	Duty free & non duty free		Agriculture & horticulture		Airport Services	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>REVENUE AND EXPENSES</b>						
<b>Revenue</b>						
External sales	229,252	207,540	14,413	12,531	739,210	681,743
Inter-segment sales	—	—	3,135	3,434	94,303	94,365
Inter-segment dividend	—	—	—	—	—	—
<b>Total revenue</b>	<b>229,252</b>	<b>207,540</b>	<b>17,548</b>	<b>15,965</b>	<b>833,513</b>	<b>776,108</b>
<b>Result</b>						
Segment results/profit from operations	22,278	15,358	(3,262)	(3,033)	253,226	181,307
Finance cost, net - Others	—	—	—	(291)	—	(572)
Share of results of associates	—	—	—	—	4,801	7,685
<b>Profit before taxation</b>	<b>22,278</b>	<b>15,358</b>	<b>(3,262)</b>	<b>(3,324)</b>	<b>258,027</b>	<b>188,420</b>
Taxation	(6,480)	(4,342)	—	—	(83,105)	(66,059)
<b>Net profit for the year</b>	<b>15,798</b>	<b>11,016</b>	<b>(3,262)</b>	<b>(3,324)</b>	<b>174,922</b>	<b>122,361</b>
<b>ASSETS AND LIABILITIES</b>						
Segment assets	71,253	60,591	73,009	75,480	4,160,904	4,138,616
Investment in associates	—	—	—	—	18,234	18,234
<b>Consolidated total assets</b>	<b>71,253</b>	<b>60,591</b>	<b>73,009</b>	<b>75,480</b>	<b>4,179,138</b>	<b>4,156,850</b>
<b>Segment liabilities/consolidated total liabilities</b>	<b>27,904</b>	<b>33,041</b>	<b>72,059</b>	<b>71,268</b>	<b>1,796,414</b>	<b>1,858,750</b>
<b>OTHER INFORMATION</b>						
Concession rights and capital expenditure	1,097	531	2,632	4,869	132,048	304,449
Depreciation	641	585	2,888	2,567	80,195	80,921
Non-cash items other than depreciation	1,128	(333)	(156)	179	43,354	83,557

No segmental information is provided on a geographical basis as the results of the overseas associated company are considered insignificant to the Group.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on term and conditions that are not materially different from that obtainable in transactions with unrelated parties.

Services										
Hotel		Events Management		Others		Eliminations		Consolidated		
2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000	
47,735	41,284	69,116	69,134	13,111	12,456	—	—	1,112,837	1,024,688	
1,934	879	770	1,432	60,901	53,896	(161,043)	(154,006)	—	—	
—	—	—	—	118,000	83,900	(118,000)	(83,900)	—	—	
49,669	42,163	69,886	70,566	192,012	150,252	(279,043)	(237,906)	1,112,837	1,024,688	
6,724	3,183	(14,646)	(6,684)	125,657	4,365	(111,480)	230	278,497	194,726	
—	—	—	—	(6,658)	(5,962)	—	—	(6,658)	(6,825)	
—	—	—	—	2,393	—	—	—	7,194	7,685	
6,724 (1,964)	3,183 (1,676)	(14,646)	(6,684)	121,392 (36,529)	(1,597) (19,388)	(111,480)	230 21,068	279,033 (96,770)	195,586 (70,397)	
4,760	1,507	(14,646)	(6,684)	84,863	(20,985)	(80,172)	21,298	182,263	125,189	
155,602	156,653	133,766	258,534	2,792,585	2,756,272	(3,380,653)	(3,397,247)	4,006,466	4,048,899	
—	—	—	—	368	393	14,446	11,618	33,048	30,245	
155,602	156,653	133,766	258,534	2,792,953	2,756,665	(3,366,207)	(3,385,629)	4,039,514	4,079,144	
55,423	62,134	166,064	276,186	777,698	800,120	(1,512,203)	(1,520,007)	1,383,359	1,581,492	
7,124	1,229	1,418	1,964	3,880	2,775	—	—	148,199	315,817	
5,711	7,864	1,966	1,862	2,900	2,379	—	—	94,301	96,178	
173	82	114	(552)	9,028	3,424	(9,691)	—	43,950	86,357	

# 12

A diverse portfolio

## airports operated by the group

### International

#### INTERNATIONAL AIRPORTS

##### Peninsular Malaysia

KL International Airport

Langkawi

Pulau Pinang

##### Sabah

Kota Kinabalu

##### Sarawak

Kuching

### Domestic

#### DOMESTIC AIRPORTS

##### Peninsular Malaysia

Alor Star

Kota Bharu

Kuala Terengganu

Ipoh

Kuantan

Subang

Melaka

##### Sabah

Sandakan

Labuan

Tawau

Lahad Datu

##### Sarawak

Miri

Bintulu

Sibu

Limbang

Mulu

### Short take-off

#### SHORT TAKE-OFF AND LANDING (STOL) PORTS

##### Peninsular Malaysia

Pulau Redang

Pulau Pangkor

Pulau Tioman

##### Sabah

Kudat

Long Pasia

Semporna

##### Sarawak

Lawas

Marudi

Long Semado

Bakalalan

Long Seridan

Long Akah

Long Lellang

Long Banga

Bario

Belaga

Kapit

Mukah



# Malaysia Airports Traffic 2005

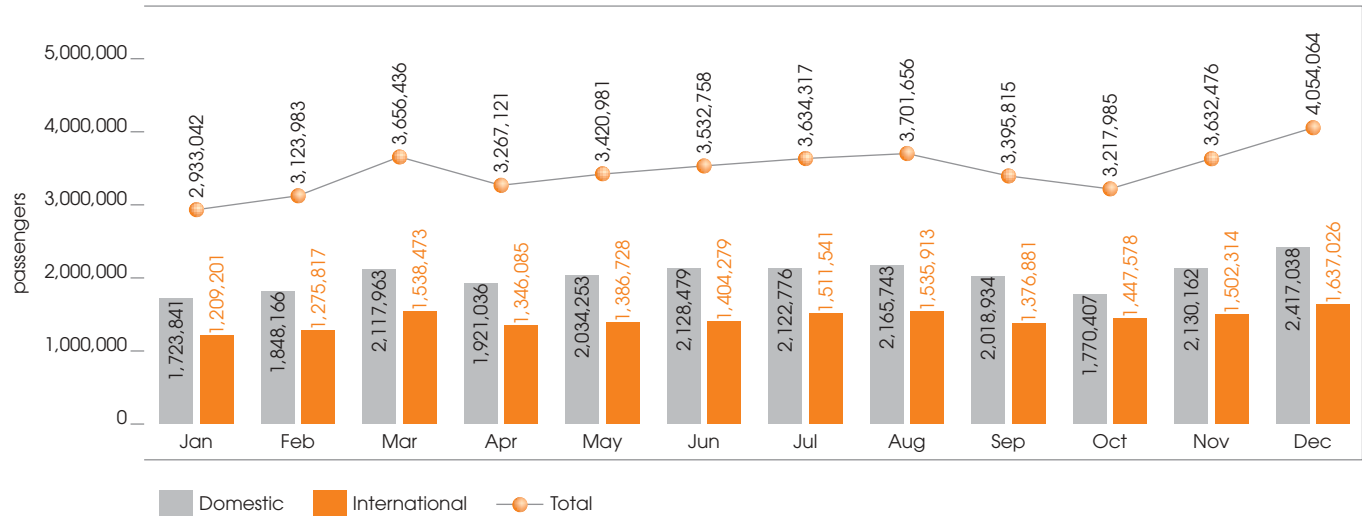
PASSENGER MOVEMENTS			
	2005	2004	+/-
Terminal passengers (international)	16,566,435	14,777,814	12.1%
Terminal passengers (domestic)	23,948,120	23,544,270	1.7%
Transit passengers	1,056,079	1,108,562	-4.7%
<b>Total passenger movements</b>	<b>41,570,634</b>	<b>39,430,646</b>	<b>5.4%</b>
AIRCRAFT MOVEMENTS			
	2005	2004	+/-
Commercial aircraft (international)	136,468	124,274	9.8%
Commercial aircraft (domestic)	333,187	330,695	0.8%
<b>Total commercial aircraft</b>	<b>469,655</b>	<b>454,969</b>	<b>3.2%</b>
All other aircraft	156,036	123,654	26.2%
<b>Total aircraft movements</b>	<b>625,691</b>	<b>578,623</b>	<b>8.1%</b>
CARGO MOVEMENTS (KG)			
	2005	2004	+/-
Cargo movements (international)	780,009,189	762,805,944	2.3%
Cargo movements (domestic)	188,345,007	164,516,542	14.5%
Transit cargo	30,940,885	29,749,226	4.0%
<b>Total cargo movements</b>	<b>999,295,081</b>	<b>957,071,712</b>	<b>4.4%</b>
MAIL MOVEMENTS (KG)			
	2005	2004	+/-
Mail movements (international)	2,723,363	4,476,052	-39.2%
Mail movements (domestic)	20,078,863	22,181,824	-9.5%
Transit mail	1,409,591	1,846,902	-23.7%
<b>Total mail movements</b>	<b>24,211,817</b>	<b>28,504,778</b>	<b>-15.1%</b>

# Passenger Movements 2005

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2005*	2004*	% +/-	Domestic	Int'l	Total
KLIA	4,236,977	4,151,859	8,388,836	7,178,515	7,159,476	14,337,991	<b>23,213,926</b>	21,058,572	10.2%	—	487,099	487,099
Penang	758,295	780,615	1,538,910	626,158	632,775	1,258,933	<b>2,834,545</b>	2,987,993	-5.1%	17,874	18,828	36,702
Kota Kinabalu	1,601,687	1,622,417	3,224,104	302,975	308,197	611,172	<b>3,975,136</b>	3,918,201	1.5%	71,105	68,755	139,860
Kuching	1,509,533	1,538,436	3,047,969	91,869	91,167	183,036	<b>3,354,973</b>	3,317,879	1.1%	96,308	27,660	123,968
Langkawi	360,581	381,726	742,307	44,711	29,248	73,959	<b>830,334</b>	845,276	-1.8%	14,068	—	14,068
Kota Bharu	314,772	320,625	635,397	—	—	—	<b>635,397</b>	639,871	-0.7%	—	—	—
Ipoh	21,441	24,493	45,934	17,290	11,180	28,470	<b>74,451</b>	103,123	-27.8%	—	47	47
Kuala Terengganu	211,804	207,665	419,469	4	2	6	<b>419,475</b>	435,620	-3.7%	—	—	—
Alor Star	161,992	161,677	323,669	—	—	—	<b>323,669</b>	346,502	-6.6%	—	—	—
Malacca	55	588	643	12,495	11,348	23,843	<b>27,683</b>	46,692	-40.7%	192	3,005	3,197
Subang	37,111	39,138	76,249	3,607	3,746	7,353	<b>83,602</b>	90,593	-7.7%	—	—	—
Kuantan	144,591	147,317	291,908	3,204	3,072	6,276	<b>298,184</b>	349,375	-14.7%	—	—	—
Tioman	16,683	16,925	33,608	9,916	10,530	20,446	<b>54,054</b>	57,957	-6.7%	—	—	—
Pangkor	5,499	5,694	11,193	—	—	—	<b>11,193</b>	10,247	9.2%	—	—	—
Redang	10,890	11,328	22,218	4,313	4,119	8,432	<b>30,650</b>	20,750	47.7%	—	—	—
Labuan	285,343	278,659	564,002	163	6	169	<b>642,582</b>	686,103	-6.3%	78,411	—	78,411
Lahad Datu	58,206	58,767	116,973	—	—	—	<b>116,973</b>	117,584	-0.5%	—	—	—
Sandakan	302,074	308,603	610,677	2,372	2,059	4,431	<b>621,513</b>	574,213	8.2%	6,405	—	6,405
Tawau	337,577	341,427	679,004	959	934	1,893	<b>680,901</b>	620,847	9.7%	4	—	4
Bintulu	209,038	213,604	422,642	4	14	18	<b>487,077</b>	464,576	4.8%	64,410	7	64,417
Miri	760,784	763,605	1,524,389	—	—	—	<b>1,594,855</b>	1,509,684	5.6%	70,466	—	70,466
Sibu	450,670	448,624	899,294	—	7	7	<b>920,930</b>	903,108	2.0%	21,629	—	21,629
Mulu	26,737	26,177	52,914	—	—	—	<b>52,914</b>	54,767	-3.4%	—	—	—
Limbang	51,226	51,028	102,254	—	—	—	<b>105,652</b>	96,209	9.8%	3,398	—	3,398
STOL Sabah	2,895	3,068	5,963	—	—	—	<b>6,009</b>	7,099	-15.4%	46	—	46
STOL Sarawak	78,012	89,582	167,594	—	—	—	<b>173,956</b>	167,805	3.7%	6,362	—	6,362
Peninsular Malaysia	6,280,691	6,249,650	12,530,341	7,900,213	7,865,496	15,765,709	<b>28,837,163</b>	26,992,571	6.8%	32,134	508,979	541,113
Sabah	2,587,782	2,612,941	5,200,723	306,469	311,196	617,665	<b>6,043,114</b>	5,924,047	2.0%	155,971	68,755	224,726
Sarawak	3,086,000	3,131,056	6,217,056	91,873	91,188	183,061	<b>6,690,357</b>	6,514,028	2.7%	262,573	27,667	290,240
<b>Total 2005</b>	<b>11,954,473</b>	<b>11,993,647</b>	<b>23,948,120</b>	<b>8,298,555</b>	<b>8,267,880</b>	<b>16,566,435</b>	<b>41,570,634</b>	<b>39,430,646</b>	<b>5.4%</b>	<b>450,678</b>	<b>605,401</b>	<b>1,056,079</b>
Total 2004	11,781,952	11,762,318	23,544,270	7,305,477	7,472,337	14,777,814	<b>39,430,646</b>			486,669	621,893	1,108,562
% change	1.5%	2.0%	1.7%	13.6%	10.6%	12.1%	<b>5.4%</b>			-7.4%	-2.7%	-4.7%

Note: \*Including transit passengers

PASSENGER MOVEMENTS AT MALAYSIA AIRPORTS

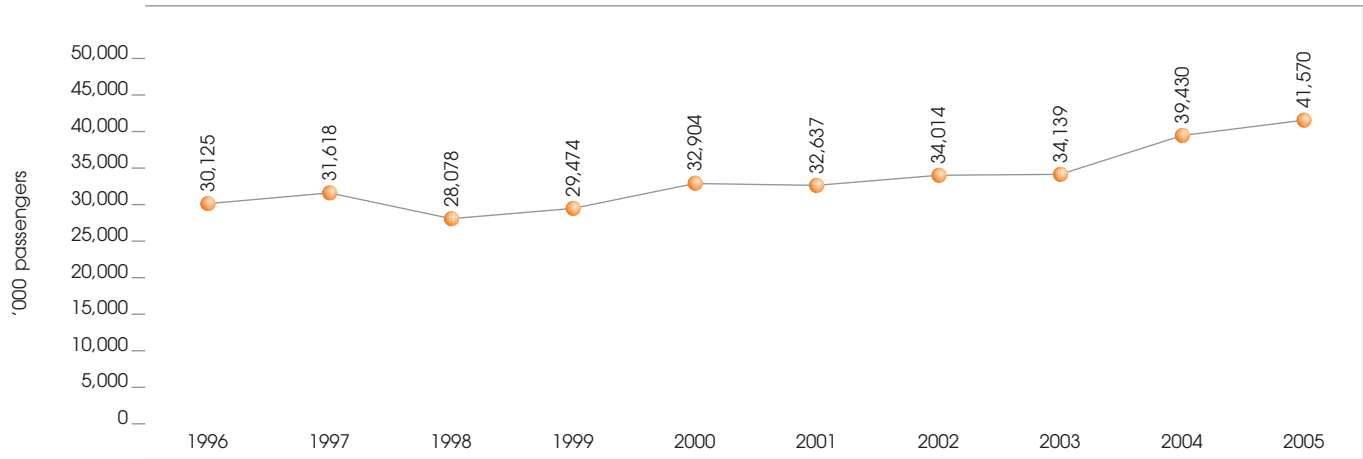




# Passenger Movements (1996-2005)

AIRPORTS											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	%+/-
KLIA	—	—	6,524,405	13,172,635	14,732,876	14,538,831	16,398,230	17,454,564	21,058,572	<b>23,213,926</b>	10.2%
Penang	2,941,370	2,907,033	2,452,523	2,510,318	2,740,505	2,558,999	2,508,693	2,334,669	2,987,993	<b>2,834,545</b>	-5.1%
Kota Kinabalu	2,622,190	2,732,146	2,393,431	2,752,207	3,092,326	3,036,196	3,256,212	3,302,366	3,918,201	<b>3,975,136</b>	1.5%
Kuching	2,272,493	2,257,214	2,022,160	2,234,790	2,545,080	2,693,903	2,935,052	2,923,633	3,317,879	<b>3,354,973</b>	1.1%
Langkawi	867,541	839,064	739,771	802,151	958,066	829,498	712,988	726,817	845,276	<b>830,334</b>	-1.8%
Johor Bahru	989,622	1,081,681	866,710	897,851	1,026,729	998,693	874,278	651,352	—	—	—
Kota Bharu	560,590	602,068	487,541	471,085	512,834	506,632	534,959	589,950	639,871	<b>635,397</b>	-0.7%
Ipoh	222,343	196,625	148,565	132,154	148,095	131,730	132,314	115,286	103,123	<b>74,451</b>	-27.8%
Kuala Terengganu	282,360	313,384	272,618	297,271	343,186	355,063	309,202	394,240	435,620	<b>419,475</b>	-3.7%
Alor Star	334,731	343,865	239,797	273,933	311,224	306,514	287,465	353,778	346,502	<b>323,669</b>	-6.6%
Malacca	19,604	6,411	7,190	15,053	13,917	9,171	7,438	31,108	46,692	<b>27,683</b>	-40.7%
Subang	14,556,879	15,819,863	8,263,930	1,999,302	2,100,727	1,955,688	1,130,169	72,491	90,593	<b>83,602</b>	-7.7%
Kuantan	452,684	512,549	403,489	387,375	419,441	433,270	388,746	351,179	349,375	<b>298,184</b>	-14.7%
Tioman	94,556	82,739	80,959	75,425	74,762	83,358	64,067	56,900	57,957	<b>54,054</b>	-6.7%
Pangkor	—	—	—	4,453	6,498	8,999	8,811	6,095	10,247	<b>11,193</b>	9.2%
Redang	—	—	—	—	—	—	—	—	20,750	<b>30,650</b>	47.7%
Labuan	564,002	586,091	412,801	449,216	558,877	619,260	635,458	696,961	686,103	<b>642,582</b>	-6.3%
Lahad Datu	84,486	92,094	79,881	88,632	102,492	104,270	108,151	107,914	117,584	<b>116,973</b>	-0.5%
Sandakan	416,710	424,781	377,843	405,439	452,824	449,679	449,613	497,999	574,213	<b>621,513</b>	8.2%
Tawau	452,679	461,234	391,164	442,503	464,784	472,301	495,462	551,168	620,847	<b>680,901</b>	9.7%
Bintulu	336,909	335,698	290,370	322,925	352,154	384,201	422,715	427,894	464,576	<b>487,077</b>	4.8%
Miri	1,032,432	1,049,253	794,138	892,008	1,049,561	1,159,832	1,292,004	1,377,312	1,509,684	<b>1,594,855</b>	5.6%
Sibu	654,785	631,701	555,483	620,830	657,375	725,449	759,704	817,687	903,108	<b>920,930</b>	2.0%
Mulu	41,602	38,934	24,762	26,940	31,016	36,601	44,371	41,280	54,767	<b>52,914</b>	-3.4%
Limbang	114,443	105,890	70,292	59,674	71,526	76,642	77,821	83,459	96,209	<b>105,652</b>	9.8%
STOL Sabah	7,702	9,466	7,702	7,076	6,809	6,850	6,896	6,945	7,099	<b>6,009</b>	-15.4%
STOL Sarawak	202,930	188,424	170,795	132,935	130,735	155,339	173,123	165,704	167,805	<b>173,956</b>	3.7%
Peninsular Malaysia	21,322,280	22,705,282	20,487,498	21,039,006	23,388,860	22,716,446	23,357,360	23,138,429	26,992,571	<b>28,837,163</b>	6.8%
Sabah	4,147,769	4,305,812	3,662,822	4,145,073	4,678,112	4,688,556	4,951,792	5,163,353	5,924,047	<b>6,043,114</b>	2.0%
Sarawak	4,655,594	4,607,114	3,928,000	4,290,102	4,837,447	5,231,967	5,704,790	5,836,969	6,514,028	<b>6,690,357</b>	2.7%
<b>Grand Total</b>	<b>30,125,643</b>	<b>31,618,208</b>	<b>28,078,320</b>	<b>29,474,181</b>	<b>32,904,419</b>	<b>32,636,969</b>	<b>34,013,942</b>	<b>34,138,751</b>	<b>39,430,646</b>	<b>41,570,634</b>	<b>5.4%</b>
% change	9.2%	5.0%	-11.2%	5.0%	11.6%	-0.8%	4.2%	0.4%	15.5%	<b>5.4%</b>	

PASSENGER MOVEMENTS AT MALAYSIA AIRPORTS (1996-2005)



# International Passenger Movements by Sectors at KL International Airport

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>SOUTH EAST ASIA</b>							
B. Seri Begawan	45,088	57,862	47,986	59,064	93,074	116,926	-20.4%
Balikpapan	644	487	261	792	905	1,279	-29.2%
Bandung	29,935	23,753	35,073	26,088	65,008	49,841	30.4%
Bangkok	562,059	494,946	555,945	496,107	1,118,004	991,053	12.8%
Cebu	7,342	7,305	7,240	7,323	14,582	14,628	-0.3%
Chiang Mai	7,053	0	7,579	0	14,632	0	—
Clark Field	26,026	0	26,034	0	52,060	0	—
Denpasar	172,881	133,277	171,552	135,652	344,433	268,929	28.1%
Hanoi	59,036	44,338	61,691	48,591	120,727	92,929	29.9%
Hat Yai	21,881	13,035	20,651	12,491	42,532	25,526	66.6%
Ho Chi Minh City	118,339	90,687	103,330	78,169	221,669	168,856	31.3%
Jakarta	419,481	317,216	420,226	334,406	839,707	651,622	28.9%
Manado	1	3,752	12	3,621	13	7,373	-99.8%
Manila	68,786	70,378	65,907	67,361	134,693	137,739	-2.2%
Mataram	0	0	14,191	15,800	14,191	15,800	-10.2%
Medan	130,381	73,602	129,564	81,666	259,945	155,268	67.4%
Padang	30,848	15,125	32,111	16,512	62,959	31,637	99.0%
Pekan Baru	2,279	1,191	2,177	953	4,456	2,144	107.8%
Phnom Penh	51,683	41,540	45,776	40,130	97,459	81,670	19.3%
Phuket	61,184	93,972	59,945	90,198	121,129	184,170	-34.2%
Siem Reap	7,882	3,572	9,476	5,012	17,358	8,584	102.2%
Singapore	863,253	832,124	856,791	882,905	1,720,044	1,715,029	0.3%
Solo City	632	0	660	0	1,292	0	—
Subic Bay	0	1,224	0	1,200	0	2,424	-100.0%
Surabaya	172,466	130,680	170,981	161,963	343,447	292,643	17.4%
Yangon	43,956	39,123	31,978	26,059	75,934	65,182	16.5%
Yogyakarta	11,474	8,015	15,037	10,794	26,511	18,809	40.9%
<b>Total</b>	<b>2,914,590</b>	<b>2,497,204</b>	<b>2,892,174</b>	<b>2,602,857</b>	<b>5,806,764</b>	<b>5,100,061</b>	<b>13.9%</b>

## Malaysia Airports Statistics 2005 (cont'd.)

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>NORTH EAST ASIA</b>							
Beijing	110,181	90,295	115,379	95,343	225,560	185,638	21.5%
Changsha	900	0	836	0	1,736	0	—
Chengdu	19,893	9,698	21,126	9,409	41,019	19,107	114.7%
Chongqing	0	162	0	146	0	308	-100.0%
Fukuoka	16,567	3,023	16,514	2,931	33,081	5,954	455.6%
Fuzhou	24,026	16,688	23,384	18,406	47,410	35,094	35.1%
Guangzhou	126,963	135,771	123,413	134,746	250,376	270,517	-7.4%
Guilin	1,630	2,249	1,598	2,414	3,228	4,663	-30.8%
Haikou	13,151	4,543	14,215	5,055	27,366	9,598	185.1%
Hangzhou	614	0	835	0	1,449	0	—
Harbin	517	0	250	0	767	0	—
Hong Kong	409,366	386,230	439,034	440,224	848,400	826,454	2.7%
Kaohsiung	26,601	21,866	25,866	22,852	52,467	44,718	17.3%
Kunming	30,902	4,010	31,786	4,567	62,688	8,577	630.9%
Macau	39,509	2,070	40,412	2,443	79,921	4,513	1670.9%
Nagoya	31,102	23,154	30,414	22,632	61,516	45,786	34.4%
Nanjing	305	579	302	520	607	1,099	-44.8%
Nanning	5,302	1,669	5,544	1,596	10,846	3,265	232.2%
Ningbo	295	294	304	301	599	595	0.7%
Osaka	86,349	86,924	86,693	85,892	173,042	172,816	0.1%
Seoul	130,767	117,083	129,911	125,250	260,678	242,333	7.6%
Shanghai Hongqiao	135,461	129,857	136,071	133,215	271,532	263,072	3.2%
Shanghai Pu Dong	34,020	27,138	33,303	34,842	67,323	61,980	8.6%
Shenyang	0	0	257	0	257	0	—
Shenzhen	25,256	0	25,646	0	50,902	0	—
Taipei	145,202	155,764	143,115	154,692	288,317	310,456	-7.1%
Tokyo	176,863	185,647	176,633	192,967	353,496	378,614	-6.6%
Wuhan	149	15	48	161	197	176	11.9%
Xi An	10,199	0	10,856	0	21,055	0	—
Xiamen	56,206	48,607	54,595	46,750	110,801	95,357	16.2%
<b>Total</b>	<b>1,658,296</b>	<b>1,453,336</b>	<b>1,688,340</b>	<b>1,537,354</b>	<b>3,346,636</b>	<b>2,990,690</b>	<b>11.9%</b>

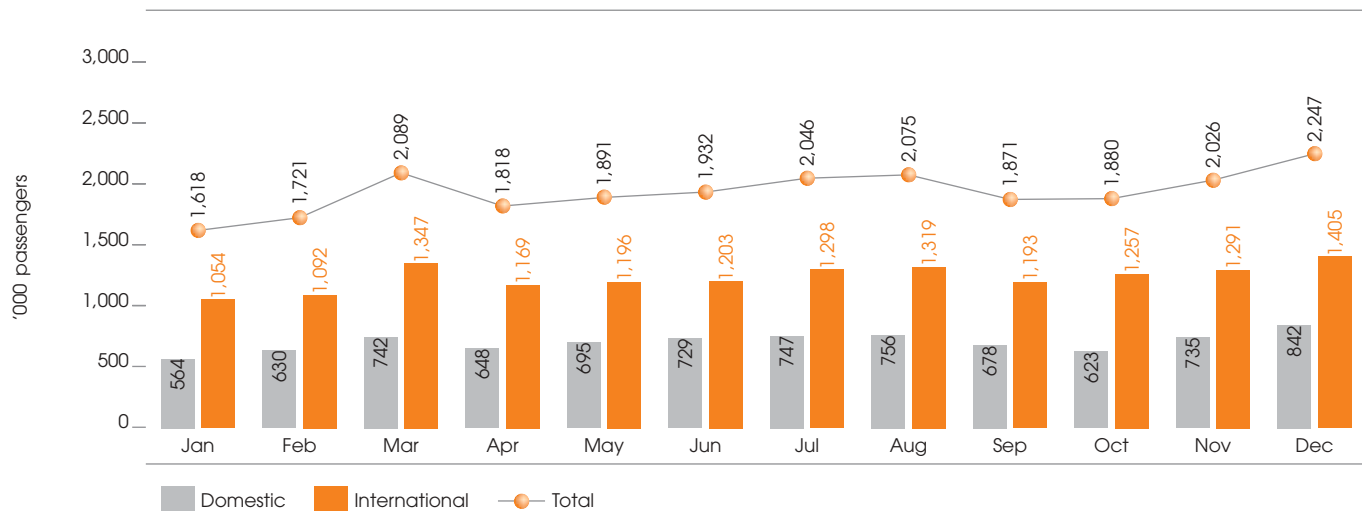
	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>SOUTHWEST PACIFIC</b>							
Adelaide	49,700	43,563	49,853	46,628	99,553	90,191	10.4%
Auckland	91,516	77,070	92,299	73,459	183,815	150,529	22.1%
Brisbane	68,456	54,500	66,307	53,371	134,763	107,871	24.9%
Melbourne	175,855	144,340	178,221	147,117	354,076	291,457	21.5%
Perth	107,187	95,561	109,692	98,598	216,879	194,159	11.7%
Sydney	192,586	157,792	193,166	159,308	385,752	317,100	21.6%
<b>Total</b>	<b>685,300</b>	<b>572,826</b>	<b>689,538</b>	<b>578,481</b>	<b>1,374,838</b>	<b>1,151,307</b>	<b>19.4%</b>
<b>SOUTH ASIA</b>							
Ahmedabad	16,697	375	16,933	195	33,630	570	5800.0%
Bangalore	30,291	23,771	33,842	25,055	64,133	48,826	31.4%
Chennai	189,098	139,043	152,367	119,790	341,465	258,833	31.9%
Colombo	70,544	72,631	73,595	61,306	144,139	133,937	7.6%
Delhi	66,198	46,766	62,671	45,274	128,869	92,040	40.0%
Dhaka	105,684	98,053	80,037	70,501	185,721	168,554	10.2%
Hyderabad	22,259	12,511	23,351	11,556	45,610	24,067	89.5%
Karachi	33,941	19,138	28,269	16,709	62,210	35,847	73.5%
Kathmandu	40,854	35,251	27,701	28,949	68,555	64,200	6.8%
Kochi	0	207	0	162	0	369	-100.0%
Kolkata	17,068	0	16,511	0	33,579	0	—
Male	11,923	12,224	16,859	13,859	28,782	26,083	10.3%
Mumbai	63,951	52,603	61,547	50,116	125,498	102,719	22.2%
<b>Total</b>	<b>668,508</b>	<b>512,573</b>	<b>593,683</b>	<b>443,472</b>	<b>1,262,191</b>	<b>956,045</b>	<b>32.0%</b>
<b>CENTRAL ASIA</b>							
Almaty	0	407	0	409	0	816	-100.0%
Tashkent	8,921	10,015	9,457	10,274	18,378	20,289	-9.4%
<b>Total</b>	<b>8,921</b>	<b>10,422</b>	<b>9,457</b>	<b>10,683</b>	<b>18,378</b>	<b>21,105</b>	<b>-12.9%</b>

## Malaysia Airports Statistics 2005 (cont'd.)

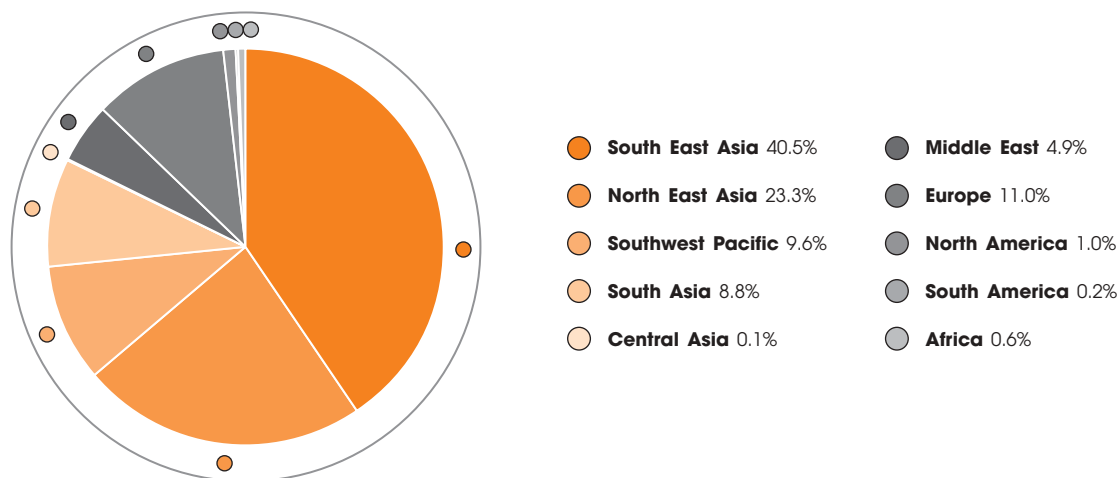
	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>MIDDLE EAST</b>							
Abu Dhabi	7,958	9,476	8,425	7,712	16,383	17,188	-4.7%
Amman	0	1,510	0	1,701	0	3,211	-100.0%
Bahrain	7,714	4,514	8,569	9,231	16,283	13,745	18.5%
Beirut	13,927	12,857	13,669	12,182	27,596	25,039	10.2%
Cairo	19,607	17,876	20,085	17,411	39,692	35,287	12.5%
Doha	48,394	33,014	44,258	33,979	92,652	66,993	38.3%
Dubai	93,631	73,284	102,118	97,323	195,749	170,607	14.7%
Jeddah	92,299	75,395	93,313	78,646	185,612	154,041	20.5%
Kuwait	1,527	939	1,362	1,054	2,889	1,993	45.0%
Madinah	8,130	2,828	20,974	30,308	29,104	33,136	-12.2%
Muscat	5,877	4,926	5,346	4,832	11,223	9,758	15.0%
Riyadh	23,356	25,104	18,055	17,696	41,411	42,800	-3.2%
Sanaa	5,679	4,486	5,713	3,835	11,392	8,321	36.9%
Tehran	14,791	20,133	14,774	19,826	29,565	39,959	-26.0%
<b>Total</b>	<b>342,890</b>	<b>286,342</b>	<b>356,661</b>	<b>335,736</b>	<b>699,551</b>	<b>622,078</b>	<b>12.5%</b>
<b>EUROPE</b>							
Amsterdam	166,763	145,982	172,225	151,574	338,988	297,556	13.9%
Frankfurt	67,621	74,546	70,784	77,064	138,405	151,610	-8.7%
Istanbul	16,315	13,138	17,148	12,791	33,463	25,929	29.1%
London	245,608	231,630	264,229	256,584	509,837	488,214	4.4%
Manchester	58,095	54,101	56,104	55,477	114,199	109,578	4.2%
Moscow	169	0	151		320	0	—
Munich	8,718	1,177	9,220	1,422	17,938	2,599	590.2%
Paris	70,251	60,656	72,372	60,741	142,623	121,397	17.5%
Rome	37,457	33,105	38,494	33,723	75,951	66,828	13.7%
Stockholm	17,503	2,661	15,408	1,995	32,911	4,656	606.9%
Vienna	49,753	38,613	52,350	41,338	102,103	79,951	27.7%
Zagreb	0	0	158	0	158	0	—
Zurich	33,395	30,465	33,437	30,938	66,832	61,403	8.8%
<b>Total</b>	<b>771,648</b>	<b>686,074</b>	<b>802,080</b>	<b>723,647</b>	<b>1,573,728</b>	<b>1,409,721</b>	<b>11.6%</b>

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>NORTH AMERICA</b>							
Los Angeles	48,262	41,698	47,297	43,746	95,559	85,444	11.8%
New York	22,990	16,673	21,977	17,130	44,967	33,803	33.0%
<b>Total</b>	<b>71,252</b>	<b>58,371</b>	<b>69,274</b>	<b>60,876</b>	<b>140,526</b>	<b>119,247</b>	<b>17.8%</b>
<b>SOUTH AMERICA</b>							
Buenos Aires	12,737	11,160	13,928	11,110	26,665	22,270	19.7%
<b>Total</b>	<b>12,737</b>	<b>11,160</b>	<b>13,928</b>	<b>11,110</b>	<b>26,665</b>	<b>22,270</b>	<b>19.7%</b>
<b>AFRICA</b>							
Cape Town	12,137	12,361	13,761	13,656	25,898	26,017	-0.5%
Johannesburg	19,937	22,185	19,774	21,536	39,711	43,721	-9.2%
Mauritius	12,299	10,872	10,806	10,715	23,105	21,587	7.0%
<b>Total</b>	<b>44,373</b>	<b>45,418</b>	<b>44,341</b>	<b>45,907</b>	<b>88,714</b>	<b>91,325</b>	<b>-2.9%</b>
<b>Grand Total</b>	<b>7,178,515</b>	<b>6,133,726</b>	<b>7,159,476</b>	<b>6,350,123</b>	<b>14,337,991</b>	<b>12,483,849</b>	<b>14.9%</b>

### KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS 2005



KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS  
INTERNATIONAL MOVEMENTS: 14,337,991



## Airlines with more than 1% International Market Share

AIRLINES	PASSENGER MOVEMENTS	MARKET SHARE %
MALAYSIA AIRLINES	8,218,793	55.4%
AIRASIA	1,213,026	8.2%
SINGAPORE AIRLINES	982,930	6.6%
CATHAY PACIFIC	524,621	3.5%
THAI AIRWAYS	455,166	3.1%
CHINA AIRLINES	276,741	1.9%
KLM ROYAL DUTCH	239,898	1.6%
EMIRATES AIRLINES	205,127	1.4%
AUSTRIAN AIRLINES	198,123	1.3%
JAPAN AIRLINES	189,525	1.3%
SRILANKAN AIRLINES	184,209	1.2%
QATAR AIRWAYS	175,537	1.2%
SAUDI ARABIAN	160,201	1.1%



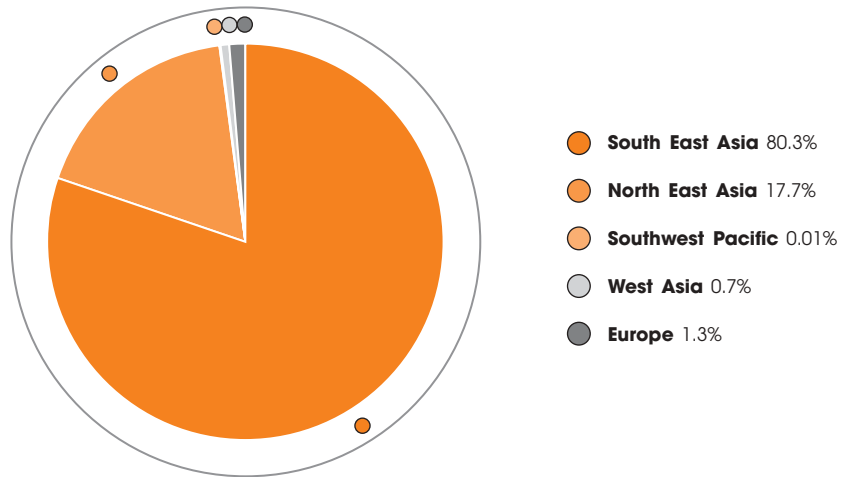
# 10 Highest Growth International Performance

AIRLINES	PASSENGER MOVEMENTS	% CHANGE OVER 2004
AIRASIA	1,213,026	135.0%
STAR AIR	16,924	133.2%
ROYAL NEPAL	34,096	118.8%
XIAMEN AIRLINES	76,179	117.1%
RIAU AIRLINES	4,456	107.8%
HAINAN AIRLINES	16,003	66.7%
KLM ROYAL DUTCH	239,898	52.8%
INDIAN AIRLINES	108,481	37.4%
SRILANKAN AIRLINES	184,209	27.2%
VIETNAM AIRLINES	102,877	25.5%

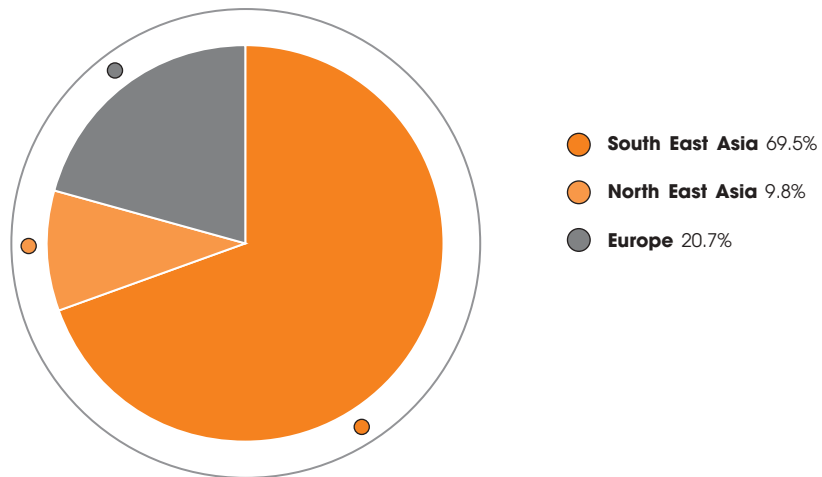
# Domestic Airlines

AIRLINES	PASSENGER MOVEMENTS	% CHANGE OVER 2004
MALAYSIA AIRLINES	13,776,499	8.5%
AIRASIA	4,041,253	35.3%

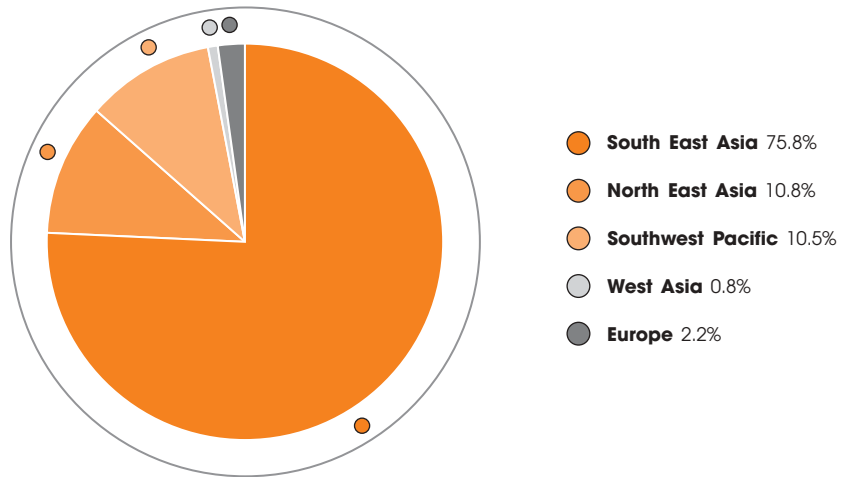
PENANG INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS  
INTERNATIONAL MOVEMENTS: 1,258,933



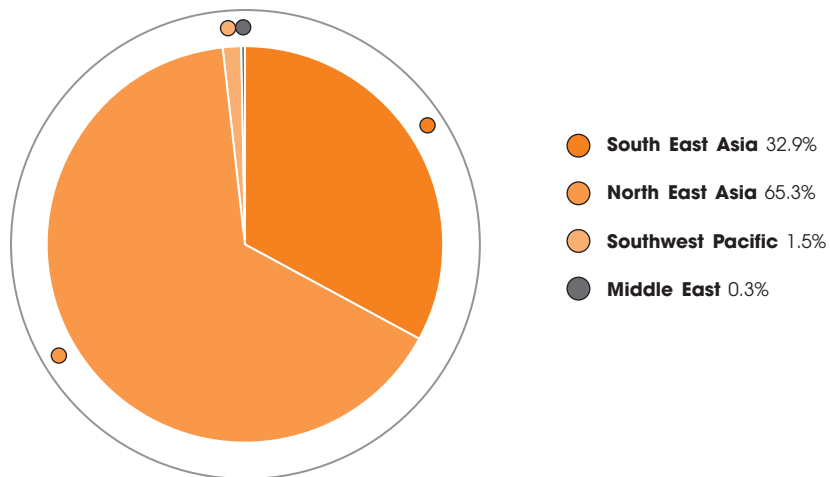
LANGKAWI INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS  
INTERNATIONAL MOVEMENTS: 73,959



**KUCHING INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS**  
INTERNATIONAL MOVEMENTS: 183,036



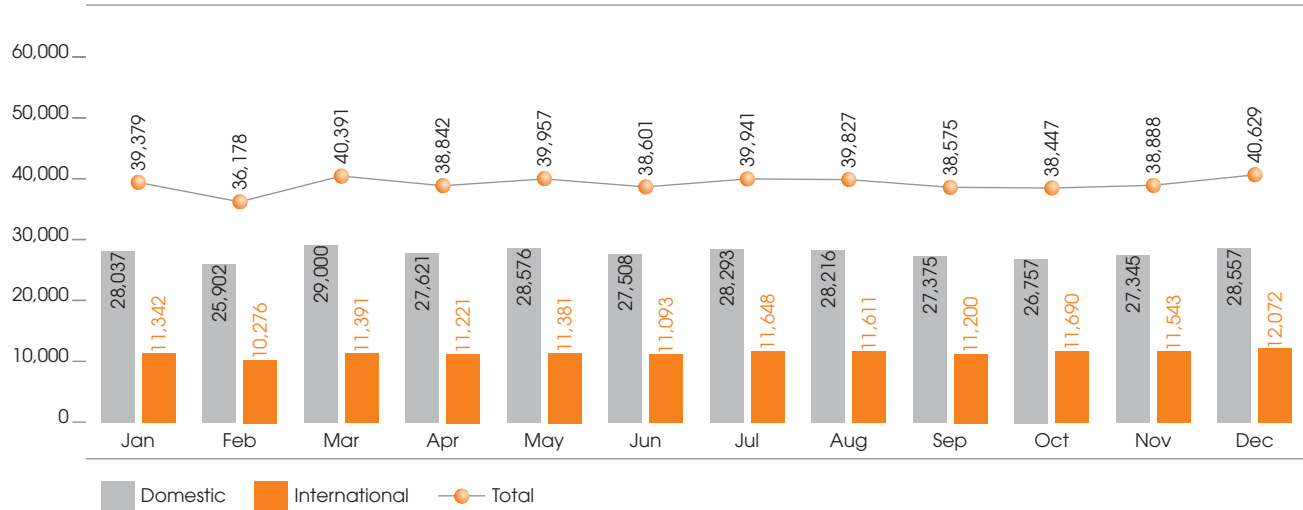
**KOTA KINABALU INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS**  
INTERNATIONAL MOVEMENTS: 611,172



# Commercial Aircraft Movements 2005

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2005	2004	% +/-
KLIA	77,222	444	77,666	101,820	1,855	103,675	<b>181,341</b>	164,483	10.2%
Penang	16,016	41	16,057	15,095	21	15,116	<b>31,173</b>	29,182	6.8%
Kota Kinabalu	38,149	4,163	42,312	7,206	162	7,368	<b>49,680</b>	50,313	-1.3%
Kuching	32,359	3,856	36,215	3,091	124	3,215	<b>39,430</b>	41,353	-4.7%
Langkawi	7,165	0	7,165	856	0	856	<b>8,021</b>	7,352	9.1%
Kota Bharu	5,720	3,045	8,765	0	0	0	<b>8,765</b>	8,888	-1.4%
Ipoh	724	0	724	421	0	421	<b>1,145</b>	1,402	-18.3%
Kuala Terengganu	4,621	2	4,623	0	0	0	<b>4,623</b>	4,776	-3.2%
Alor Star	3,259	8	3,267	0	0	0	<b>3,267</b>	3,568	-8.4%
Malacca	0	0	0	1,328	0	1,328	<b>1,328</b>	2,135	-37.8%
Subang	5,008	1,109	6,117	2,765	106	2,871	<b>8,988</b>	6,981	28.7%
Kuantan	3,448	0	3,448	52	0	52	<b>3,500</b>	3,748	-6.6%
Tioman	958	4	962	706	0	706	<b>1,668</b>	1,885	-11.5%
Pangkor	530	0	530	0	0	0	<b>530</b>	534	-0.7%
Redang	759	0	759	351	0	351	<b>1,110</b>	741	49.8%
Labuan	8,319	785	9,104	2	186	188	<b>9,292</b>	10,450	-11.1%
Lahad Datu	3,010	0	3,010	0	0	0	<b>3,010</b>	2,948	2.1%
Sandakan	10,121	655	10,776	4	96	100	<b>10,876</b>	10,184	6.8%
Tawau	8,131	186	8,317	190	24	214	<b>8,531</b>	8,019	6.4%
Bintulu	11,590	1,549	13,139	0	7	7	<b>13,146</b>	13,240	-0.7%
Miri	32,610	7,692	40,302	0	0	0	<b>40,302</b>	42,306	-4.7%
Sibu	14,677	2,006	16,683	0	0	0	<b>16,683</b>	17,162	-2.8%
Mulu	2,620	0	2,620	0	0	0	<b>2,620</b>	3,066	-14.5%
Limbang	5,490	0	5,490	0	0	0	<b>5,490</b>	5,625	-2.4%
STOL Sabah	814	0	814	0	0	0	<b>814</b>	812	0.2%
STOL Sarawak	14,322	0	14,322	0	0	0	<b>14,322</b>	13,816	3.7%
Peninsular Malaysia	125,430	4,653	130,083	123,394	1,982	125,376	<b>255,459</b>	235,675	8.4%
Sabah	68,544	5,789	74,333	7,402	468	7,870	<b>82,203</b>	82,726	-0.6%
Sarawak	113,668	15,103	128,771	3,091	131	3,222	<b>131,993</b>	136,568	-3.3%
<b>Total 2005</b>	<b>307,642</b>	<b>25,545</b>	<b>333,187</b>	<b>133,887</b>	<b>2,581</b>	<b>136,468</b>	<b>469,655</b>	<b>454,969</b>	<b>3.2%</b>
Total 2004	300,247	30,448	330,695	121,883	2,391	124,274	<b>454,969</b>		
% change	2.5%	-16.1%	0.8%	9.8%	7.9%	9.8%	<b>3.2%</b>		

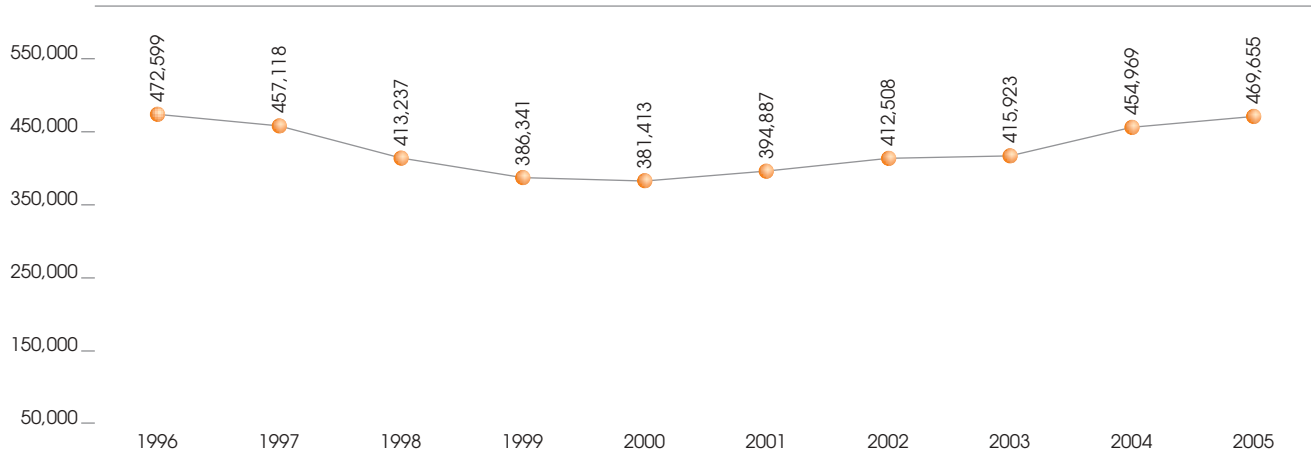
## COMMERCIAL AIRCRAFT MOVEMENTS AT MALAYSIA AIRPORTS



# Commercial Aircraft Movements (1996-2005)

AIRPORTS											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	% +/-
KLIA	—	—	63,513	116,012	109,339	113,147	127,462	139,101	164,483	<b>181,341</b>	10.2%
Penang	34,291	33,253	30,191	27,470	27,672	28,866	28,861	26,516	29,182	<b>31,173</b>	6.8%
Kota Kinabalu	43,004	43,272	37,639	38,049	39,889	38,680	42,177	42,491	50,313	<b>49,680</b>	-1.3%
Kuching	36,865	35,770	33,141	31,561	34,551	36,625	39,477	38,676	41,353	<b>39,430</b>	-4.7%
Langkawi	12,062	10,186	8,916	8,306	8,947	9,448	7,910	7,168	7,352	<b>8,021</b>	9.1%
Johor Bahru	15,880	16,022	13,018	10,678	11,432	11,513	9,291	8,848	—	—	—
Kota Bharu	8,662	9,048	8,452	5,642	4,588	4,808	6,255	7,520	8,888	<b>8,765</b>	-1.4%
Ipoh	5,902	4,310	3,782	2,102	2,117	1,946	1,662	1,572	1,402	<b>1,145</b>	-18.3%
Kuala Terengganu	4,608	4,120	4,198	3,512	3,210	3,366	3,196	4,221	4,776	<b>4,623</b>	-3.2%
Alor Star	4,158	4,256	3,762	3,164	2,968	2,978	2,940	3,646	3,568	<b>3,267</b>	-8.4%
Malacca	1,960	630	430	436	458	278	182	1,102	2,135	<b>1,328</b>	-37.8%
Subang	158,500	158,013	87,488	23,461	25,423	22,441	14,685	5,140	6,981	<b>8,988</b>	28.7%
Kuantan	5,912	6,316	5,703	4,590	3,782	4,046	3,764	3,743	3,748	<b>3,500</b>	-6.6%
Tioman	7,420	5,490	4,920	3,440	2,000	2,708	2,357	2,173	1,885	<b>1,668</b>	-11.5%
Pangkor	0	0	0	586	520	652	519	511	534	<b>530</b>	-0.7%
Redang	—	—	—	—	—	—	—	—	741	<b>1,110</b>	49.8%
Labuan	13,743	13,376	10,780	8,340	7,261	7,572	8,358	9,661	10,450	<b>9,292</b>	-11.1%
Lahad Datu	2,336	2,630	2,268	2,322	2,556	2,694	2,886	2,882	2,948	<b>3,010</b>	2.1%
Sandakan	9,482	9,554	7,998	8,559	9,214	9,325	9,474	9,985	10,184	<b>10,876</b>	6.8%
Tawau	7,314	7,737	7,085	6,346	6,428	6,547	6,928	7,450	8,019	<b>8,531</b>	6.4%
Bintulu	12,495	12,203	10,126	10,043	11,642	12,646	14,111	13,288	13,240	<b>13,146</b>	-0.7%
Miri	37,096	32,173	29,486	36,602	32,706	36,010	39,545	40,468	42,306	<b>40,302</b>	-4.7%
Sibu	19,906	17,466	16,574	14,631	15,301	16,589	16,791	16,593	17,162	<b>16,683</b>	-2.8%
Mulu	4,096	4,404	2,984	2,708	2,684	3,484	4,536	3,422	3,066	<b>2,620</b>	-14.5%
Limbang	8,570	7,662	5,374	4,134	4,840	5,130	4,688	4,994	5,625	<b>5,490</b>	-2.4%
STOL Sabah	1,144	1,154	1,144	1,074	905	902	922	936	812	<b>814</b>	0.2%
STOL Sarawak	17,193	18,073	14,265	12,573	10,980	12,486	13,531	13,816	13,816	<b>14,322</b>	3.7%
Peninsular	259,355	251,644	234,373	209,399	202,456	206,197	209,084	211,261	235,675	<b>255,459</b>	8.4%
Sabah	77,023	77,723	66,914	64,690	66,253	65,720	70,745	73,405	82,726	<b>82,203</b>	-0.6%
Sarawak	136,221	127,751	111,950	112,252	112,704	122,970	132,679	131,257	136,568	<b>131,993</b>	-3.3%
<b>Total</b>	<b>472,599</b>	<b>457,118</b>	<b>413,237</b>	<b>386,341</b>	<b>381,413</b>	<b>394,887</b>	<b>412,508</b>	<b>415,923</b>	<b>454,969</b>	<b>469,655</b>	<b>3.2%</b>
% change	8.1%	-3.3%	-9.6%	-6.5%	-1.3%	3.5%	4.5%	0.8%	9.4%	<b>3.2%</b>	

## COMMERCIAL AIRCRAFT MOVEMENTS AT MALAYSIA AIRPORTS (1996-2005)

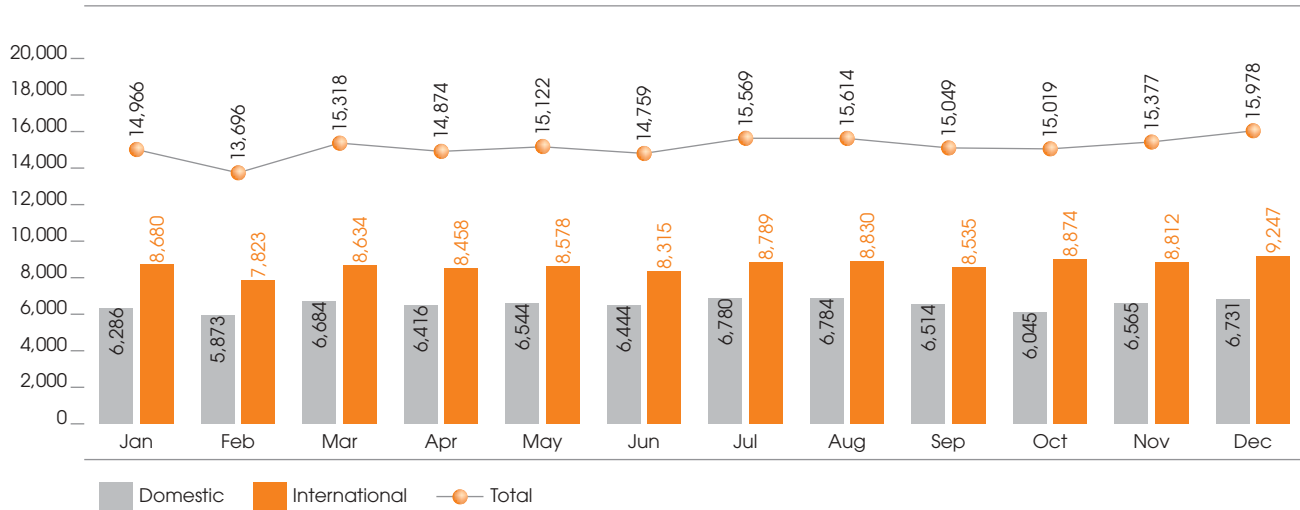


# All Aircraft Movements (1996-2005)

AIRPORTS	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	%+/-
KLIA	—	—	64,123	116,589	109,925	113,590	127,952	139,947	165,115	<b>182,537</b>	10.6%
Penang	35,961	35,446	32,445	29,203	29,788	32,676	32,503	30,558	33,069	<b>34,616</b>	4.7%
Kota Kinabalu	45,726	49,148	38,716	40,634	41,411	40,157	44,528	44,748	52,352	<b>51,824</b>	-1.0%
Kuching	40,477	40,872	35,147	34,868	37,203	39,815	42,975	42,138	45,340	<b>43,253</b>	-4.6%
Langkawi	19,704	13,248	10,894	12,050	11,267	12,724	9,686	8,913	8,711	<b>8,964</b>	2.9%
Johor Bahru	22,860	21,418	17,392	15,944	17,780	18,591	28,759	22,253	—	—	—
Kota Bharu	9,238	9,606	8,692	6,700	5,348	5,668	8,527	10,010	11,869	<b>11,194</b>	-5.7%
Ipoh	13,023	8,335	6,085	5,721	5,096	6,330	8,562	8,505	7,075	<b>26,657</b>	276.8%
Kuala Terengganu	5,380	5,092	4,338	3,876	3,668	3,880	4,159	5,508	5,834	<b>5,622</b>	-3.6%
Alor Star	41,894	42,562	33,042	43,560	29,846	36,592	24,539	18,318	14,784	<b>17,632</b>	19.3%
Malacca	24,250	9,788	9,058	11,612	26,132	33,274	40,030	57,636	70,369	<b>77,504</b>	10.1%
Subang	163,493	162,652	88,882	27,753	38,129	35,691	28,170	19,616	22,757	<b>29,668</b>	30.4%
Kuantan	6,056	6,502	5,859	4,830	4,132	4,294	4,043	4,054	4,088	<b>3,757</b>	-8.1%
Tioman	7,736	5,776	5,086	3,688	2,354	2,994	2,641	2,633	2,447	<b>2,146</b>	-12.3%
Pangkor	0	0	49	1,113	837	898	764	657	698	<b>752</b>	7.7%
Redang	—	—	—	—	—	—	—	—	741	<b>1,121</b>	51.3%
Labuan	13,901	13,706	10,944	8,550	7,585	7,750	8,871	9,896	10,668	<b>9,510</b>	-10.9%
Lahad Datu	2,540	2,726	2,278	2,372	2,674	2,774	2,990	3,035	3,055	<b>3,160</b>	3.4%
Sandakan	9,986	10,542	8,680	9,309	10,395	10,257	10,569	10,588	10,823	<b>11,662</b>	7.8%
Tawau	8,561	8,410	7,321	7,113	7,669	7,787	8,148	8,368	8,900	<b>9,814</b>	10.3%
Bintulu	13,326	12,876	10,793	11,050	12,097	12,972	14,485	13,627	13,546	<b>13,619</b>	0.5%
Miri	38,198	38,291	33,605	39,760	36,250	39,580	42,714	43,460	45,269	<b>42,865</b>	-5.3%
Sibu	20,243	19,551	17,099	16,096	15,743	16,995	17,113	16,885	17,650	<b>17,330</b>	-1.8%
Mulu	4,096	4,404	2,984	2,708	2,684	3,484	4,654	3,524	3,122	<b>2,642</b>	-15.4%
Limbang	8,570	7,662	5,374	4,134	4,840	5,130	4,688	5,046	5,691	<b>5,568</b>	-2.2%
STOL Sabah	1,144	1,154	1,144	1,074	905	902	922	938	812	<b>814</b>	0.2%
STOL Sarawak	17,193	18,073	14,265	12,573	10,980	12,486	13,531	13,305	13,838	<b>11,460</b>	-17.2%
Peninsular Malaysia	349,595	320,425	285,945	282,639	284,302	307,202	320,335	328,608	347,557	<b>402,170</b>	15.7%
Sabah	81,858	85,686	69,083	69,052	70,639	69,627	76,028	77,573	86,610	<b>86,784</b>	0.2%
Sarawak	142,103	141,729	119,267	121,189	119,797	130,462	140,160	137,985	144,456	<b>136,737</b>	-5.3%
<b>Total</b>	<b>573,556</b>	<b>547,840</b>	<b>474,295</b>	<b>472,880</b>	<b>474,738</b>	<b>507,291</b>	<b>536,523</b>	<b>544,166</b>	<b>578,623</b>	<b>625,691</b>	<b>8.1%</b>
% change	1.8%	-4.5%	-13.4%	-0.3%	0.4%	6.9%	5.8%	1.4%	6.3%	<b>8.1%</b>	



## KL INTERNATIONAL AIRPORT COMMERCIAL AIRCRAFT MOVEMENTS 2005

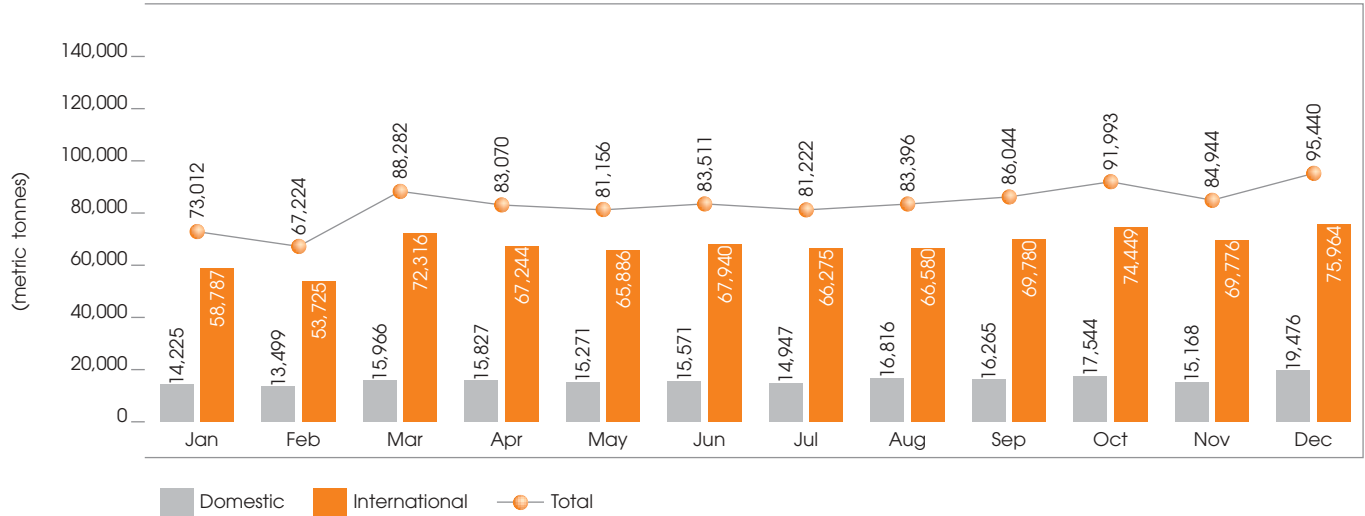


# Cargo Movements 2005

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	(kg)	Arrival	Departure	Total	Arrival	Departure	Total	2005*	2004*	% +/-	Domestic	Int'l
KLIA	24,232,982	39,622,170	63,855,152	279,647,647	310,150,973	589,798,620	<b>653,653,772</b>	651,746,684	0.3%	0	0	0
Penang	26,347,337	16,617,146	42,964,483	57,252,783	93,416,211	150,668,993	<b>221,971,388</b>	212,368,526	4.5%	0	28,337,912	28,337,912
Kota Kinabalu	13,646,410	9,049,726	22,696,136	1,080,611	1,696,131	2,776,742	<b>25,472,878</b>	27,190,902	-6.3%	0	0	—
Kuching	15,006,095	10,641,119	25,647,214	931,013	527,768	1,458,781	<b>28,406,894</b>	26,072,802	9.0%	983,547	317,352	1,300,899
Langkawi	367,377	46,719	414,096	34,722	489	35,211	<b>449,307</b>	324,850	38.3%	0	0	—
Kota Bharu	107,749	60,648	168,397	—	—	—	<b>168,397</b>	235,336	-28.4%	0	0	—
Ipoh	71,067	21,120	92,187	148,837	195,920	344,757	<b>436,944</b>	735,152	-40.6%	0	0	—
Kuala Terengganu	64,181	29,334	93,515	—	—	—	<b>93,515</b>	123,523	-24.3%	0	0	—
Alor Star	38,632	79,807	118,439	—	—	—	<b>118,439</b>	66,725	77.5%	0	0	—
Malacca	50	9,601	9,651	123,442	154,088	277,530	<b>370,401</b>	602,495	-38.5%	28,093	55,127	83,220
Subang	6,681,783	5,212,302	11,894,085	16,315,581	17,872,484	34,188,065	<b>46,082,150</b>	18,669,894	146.8%	0	0	—
Kuantan	68,080	6,520	74,600	—	—	—	<b>74,600</b>	63,585	17.3%	0	0	—
Tioman	—	—	—	—	—	—	<b>0</b>	—	—	0	0	—
Pangkor	—	—	—	—	—	—	<b>0</b>	—	—	0	0	—
Labuan	1,174,034	334,898	1,508,932	334,318	71,283	405,601	<b>3,076,533</b>	2,652,744	16.0%	1,162,000	0	1,162,000
Lahad Datu	287,975	46,084	334,059	—	—	—	<b>334,059</b>	390,454	-14.4%	0	0	—
Sandakan	1,609,881	2,866,437	4,476,318	26,274	28,614	54,888	<b>4,531,206</b>	4,052,630	11.8%	0	0	—
Tawau	651,315	3,233,630	3,884,945	—	—	—	<b>3,885,314</b>	2,968,288	30.9%	369	0	369
Bintulu	1,545,940	528,327	2,074,267	—	—	—	<b>2,109,983</b>	1,374,529	53.5%	35,716	0	35,716
Miri	3,982,963	1,405,947	5,388,910	—	—	—	<b>5,392,310</b>	4,720,547	14.2%	3,400	0	3,400
Sibu	1,111,130	265,965	1,377,095	—	—	—	<b>1,377,095</b>	1,567,455	-12.1%	0	0	—
Mulu	456,964	2,512	459,476	—	—	—	<b>459,476</b>	102,476	348.4%	0	0	—
Limbang	149,309	140,001	289,310	—	—	—	<b>289,310</b>	178,697	61.9%	0	0	—
STOL Sabah	554	875	1,429	—	—	—	<b>1,429</b>	1,815	-21.3%	0	0	—
STOL Sarawak	212,254	310,058	522,312	—	—	—	<b>539,681</b>	861,603	-37.4%	17,369	0	17,369
Peninsular Malaysia	57,979,238	61,705,367	119,684,605	353,523,012	421,790,165	775,313,176	<b>923,418,913</b>	884,936,770	4.3%	28,093	28,393,039	28,421,132
Sabah	17,370,168	15,531,650	32,901,818	1,441,203	1,796,028	3,237,232	<b>37,301,419</b>	37,256,833	0.1%	1,162,369	—	1,162,369
Sarawak	22,464,655	13,293,929	35,758,584	931,013	527,768	1,458,781	<b>38,574,749</b>	34,878,109	10.6%	1,040,032	317,352	1,357,384
<b>Total 2005</b>	<b>97,814,061</b>	<b>90,530,946</b>	<b>188,345,007</b>	<b>355,895,228</b>	<b>424,113,961</b>	<b>780,009,189</b>	<b>999,295,081</b>	<b>957,071,712</b>	<b>4.4%</b>	<b>2,230,494</b>	<b>28,710,391</b>	<b>30,940,885</b>
Total 2004	81,040,182	83,476,360	164,516,542	349,788,873	413,017,071	762,805,944	<b>957,071,712</b>			10,195,541	19,553,685	29,749,226
% change	20.7%	8.5%	14.5%	1.7%	2.7%	2.3%	<b>4.4%</b>			-78.1%	46.8%	4.0%

Note: \*Including transit cargo

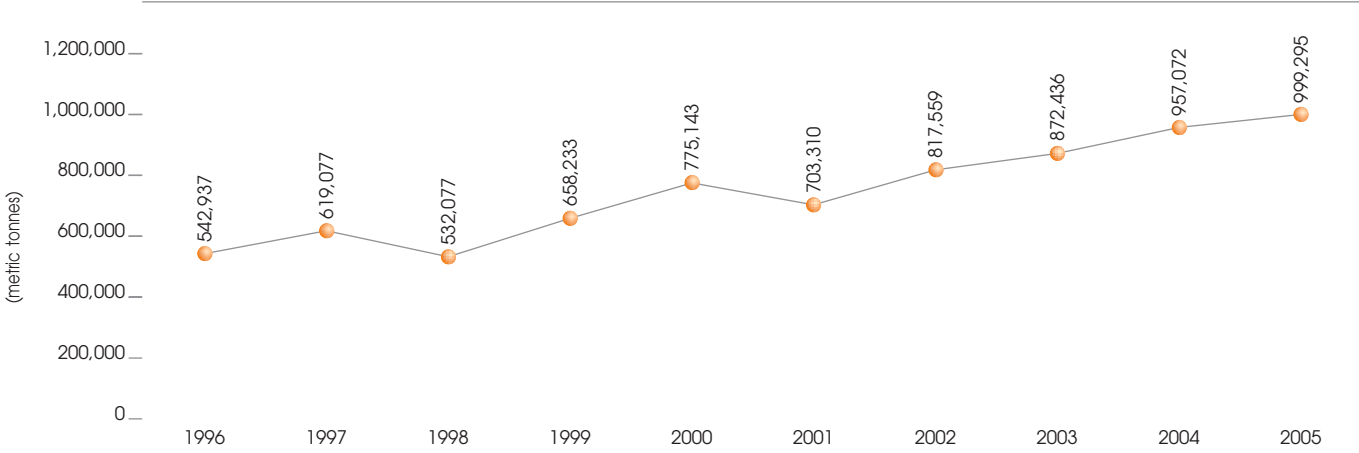
## CARGO MOVEMENTS AT MALAYSIA AIRPORTS



# Cargo Movements (1996-2005)

AIRPORTS											
(Metric tonnes)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	%+/-
KLIA	—	—	159,641	417,068	510,594	440,864	527,124	586,195	651,747	<b>653,654</b>	0.3%
Penang	101,716	122,176	137,021	158,654	171,787	176,317	202,044	197,567	212,369	<b>221,971</b>	4.5%
Kota Kinabalu	23,099	37,203	27,942	27,087	27,347	24,887	28,112	25,638	27,191	<b>25,473</b>	-6.3%
Kuching	20,420	22,542	17,447	22,055	24,200	22,897	24,835	26,278	26,073	<b>28,407</b>	9.0%
Langkawi	444	349	420	244	403	213	210	287	325	<b>449</b>	38.3%
Johor Bahru	4,082	2,068	1,411	2,072	6,014	4,157	3,849	3,697	—	<b>—</b>	—
Kota Bharu	427	399	346	317	343	407	404	315	235	<b>168</b>	-28.4%
Ipoh	753	612	362	371	359	361	388	498	735	<b>437</b>	-40.6%
Kuala Terengganu	133	130	156	146	160	186	151	160	124	<b>94</b>	-24.3%
Alor Star	230	197	165	131	95	54	30	17	67	<b>118</b>	77.5%
Malacca	64	42	55	83	86	48	49	214	602	<b>370</b>	-38.5%
Subang	372,339	413,695	166,794	14,069	15,893	14,445	12,261	14,358	18,670	<b>46,082</b>	146.8%
Kuantan	129	159	136	110	109	121	96	64	64	<b>75</b>	17.3%
Tioman	0	0	0	0	0	0	0	0	0	<b>0</b>	—
Pangkor	0	0	0	46	2	0	0	0	0	<b>0</b>	—
Labuan	2,917	2,112	1,629	1,745	2,597	2,946	3,176	2,733	2,653	<b>3,077</b>	16.0%
Lahad Datu	267	370	312	345	353	389	469	400	390	<b>334</b>	-14.4%
Sandakan	2,526	2,718	2,345	2,767	2,527	2,562	2,665	3,713	4,053	<b>4,531</b>	11.8%
Tawau	3,924	4,503	3,188	3,216	3,781	3,935	3,612	2,701	2,968	<b>3,885</b>	30.9%
Bintulu	1,054	951	740	978	1,167	1,196	1,176	940	1,375	<b>2,110</b>	53.5%
Miri	5,134	5,196	3,158	3,837	4,200	4,096	3,903	3,881	4,721	<b>5,392</b>	14.2%
Sibu	1,758	1,904	1,499	1,745	1,874	2,006	1,916	1,701	1,567	<b>1,377</b>	-12.1%
Mulu	62	0	3	0	0	0	18	4	102	<b>459</b>	348.4%
Limbang	299	315	4,249	164	217	173	249	226	179	<b>289</b>	61.9%
STOL Sabah	17	6	17	5	34	3,658	4	2	1.82	<b>1.43</b>	-21.3%
STOL Sarawak	1,143	1,432	3,042	976	1,000	1,046	818	847	862	<b>540</b>	-37.4%
Peninsular Malaysia	480,316	539,826	466,505	593,311	705,846	637,173	746,607	803,372	884,937	<b>923,419</b>	4.3%
Sabah	32,751	46,913	35,434	35,166	36,639	34,723	38,037	35,187	37,257	<b>37,301</b>	0.1%
Sarawak	29,870	32,338	30,138	29,757	32,658	31,414	32,915	33,876	34,878	<b>38,575</b>	10.6%
<b>Grand Total</b>	<b>542,937</b>	<b>619,077</b>	<b>532,077</b>	<b>658,233</b>	<b>775,143</b>	<b>703,310</b>	<b>817,559</b>	<b>872,436</b>	<b>957,072</b>	<b>999,295</b>	<b>4.4%</b>
% change	12.4%	14.0%	-14.1%	23.7%	17.8%	-9.3%	16.2%	6.7%	9.7%	<b>4.4%</b>	

### CARGO MOVEMENTS AT MALAYSIA AIRPORTS (1996-2005)



# International Cargo Movements by Sectors at KL International Airport

SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>SOUTH EAST ASIA</b>							
B. Seri Begawan	109,111	267,331	1,470,888	2,533,248	1,579,999	2,800,579	-43.6%
Balikpapan	0	4,572	0	6,137	0	10,709	-100.0%
Bangkok	11,005,066	13,494,696	13,129,026	14,744,543	24,134,092	28,239,239	-14.5%
Cebu	87,856	80,832	137,080	125,287	224,936	206,119	9.1%
Clark Field	1,868,790	1,697,405	2,026,936	2,012,881	3,895,726	3,710,286	5.0%
Denpasar Bali	708,450	679,872	88,454	121,137	796,904	801,009	-0.5%
Hanoi	586,747	279,772	589,378	545,174	1,176,125	824,946	42.6%
Ho Chi Minh City	1,362,874	790,047	1,215,786	1,048,928	2,578,660	1,838,975	40.2%
Jakarta	6,584,353	6,132,027	7,809,108	6,241,178	14,393,461	12,373,205	16.3%
Manado	0	10,582	0	5,243	0	15,825	-100.0%
Manila	932,080	2,022,318	1,963,506	3,841,344	2,895,586	5,863,662	-50.6%
Medan	804,832	361,100	254,434	148,262	1,059,266	509,362	108.0%
Padang	42,780	25,516	3,241	2,272	46,021	27,788	65.6%
Phnom Penh	421,360	617,269	471,266	467,622	892,626	1,084,891	-17.7%
Phuket	12,851	20,705	15,884	13,617	28,735	34,322	-16.3%
Siem Reap	0	0	52,409	98	52,409	98	53378.6%
Singapore	20,874,939	19,325,641	25,879,515	25,583,382	46,754,454	44,909,023	4.1%
Subic Bay	6,429,027	6,102,715	2,745,322	2,807,682	9,174,349	8,910,397	3.0%
Surabaya	1,294,308	1,372,634	288,703	337,560	1,583,011	1,710,194	-7.4%
Yangon	174,686	233,463	376,335	295,736	551,021	529,199	4.1%
Yogyakarta	32,479	12,290	3,872	25,470	36,351	37,760	-3.7%
<b>Total</b>	<b>53,332,589</b>	<b>53,530,787</b>	<b>58,521,143</b>	<b>60,906,801</b>	<b>111,853,732</b>	<b>114,437,588</b>	<b>-2.3%</b>
<b>NORTH EAST ASIA</b>							
Beijing	5,283,196	3,731,110	2,926,786	3,087,667	8,209,982	6,818,777	20.4%
Chengdu	229,827	117,216	177,071	3,789	406,898	121,005	236.3%
Fukuoka	1,598,659	200,970	1,816,421	249,867	3,415,080	450,837	657.5%
Fuzhou	144,289	35,727	120,154	155,137	264,443	190,864	38.6%
Guangzhou	6,033,219	4,320,565	2,876,053	1,335,616	8,909,272	5,656,181	57.5%
Haikou	3,376	0	0	0	3,376	0	—
Hangzhou	2,928,011	350,749	45,762	7,765	2,973,773	358,514	729.5%
Hong Kong	28,834,161	26,272,141	20,745,326	19,010,905	49,579,487	45,283,046	9.5%
Kaoshiung	458,133	772,543	219,671	673,765	677,804	1,446,308	-53.1%

SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>NORTH EAST ASIA (CONT'D.)</b>							
Kunming	847,789	0	106,513	0	954,302	0	—
Nagoya	2,813,225	2,402,119	2,438,315	2,181,172	5,251,540	4,583,291	14.6%
Nanning	500	0	0	0	500	0	—
Osaka	8,310,628	10,278,317	8,088,822	9,916,786	16,399,450	20,195,103	-18.8%
Seoul	17,928,244	19,500,920	17,420,997	17,884,558	35,349,241	37,385,478	-5.4%
Shanghai Hongqiao	29,805,278	29,482,176	11,932,949	13,170,052	41,738,227	42,652,228	-2.1%
Shanghai Pu Dong	255,301	186,128	438,328	207,287	693,629	393,415	76.3%
Shenzhen	607,890	0	577,579	0	1,185,469	0	—
Taipei	17,918,172	19,287,027	13,269,220	11,946,741	31,187,392	31,233,768	-0.1%
Tokyo	12,908,342	13,887,563	19,590,744	20,997,614	32,499,086	34,885,177	-6.8%
Xi An	414,372	0	26,610	0	440,982	0	—
Xiamen	2,153,589	2,237,901	1,304,308	897,077	3,457,897	3,134,978	10.3%
<b>Total</b>	<b>139,476,201</b>	<b>133,063,172</b>	<b>104,121,629</b>	<b>101,725,798</b>	<b>243,597,830</b>	<b>234,788,970</b>	<b>3.8%</b>
<b>SOUTHWEST PACIFIC</b>							
Adelaide	896,749	1,239,913	2,063,223	2,168,742	2,959,972	3,408,655	-13.2%
Auckland	1,355,025	1,326,277	3,636,887	3,099,908	4,991,912	4,426,185	12.8%
Avalon	266,375	270,938	446,692	530,021	713,067	800,959	-11.0%
Brisbane	940,221	1,101,102	2,544,616	2,100,813	3,484,837	3,201,915	8.8%
Christmas Island	0	0	7,382	8,240	7,382	8,240	-10.4%
Darwin	0	52,512	0	0	0	52,512	-100.0%
Melbourne	5,802,204	5,898,656	9,929,663	13,765,614	15,731,867	19,664,270	-20.0%
Perth	1,646,709	1,288,396	3,015,089	2,832,782	4,661,798	4,121,178	13.1%
Sydney	2,719,450	3,161,363	16,411,438	19,909,555	19,130,888	23,070,918	-17.1%
<b>Total</b>	<b>13,626,733</b>	<b>14,339,157</b>	<b>38,054,990</b>	<b>44,415,675</b>	<b>51,681,723</b>	<b>58,754,832</b>	<b>-12.0%</b>
<b>SOUTH ASIA</b>							
Ahmedabad	529,794	10,201	165,230	680	695,024	10,881	6287.5%
Bangalore	1,371,558	992,109	1,796,076	1,415,675	3,167,634	2,407,784	31.6%
Chennai	2,792,802	2,831,711	4,421,053	3,955,441	7,213,855	6,787,152	6.3%
Colombo	1,446,908	1,461,358	1,679,175	1,363,509	3,126,083	2,824,867	10.7%
Dhaka	4,168,493	4,884,595	3,355,083	3,326,526	7,523,576	8,211,121	-8.4%
Delhi	2,049,079	1,683,929	1,966,224	1,512,555	4,015,303	3,196,484	25.6%
Hyderabad	883,357	402,609	1,268,898	645,042	2,152,255	1,047,651	105.4%
Karachi	1,602,485	1,436,087	1,050,950	645,999	2,653,435	2,082,086	27.4%
Kathmandu	165,375	248,952	93,058	45,299	258,433	294,251	-12.2%
Kolkata	737,793	0	779,146	0	1,516,939	0	—
Male	619,445	660,460	1,674,600	1,244,106	2,294,045	1,904,566	20.4%
Mumbai	2,133,251	2,358,697	2,850,863	2,130,823	4,984,114	4,489,520	11.0%
<b>Total</b>	<b>18,500,340</b>	<b>16,970,708</b>	<b>21,100,356</b>	<b>16,285,655</b>	<b>39,600,696</b>	<b>33,256,363</b>	<b>19.1%</b>

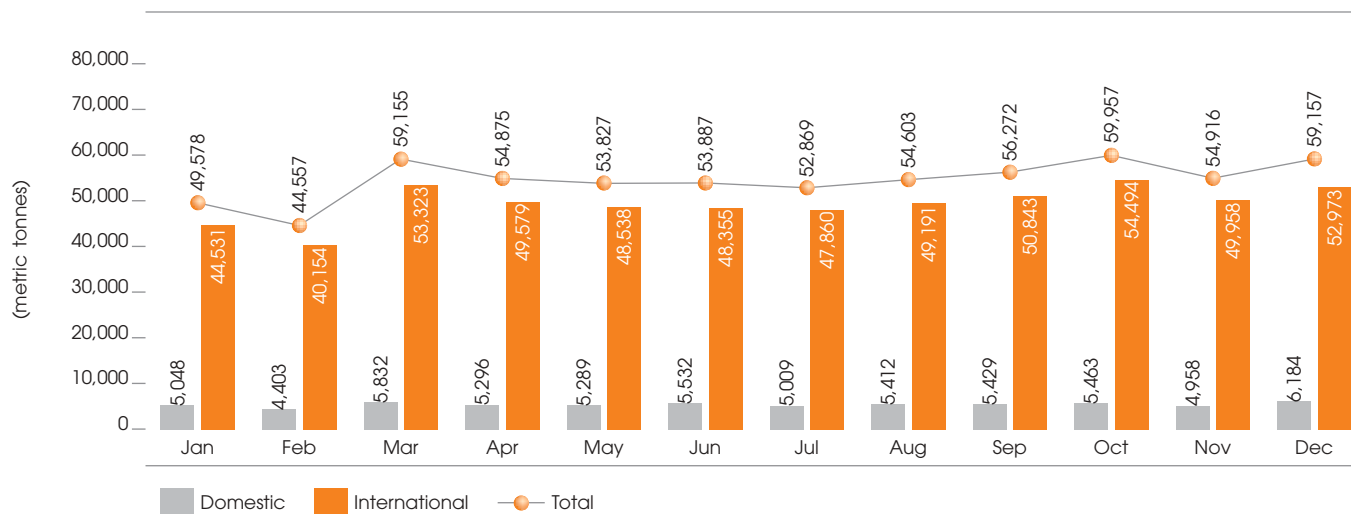
## Malaysia Airports Statistics 2005 (cont'd.)

SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>CENTRAL ASIA</b>							
Tashkent	7,782	8,586	427,725	376,551	435,507	385,137	13.1%
<b>Total</b>	<b>7,782</b>	<b>8,586</b>	<b>427,725</b>	<b>376,551</b>	<b>435,507</b>	<b>385,137</b>	<b>13.1%</b>
<b>WEST ASIA</b>							
Abu Dhabi	54,823	184,383	295,224	321,210	350,047	505,593	-30.8%
Amman	0	9,056	0	91,911	0	100,967	-100.0%
Bahrain	24,019	96,054	185,669	386,830	209,688	482,884	-56.6%
Beirut	82,887	31,474	684,832	591,611	767,719	623,085	23.2%
Cairo	558,254	391,991	1,078,092	710,843	1,636,346	1,102,834	48.4%
Doha	207,412	239,288	1,030,809	540,159	1,238,221	779,447	58.9%
Dubai	1,879,435	1,838,623	6,426,496	6,224,778	8,305,931	8,063,401	3.0%
Jeddah	860,023	944,186	2,547,159	2,135,249	3,407,182	3,079,435	10.6%
Kuwait	0	0	182	22,825	182	22,825	-99.2%
Madinah	17,162	31,100	200,310	112,096	217,472	143,196	51.9%
Muscat	18,201	76,564	93,653	110,739	111,854	187,303	-40.3%
Riyadh	48,418	30,516	234,304	362,503	282,722	393,019	-28.1%
Sanaa	31,682	19,015	59,152	76,565	90,834	95,580	-5.0%
Tehran	65,999	96,442	533,351	565,364	599,350	661,806	-9.4%
<b>Total</b>	<b>3,848,315</b>	<b>3,988,692</b>	<b>13,369,233</b>	<b>12,252,683</b>	<b>17,217,548</b>	<b>16,241,375</b>	<b>6.0%</b>
<b>EUROPE</b>							
Amsterdam	13,001,668	17,071,163	23,703,620	26,647,380	36,705,288	43,718,543	-16.0%
Basel	2,263,308	2,925,409	0	0	2,263,308	2,925,409	-22.6%
Frankfurt	15,334,797	14,287,376	15,241,980	21,195,843	30,576,777	35,483,219	-13.8%
Istanbul	908,398	1,060,140	1,183,901	1,004,875	2,092,299	2,065,015	1.3%
London	5,231,532	6,208,713	9,968,381	9,377,705	15,199,913	15,586,418	-2.5%
Luxembourg	2,902,243	3,607,611	4,323,811	3,865,508	7,226,054	7,473,119	-3.3%
Maastricht	14,928	0	68,294	0	83,222	0	—
Manchester	964,347	1,740,965	3,896,357	5,290,353	4,860,704	7,031,318	-30.9%
Moscow	0	0	28,878	0	28,878	0	—
Munich	822,221	0	1,593,945	0	2,416,166	0	—
Paris	1,920,089	1,763,536	2,955,728	2,825,054	4,875,817	4,588,590	6.3%
Rome	1,688,115	1,416,629	1,528,383	1,366,966	3,216,498	2,783,595	15.6%
Stockholm	796,189	49,721	1,236,857	216,076	2,033,046	265,797	664.9%
Turin	95,406	0	0	0	95,406	0	—
Vienna	1,226,166	582,418	3,773,271	3,279,632	4,999,437	3,862,050	29.5%
Zurich	1,286,119	1,213,630	1,802,108	1,544,000	3,088,227	2,757,630	12.0%
<b>Total</b>	<b>48,455,526</b>	<b>51,927,311</b>	<b>71,305,514</b>	<b>76,613,392</b>	<b>119,761,040</b>	<b>128,540,703</b>	<b>-6.8%</b>

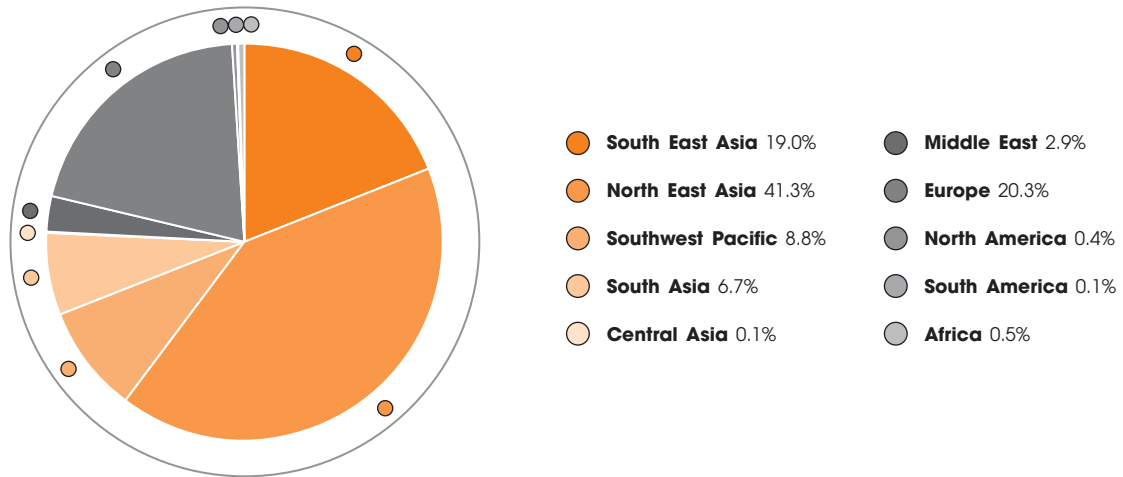


SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>NORTH AMERICA</b>							
Los Angeles	664,573	577,608	1,176,667	1,165,074	1,841,240	1,742,682	5.7%
New York	184,943	387,475	163,649	94,277	348,592	481,752	-27.6%
<b>Total</b>	<b>849,516</b>	<b>965,083</b>	<b>1,340,316</b>	<b>1,259,351</b>	<b>2,189,832</b>	<b>2,224,434</b>	<b>-1.6%</b>
<b>SOUTH AMERICA</b>							
Buenos Aires	296,639	317,555	237,980	164,335	534,619	481,890	10.9%
<b>Total</b>	<b>296,639</b>	<b>317,555</b>	<b>237,980</b>	<b>164,335</b>	<b>534,619</b>	<b>481,890</b>	<b>10.9%</b>
<b>AFRICA</b>							
Cape Town	836,418	754,760	407,811	424,750	1,244,229	1,179,510	5.5%
Johannesburg	305,901	681,295	983,267	1,035,309	1,289,168	1,716,604	-24.9%
Mauritius	111,687	116,288	281,009	289,284	392,696	405,572	-3.2%
<b>Total</b>	<b>1,254,006</b>	<b>1,552,343</b>	<b>1,672,087</b>	<b>1,749,343</b>	<b>2,926,093</b>	<b>3,301,686</b>	<b>-11.4%</b>
<b>Grand Total</b>	<b>279,647,647</b>	<b>276,663,394</b>	<b>310,150,973</b>	<b>315,749,584</b>	<b>589,798,620</b>	<b>592,412,978</b>	<b>-0.4%</b>

### KL INTERNATIONAL AIRPORT CARGO MOVEMENTS 2005



KL INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS  
INTERNATIONAL MOVEMENTS: 589,799 METRIC TONNES



## Airlines with more than 1% International Market Share

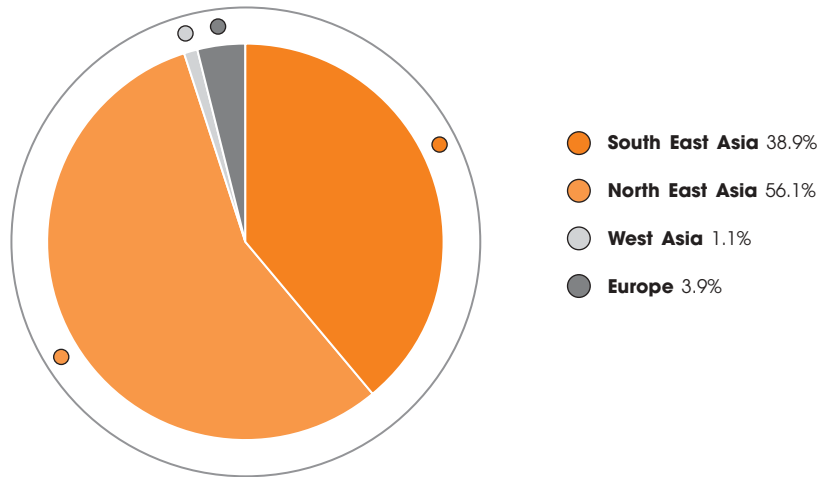
AIRLINES	CARGO (MT)	MARKET SHARE %
MALAYSIA AIRLINES	394,844	66.9%
SINGAPORE AIRLINES	27,123	4.6%
KOREAN AIRLINES	27,053	4.6%
CATHAY PACIFIC	14,777	2.5%
CHINA AIRLINES	14,527	2.5%
JAPAN AIRLINES	13,252	2.2%
THAI AIRWAYS	13,102	2.2%
NIPPON CARGO	11,409	1.9%
EVA AIRWAYS	9,921	1.7%
FEDERAL EXPRESS	9,193	1.6%
CARGOLUX	8,082	1.4%
KLM ROYAL DUTCH	7,114	1.2%

## 10 Highest Growth International Performance\*

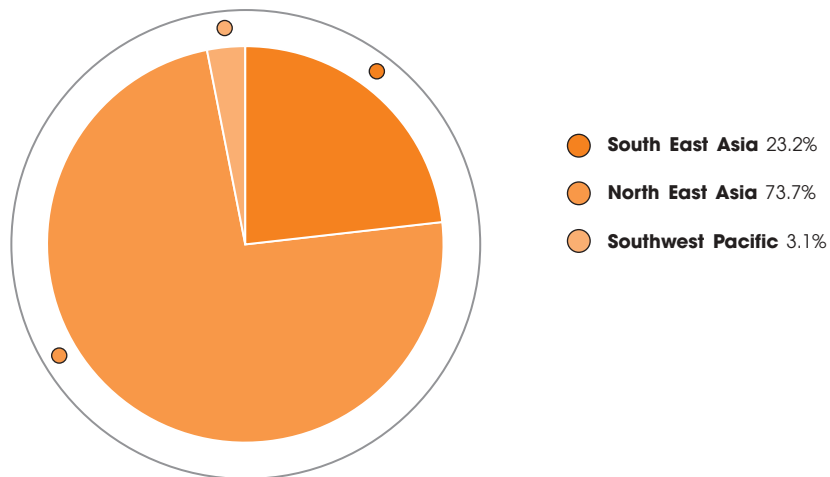
AIRLINES	CARGO (MT)	% CHANGE OVER 2004
TRANSMILE AIR	4,037	30.8%
AIR CHINA	1,133	29.9%
SRILANKAN AIRLINES	2,223	28.0%
SAUDI ARABIAN	1,410	15.6%
UNITED PARCEL SERVICES	3,896	15.0%
CATHAY PACIFIC	14,777	14.5%
BIMAN BANGLADESH	1,189	7.7%
SINGAPORE AIRLINES	27,123	6.5%
FEDERAL EXPRESS	9,193	2.2%
MALAYSIA AIRLINES	394,844	1.8%

Note: \*1,000 metric tonnes and above

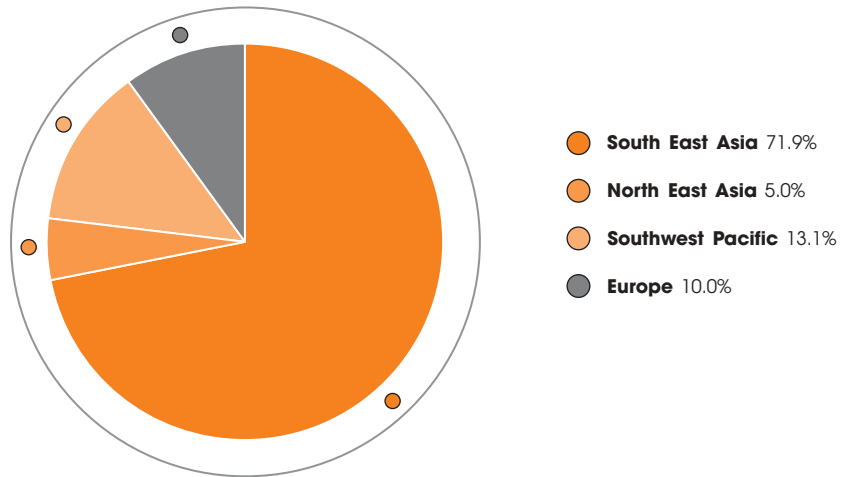
PENANG INTERNATIONAL CARGO MOVEMENTS BY SECTORS  
INTERNATIONAL MOVEMENTS: 150,669 METRIC TONNES



KOTA KINABALU INTERNATIONAL CARGO MOVEMENTS BY SECTORS  
INTERNATIONAL MOVEMENTS: 2,777 METRIC TONNES



**KUCHING INTERNATIONAL CARGO MOVEMENTS BY SECTORS**  
**INTERNATIONAL MOVEMENTS: 1,459 METRIC TONNES**

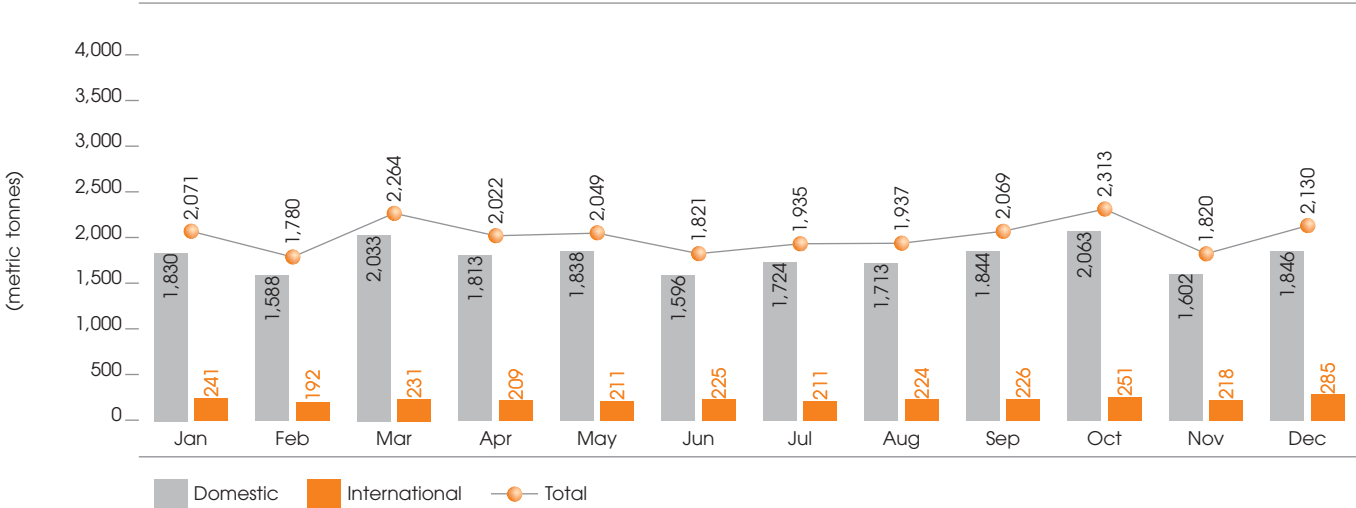


# Mail Movements 2005

AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2005*	2004*	% +/-	Domestic	Int'l	Total
KLIA	98,689	221,495	320,184	1,714,851	963,896	2,678,747	2,998,931	3,620,995	-17.2%	0	0	0
Penang	3,461	1,792	5,253	2,959	679	3,638	8,891	1,562,625	-99.4%	0	0	0
Kota Kinabalu	3,408,433	1,608,221	5,016,654	12,494	2,669	15,163	5,031,817	5,940,290	-15.3%	0	0	0
Kuching	1,847,836	1,873,425	3,721,261	18,196	330	18,526	5,085,829	5,344,456	-4.8%	1,346,042	0	1,346,042
Langkawi	38,903	6,553	45,456	100	—	100	45,556	44,033	3.5%	0	0	0
Kota Bharu	53,051	173,394	226,445	—	—	—	226,445	384,118	-41.0%	0	0	0
Ipoh	—	—	—	—	—	—	0	—	—	0	0	0
Kuala Terengganu	97,135	35,123	132,258	—	—	—	132,258	174,380	-24.2%	0	0	0
Alor Star	—	4	4	—	—	—	4	—	—	0	0	0
Malacca	—	—	—	—	—	—	0	—	—	0	0	0
Subang	1,806,013	5,193,176	6,999,189	—	7,189	7,189	7,006,378	8,002,531	-12.4%	0	0	0
Kuantan	2,254	33	2,287	—	—	—	2,287	12,486	-81.7%	0	0	0
Tioman	—	—	—	—	—	—	0	—	—	0	0	0
Pangkor	—	—	—	—	—	—	0	—	—	0	0	0
Labuan	200,476	56,881	257,357	—	—	—	257,357	275,741	-6.7%	0	0	0
Lahad Datu	128,804	25,242	154,046	—	—	—	154,046	164,803	-6.5%	0	0	0
Sandakan	50,460	1,787	52,247	—	—	—	52,247	201,547	-74.1%	0	0	0
Tawau	199,930	63,898	263,828	—	—	—	263,828	430,517	-38.7%	0	0	0
Bintulu	103,130	26,658	129,788	—	—	—	133,624	150,824	-11.4%	3,836	0	3,836
Miri	1,272,730	349,460	1,622,190	—	—	—	1,632,960	1,254,693	30.1%	10,770	0	10,770
Sibu	730,334	309,948	1,040,281	—	—	—	1,089,224	908,744	19.9%	48,943	0	48,943
Mulu	—	—	—	—	—	—	0	—	—	0	0	0
Limbang	43,096	12,221	55,317	—	—	—	55,317	—	—	0	0	0
STOL Sabah	31	16	47	—	—	—	47	11	327.3%	0	0	0
STOL Sarawak	23,064	11,707	34,771	—	—	—	34,771	31,983	8.7%	0	0	0
Peninsular Malaysia	2,099,506	5,631,570	7,731,076	1,717,910	971,764	2,689,674	10,420,750	13,801,168	-24.5%	—	—	0
Sabah	3,988,134	1,756,045	5,744,179	12,494	2,669	15,163	5,759,342	7,012,909	-17.9%	—	—	0
Sarawak	4,020,189	2,583,419	6,603,608	18,196	330	18,526	8,031,725	7,690,700	4.4%	1,409,591	—	1,409,591
<b>Total 2005</b>	<b>10,107,830</b>	<b>9,971,034</b>	<b>20,078,863</b>	<b>1,748,600</b>	<b>974,763</b>	<b>2,723,363</b>	<b>24,211,817</b>	<b>28,504,778</b>	<b>-15.1%</b>	<b>1,409,591</b>	<b>0</b>	<b>1,409,591</b>
Total 2004	10,751,341	11,430,483	22,181,824	2,328,332	2,147,720	4,476,052	28,504,778	—	—	1,842,272	4,630	1,846,902
% change	-6.0%	-12.8%	-9.5%	-24.9%	-54.6%	-39.2%	-15.1%	—	—	-23.5%	-100.0%	-23.7%

Note: \*Including transit mail

## MAIL MOVEMENTS AT MALAYSIA AIRPORTS

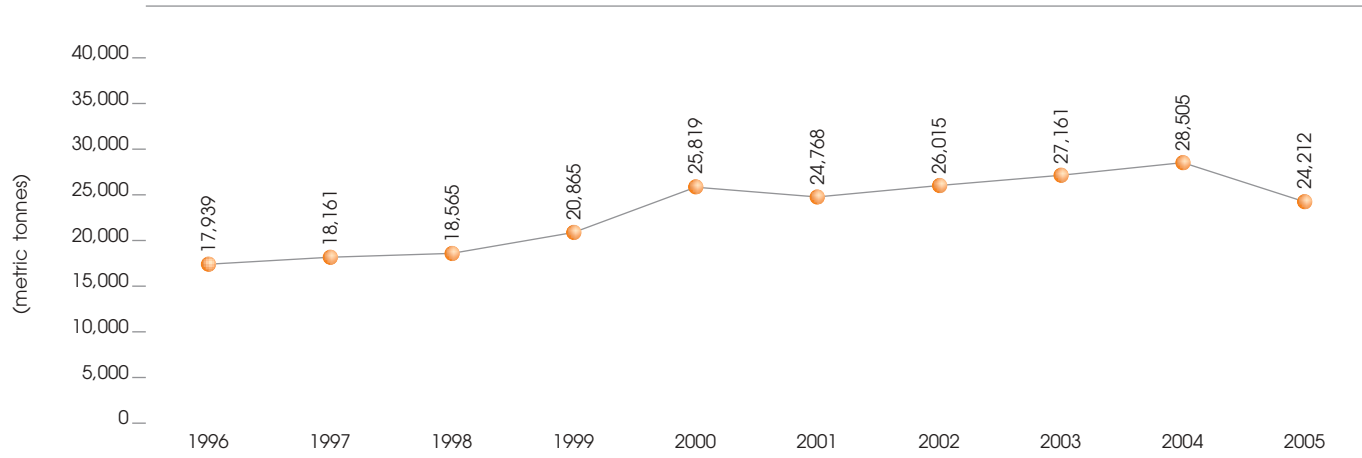


# Mail Movements (1996-2005)

AIRPORTS											
(Metric tonnes)	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	%+/-
KLIA	—	—	2,919	3,758	4,618	4,947	4,858	3,787	3,621	<b>2,999</b>	-17.2%
Penang	77	55	50	54	63	32	1	992	1,563	<b>9</b>	-99.4%
Kota Kinabalu	4,189	4,458	3,442	4,210	4,795	3,019	5,214	5,737	5,940	<b>5,032</b>	-15.3%
Kuching	3,331	3,498	2,681	2,760	4,575	5,503	5,181	5,131	5,344	<b>5,086</b>	-4.8%
Langkawi	66	30	28	27	37	22	25	42	44	<b>46</b>	3.5%
Johor Bahru	3	1	3	0	4	0	0	0	—	<b>—</b>	—
Kota Bharu	358	233	185	206	237	285	287	305	384	<b>226</b>	-41.0%
Ipoh	1	1	0	0	13	0	0	0	0	<b>0</b>	—
Kuala Terengganu	121	119	92	109	119	112	136	164	174	<b>132</b>	-24.2%
Alor Star	6	5	4	1	1	0	0	0	0	<b>0</b>	—
Malacca	0	0	0	0	9	0	0	0	0	<b>0</b>	—
Subang	4,933	5,345	5,449	6,780	7,642	7,120	7,142	7,860	8,003	<b>7,006</b>	-12.4%
Kuantan	2	2	1	0	6	6	0	9	12	<b>2</b>	-81.7%
Tioman	0	0	0	0	0	0	0	0	0	<b>0</b>	—
Pangkor	0	0	0	0	0	0	0	0	0	<b>0</b>	—
Labuan	372	285	253	270	251	269	288	307	276	<b>257</b>	-6.7%
Lahad Datu	10	4	7	152	224	199	201	155	165	<b>154</b>	-6.5%
Sandakan	403	531	401	460	493	514	360	216	202	<b>52</b>	-74.1%
Tawau	704	866	562	417	510	606	510	453	431	<b>264</b>	-38.7%
Bintulu	47	40	32	110	171	168	151	122	151	<b>134</b>	-11.4%
Miri	1,889	1,413	954	1,001	1,287	1,441	1,118	1,283	1,255	<b>1,633</b>	30.1%
Sibu	1,427	1,275	1,501	550	763	527	543	598	909	<b>1,089</b>	19.9%
STOL Sabah	0	0	0	0	0	0	0	0	0.011	<b>0.047</b>	327.3%
STOL Sarawak	0	0	0	0	0	0	0	0	32	<b>90</b>	181.7%
Peninsular Malaysia	5,567	5,791	8,732	10,935	12,749	12,524	12,449	13,160	13,801	<b>10,421</b>	-24.5%
Sabah	5,678	6,144	4,665	5,509	6,274	4,607	6,573	6,868	7,013	<b>5,759</b>	-17.9%
Sarawak	6,694	6,226	5,168	4,421	6,797	7,638	6,993	7,133	7,691	<b>8,032</b>	4.4%
<b>Grand Total</b>	<b>17,939</b>	<b>18,161</b>	<b>18,565</b>	<b>20,865</b>	<b>25,819</b>	<b>24,768</b>	<b>26,015</b>	<b>27,161</b>	<b>28,505</b>	<b>24,212</b>	-15.1%
% change	-10.2%	1.2%	2.2%	12.4%	23.7%	-4.1%	5.0%	4.4%	4.9%	<b>-15.1%</b>	



## MAIL MOVEMENTS AT MALAYSIA AIRPORTS (1996-2005)



# International Mail Movements by Sectors at KL International Airport

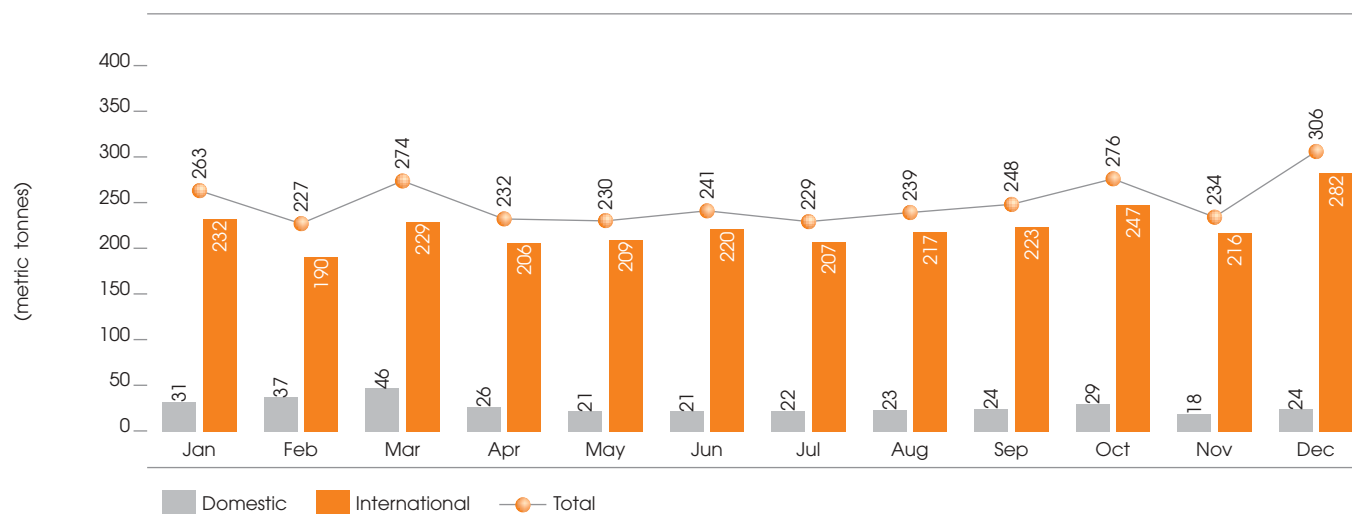
SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>SOUTH EAST ASIA</b>							
B. Seri Begawan	2,539	3,613	102,684	113,845	105,223	117,458	-10.4%
Bangkok	292,534	216,471	133,255	413,415	425,789	629,886	-32.4%
Denpasar Bali	470	1,726	0	295	470	2,021	-76.7%
Hanoi	915	1,057	0	8	915	1,065	-14.1%
Ho Chi Minh City	12,947	10,307	1,130	1,201	14,077	11,508	22.3%
Jakarta	34,048	43,479	84,802	325,625	118,850	369,104	-67.8%
Manila	21	2,346	4,123	1,312	4,144	3,658	13.3%
Medan	1,817	1,813	10,717	11,164	12,534	12,977	-3.4%
Phnom Penh	0	0	30,462	30,716	30,462	30,716	-0.8%
Singapore	272,037	283,237	7,959	9,293	279,996	292,530	-4.3%
Surabaya	3,379	4,531	160	11,435	3,539	15,966	-77.8%
Yangon	0	0	1,207	345	1,207	345	249.9%
Yogyakarta	168	506	0	6	168	512	-67.2%
<b>Total</b>	<b>620,875</b>	<b>569,086</b>	<b>376,499</b>	<b>918,660</b>	<b>997,374</b>	<b>1,487,746</b>	<b>-33.0%</b>
<b>NORTH EAST ASIA</b>							
Beijing	0	0	2,359	314	2,359	314	651.3%
Guangzhou	39,613	38,578	27,724	3,531	67,337	42,109	59.9%
Hong Kong	0	0	44,688	7,223	44,688	7,223	518.7%
Nagoya	0	0	868	0	868	0	—
Osaka	14,548	46,676	3,645	0	18,193	46,676	-61.0%
Seoul	77,291	113,713	10,014	7,302	87,305	121,015	-27.9%
Shanghai Hongqiao	0	0	3,994	2,587	3,994	2,587	54.4%
Taipei	298,901	303,365	126,802	148,486	425,703	451,851	-5.8%
Tokyo	214,620	206,476	58,234	58,326	272,854	264,802	3.0%
Xiamen	0	515	0	0	0	515	-100.0%
<b>Total</b>	<b>644,973</b>	<b>709,323</b>	<b>278,328</b>	<b>227,769</b>	<b>923,301</b>	<b>937,092</b>	<b>-1.5%</b>
<b>SOUTHWEST PACIFIC</b>							
Auckland	0	0	10,524	11,901	10,524	11,901	-11.6%
Melbourne	0	79	28,357	22,645	28,357	22,724	24.8%
Perth	0	0	10,295	8,746	10,295	8,746	17.7%
Sydney	11,668	4,213	39,593	26,827	51,261	31,040	65.1%
<b>Total</b>	<b>11,668</b>	<b>4,292</b>	<b>88,769</b>	<b>70,119</b>	<b>100,437</b>	<b>74,411</b>	<b>35.0%</b>

SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>SOUTH ASIA</b>							
Chennai	22,742	17,945	19,407	16,139	42,149	34,084	23.7%
Colombo	542	1,765	30	475	572	2,240	-74.5%
Delhi	0	0	367	1,042	367	1,042	-64.8%
Dhaka	3,229	4,280	1,181	1,289	4,410	5,569	-20.8%
Karachi	8	0	304	476	312	476	-34.5%
Male	165	0	448	897	613	897	-31.7%
Mumbai	2,921	4,454	668	2,533	3,589	6,987	-48.6%
<b>Total</b>	<b>29,607</b>	<b>28,444</b>	<b>22,405</b>	<b>22,851</b>	<b>52,012</b>	<b>51,295</b>	<b>1.4%</b>
<b>MIDDLE EAST</b>							
Abu Dhabi	0	0	0	14	0	14	-100.0%
Amman	0	1,335	0	348	0	1,683	-100.0%
Bahrain	314	0	0	0	314	0	—
Cairo	0	0	1,106	684	1,106	684	61.7%
Dubai	13,817	40,010	15,975	4,147	29,792	44,157	-32.5%
Jeddah	2,311	2,707	1,452	2,743	3,763	5,450	-31.0%
Muscat	0	0	0	4	0	4	-100.0%
Riyadh	933	1,609	55	62	988	1,671	-40.9%
Sanaa	123	204	622	61	745	265	181.1%
Tehran	1,624	31,240	0	418	1,624	31,658	-94.9%
Sharjah	0	0	703	209	703	209	236.4%
<b>Total</b>	<b>19,122</b>	<b>77,105</b>	<b>19,913</b>	<b>8,690</b>	<b>39,035</b>	<b>85,795</b>	<b>-54.5%</b>
<b>EUROPE</b>							
Amsterdam	377,315	341,150	59,267	67,563	436,582	408,713	6.8%
Frankfurt	0	0	8,834	5,933	8,834	5,933	48.9%
London	0	0	97,837	104,812	97,837	104,812	-6.7%
Munich	638	0	9	0	647	0	—
Paris	0	0	5,181	1,586	5,181	1,586	226.7%
Rome	0	0	1,100	872	1,100	872	26.1%
Stockholm	0	0	187	125	187	125	49.6%
Vienna	9,754	8,254	1,225	2,214	10,979	10,468	4.9%
Zurich	0	0	3,925	4,646	3,925	4,646	-15.5%
<b>Total</b>	<b>387,707</b>	<b>349,404</b>	<b>177,565</b>	<b>187,751</b>	<b>565,272</b>	<b>537,155</b>	<b>5.2%</b>

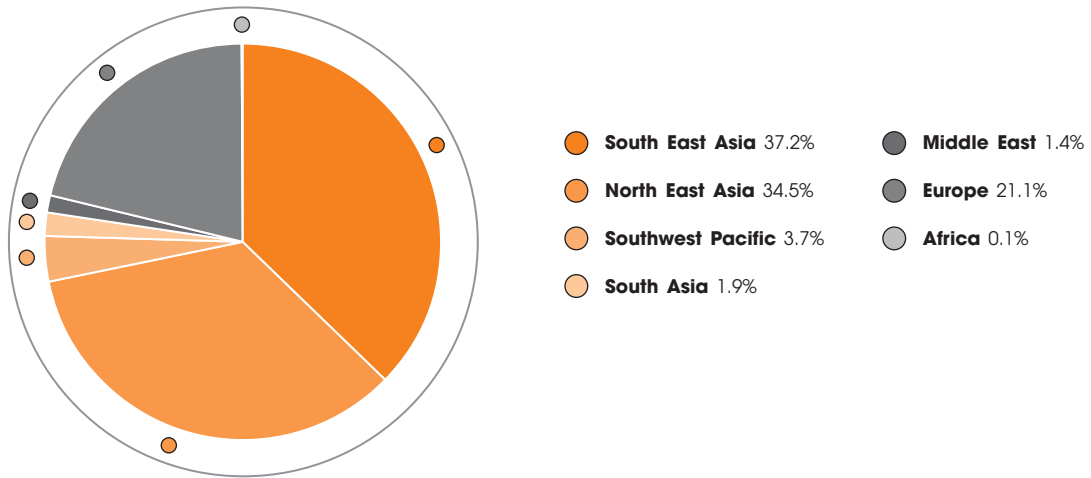
## Malaysia Airports Statistics 2005 (cont'd.)

SECTOR (KG)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2005	2004	2005	2004	2005	2004	
<b>NORTH AMERICA</b>							
Los Angeles	0	1,498	0	13,148	0	14,646	-100.0%
<b>Total</b>	<b>0</b>	<b>1,498</b>	<b>0</b>	<b>13,148</b>	<b>0</b>	<b>14,646</b>	<b>-100.0%</b>
<b>SOUTH AMERICA</b>							
Buenos Aires	0	0	0	1	0	1	-100.0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>-100.0%</b>
<b>AFRICA</b>							
Johannesburg	0	0	411	1,020	411	1,020	-59.7%
Mauritius	899	452	6	5	905	457	98.0%
<b>Total</b>	<b>899</b>	<b>452</b>	<b>417</b>	<b>1,025</b>	<b>1,316</b>	<b>1,477</b>	<b>-10.9%</b>
<b>Grand Total</b>	<b>1,714,851</b>	<b>1,739,604</b>	<b>963,896</b>	<b>1,450,014</b>	<b>2,678,747</b>	<b>3,189,618</b>	<b>-16.0%</b>

### KL INTERNATIONAL AIRPORT MAIL MOVEMENTS 2005



**KL INTERNATIONAL AIRPORT MAIL MOVEMENTS BY SECTORS**  
**TOTAL INTERNATIONAL MOVEMENTS: 2,679 METRIC TONNES**



## Movements at STOLports 2005/2004

STOLports	Aircraft Movements	% Chg	Passengers	% Chg	Cargo & Mail (kg)	% Chg
<b>SARAWAK REGION</b>						
Bakalalan	518	—	5,506	—	19,434	—
Bario	1,586	-11.7%	14,146	3.2%	273,992	-49.7%
Lawas	4,570	10.4%	56,619	2.1%	39,649	30.2%
Long Banga	196	1.0%	2,575	-10.2%	0	—
Long Lellang	316	-10.2%	2,638	-4.0%	0	-100.0%
Long Akah	228	18.8%	2,138	3.0%	0	—
Long Seridan	202	1.0%	1,256	-23.5%	6,913	-28.7%
Marudi	3,764	-7.3%	57,086	-2.5%	231,697	-20.5%
Mukah	2,846	2.7%	31,807	4.7%	2,767	-79.0%
Belaga	96	-12.7%	185	-55.4%	0	—
Long Semado	—	—	—	—	—	—
Kapit	—	—	—	—	—	—
<b>Total</b>	<b>14,322</b>	<b>3.7%</b>	<b>173,956</b>	<b>3.7%</b>	<b>574,452</b>	<b>-35.7%</b>
<b>SABAH REGION</b>						
Kudat	814	0.2%	6,009	-15.4%	1,476	-19.2%
Long Pasia	—	—	—	—	—	—
Semporna	—	—	—	—	—	—
<b>Total</b>	<b>814</b>	<b>0.2%</b>	<b>6,009</b>	<b>-15.4%</b>	<b>1,476</b>	<b>-19.2%</b>
<b>Grand Total</b>	<b>15,136</b>	<b>3.5%</b>	<b>179,965</b>	<b>2.9%</b>	<b>575,928</b>	<b>-35.7%</b>

# Airlines Operating at Kuala Lumpur 2005 (December)

International Airlines		Weekly flight frequency	International Airlines		Weekly flight frequency
1	AirAsia	160 int/287 dom	27	Lufthansa German Airlines	4
2	Air China	4	28	Malaysia Airlines	483int+43c/582dom
3	Air India	13	29	Merpati Nusantara Airlines	7
4	Air Mauritius	4	30	Myanmar Airways International	3
5	Air Nepal International	3	31	Nippon Cargo Airlines (cargo)	6c
6	Asiana Airlines (cargo)	1c	32	Pakistan International Airlines	2
7	Austrian (Lauda Air)	6	33	Philippine Airlines	3
8	Biman Bangladesh Airlines	3	34	PT AWAIR International	7
9	Cargolux Airlines (cargo)	6c	35	Qatar Airways	7
10	Cathay Pacific Airways	21	36	Riau Airlines	2
11	China Airlines	16+1c	37	Royal Brunei Airlines	7
12	China Eastern Airlines	14	38	Royal Nepal Airlines	2
13	China Southern Airlines	7	39	Saudi Arabian Airlines	2
14	Emirates	8	40	Shenzhen Airlines	8
15	EVA Airways Corporation	3+2c	41	Singapore Airlines	42
16	FedEx (cargo)	11c	42	SriLankan Airlines	12
17	Garuda Indonesia	13	43	Thai AirAsia	7
18	Gulf Air	4	44	Thai Airways International	21
19	Hainan Airlines	2	45	Thai Sky Airlines	3
20	Indian Airlines	14	46	Transaero	1
21	Iran Air	1	47	United Parcel Services	12c
22	Japan Airlines International	14+3c	48	Uzbekistan Airways	2
23	Jet Airways	7	49	Vietnam Airlines	14
24	KLM-Royal Dutch Airlines	7+1c	50	Xiamen Airlines	7
25	Korean Air	7+7c	51	Yemenia Yemen Airlines	1
26	Lion Airlines	7			

# Definitions

**1. FLIGHT, INTERNATIONAL**

A flight operated with one or both terminals in the territory of a State, other than the State in which the airline is registered. The term State includes all territories subject to the sovereignty, protection or mandate of such State.

**2. FLIGHT, DOMESTIC**

A flight operated between points within the domestic boundaries of a State by an airline registered in that State. A flight between a State and territories belonging to it, as well as a flight between two such territories, should be classified as domestic. This applies even though the flight may cross international waters or over the territory subject to the sovereignty, suzerainty, protection or mandate of such State.

**3. COMMERCIAL AIR TRANSPORT OPERATION**

An aircraft operation involving the transport of passengers, baggage, cargo or mail for remuneration or hire.

**4. AIR SERVICES, SCHEDULED**

Air services provided by flights scheduled and performed for remuneration according to a published timetable, or so regular or frequent as to constitute a recognisably systematic series which are open for use by public including empty flights related thereto and preliminary revenue flights on planned new air services.

**5. NON SCHEDULED FLIGHT**

Commercial flights not listed in the time table of an airline including General Aviation aircraft carrying passenger or cargo for remuneration or hire.

**6. PASSENGER**

Any person, except members of the crew, carried or to be carried in an aircraft with the consent of the carrier.

**7. TRANSFER PASSENGER (CARGO, MAIL)**

A passenger making a direct connection between two flights, i.e using different aircraft and flight numbers, operated by the same or another airline. Synonymous with connecting passenger.

**8. TRANSIT PASSENGER (CARGO, MAIL)**

A passenger arriving and departing on one and the same aircraft.

**9. CARGO**

Anything carried or to be carried in an aircraft, except mail, or baggage carried under a passenger ticket and baggage check, but includes baggage moving under an airway bill or shipment record.

**10. MAIL, SERVICE**

- Dispatches of correspondence and other objects tendered by and intended for delivery to postal administration.
- Goods carried under the terms of an international Postal Convention.

**11. DEPARTURE**

The boarding of an aircraft for the purpose of commencing a flight, except by such crew or passengers as have embarked on a previous stage of the same through-flight.

**12. ARRIVAL**

The leaving of an aircraft after a landing except by crew or passenger continuing to the next stage of the same through-flight.

**13. STOLPORT**

An airport designed to serve short take-off and landing (STOL) aircraft.

**14. APPLICABILITY**

The traffic covered in this report applies in relevance to only those airports handled by Malaysia Airports Holdings Berhad.



# Statistics of Shareholdings

as at 14 April 2006

## STATEMENT OF SHAREHOLDINGS

### Share Capital

Authorised Share Capital : RM2,000,000,001/-

Issued and Fully Paid-Up Capital : RM1,100,000,001/-

Class of Equity Securities : 1,100,000,000 Ordinary Shares of RM 1/- each; and 1 (one) Special Rights Redeemable Preference Share of RM 1/-

Voting Rights : One vote per ordinary share  
The Special Share has no voting right other than that referred to in Note 24 of the Financial Statements

## ANALYSIS OF SHAREHOLDINGS

### A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN – SEPARATE)

Size of Holdings	No. of Holders		No. of Shares		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1-99	12	0	421	0	0.00	0.00
100 to 1,000	13,888	34	13,853,200	32,600	1.26	0.00
1,000 to 10,000	10,873	104	40,535,300	556,900	3.69	0.05
10,000 to 100,000	1,003	66	27,543,500	2,536,171	2.50	0.23
100,000 to 54,999,999 (*)	113	28	185,715,800	29,076,108	16.88	2.64
55,000,000 & above (**)	1	0	800,150,000	0	72.74	0.00
<b>TOTAL</b>	<b>25,890</b>	<b>232</b>	<b>1,067,798,221</b>	<b>32,201,779</b>	<b>97.07</b>	<b>2.93</b>

	No. of Holders	No. of Shares	%
<b>Grand Total</b>	<b>26,122</b>	<b>1,100,000,000</b>	<b>100.00</b>

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

### ANALYSIS OF SHAREHOLDINGS (CONTINUED)

#### B. LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES

Name of Shareholders	No. of Shares Held	%
1. Khazanah Nasional Berhad	800,150,000	72.74
2. Employees Provident Fund Board	29,463,200	2.68
3. Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>(Skim Amanah Saham Bumiputera)</i>	12,150,000	1.10
4. Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>(Amanah Saham Wawasan 2020)</i>	9,030,400	0.82
5. BHR Enterprise Sdn. Bhd.	7,598,400	0.69
6. Kumpulan Wang Amanah Pencen	6,800,000	0.62
7. Lembaga Tabung Angkatan Tentera	6,329,000	0.58
8. AllianceGroup Nominees (Tempatan) Sdn. Bhd. <i>(Pheim Asset Management Sdn. Bhd. For Employees Provident Fund)</i>	5,750,000	0.52
9. Setiausaha Kerajaan Pulau Pinang	5,000,000	0.45
10. HSBC Nominees (Asing) Sdn. Bhd. <i>(BBH (LUX) SCA for Fidelity Funds - Asia Pacific Growth &amp; Income Fund)</i>	5,000,000	0.45
11. Tabung Amanah Warisan Negeri Johor	4,900,000	0.45
12. Pertubuhan Keselamatan Sosial	4,800,000	0.44
13. Mohd Hata bin Mansor	4,544,000	0.41
14. Chief Minister, State of Sabah	4,500,000	0.41
15. State Financial Secretary Sarawak	4,500,000	0.41
16. Tabung Amanah Melaka	4,400,000	0.40
17. Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>(Kumpulan Wang Amanah Pencen for Kerajaan Negeri-Negeri Sembilan)</i>	4,400,000	0.40
18. Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>(Public Growth Fund)</i>	4,269,000	0.39
19. State Secretary Kedah Incorporated	4,100,000	0.37
20. Kerajaan Negeri Pahang	4,100,000	0.37
21. HSBC Nominees (Asing) Sdn. Bhd. <i>(BBH (LUX) SCA for Fidelity Funds Malaysia)</i>	3,992,100	0.36
22. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>(ING Insurance Berhad (INV-IL Par))</i>	3,767,000	0.34
23. Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>(Public Equity Fund)</i>	3,743,700	0.34
24. HSBC Nominees (Tempatan) Sdn. Bhd. <i>(Nomura Asset Mgmt Sg for Employees Provident Fund)</i>	3,579,000	0.33
25. Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>(Public Index Fund)</i>	3,304,700	0.30
26. Amanah Raya Berhad <i>(SBB Double Growth Fund)</i>	3,000,000	0.27

## ANALYSIS OF SHAREHOLDINGS (CONTINUED)

### B. LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS OF ORDINARY SHARES (CONTINUED)

Name of Shareholders	No. of Shares Held	%
27. Cartaban Nominees (Asing) Sdn. Bhd. (Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C))	2,544,900	0.23
28. Cartaban Nominees (Asing) Sdn. Bhd. (Investors Bank and Trust Company for Ishares, Inc.)	2,481,000	0.23
29. BHLB Trustee Berhad (Public Focus Select Fund)	2,371,100	0.22
30. Kerajaan Negeri Perak Darul Ridzuan	2,300,000	0.21

### C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE

- The Minister of Finance (Incorporated)

### D. SUBSTANTIAL SHAREHOLDERS

(as shown in the register of substantial shareholders)

Name of Substantial Shareholders	Direct	No. of Shares Held Indirect	%
Khazanah Nasional Berhad	800,150,000	—	72.74

### E. DIRECTORS' SHAREHOLDING

(as shown in the register of directors' shareholding)

Name of Directors	Direct	No. of Shares Held Indirect	%
Tan Sri Datuk Dr. Aris bin Othman	—	—	—
Dato' Seri Bashir Ahmad bin Abdul Majid	—	—	—
Dato' Zaharaah binti Shaari	—	—	—
Eshah binti Meor Suleiman	—	—	—
Izlan bin Izhah	—	—	—
Dato' Ahmad Fuaad bin Mohd Dahalan	—	—	—
Datuk Alias bin Haji Ahmad	—	—	—
Datuk Siti Maslamah binti Osman	—	—	—
Ahmad Kamal bin Abdullah Al-Yafii	—	—	—
Long See Wool (Alternate Director to Dato' Zaharaah binti Shaari)	—	—	—
Gho Peng Seng (Alternate Director to Eshah binti Meor Suleiman)	—	—	—

# Shareholders and Investor Information

## SHARE REGISTRAR

### **Securities Services (Holdings) Sdn. Bhd.**

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

## LISTING

The Company's shares are listed on the Bursa Malaysia Securities Berhad in Malaysia.

## MALAYSIAN TAXES ON DIVIDEND

Malaysia practises an imputation system in the distribution of the dividends whereby the income tax paid by a company is imputed to dividends distributed to shareholders.

Malaysian income tax is deducted or deemed to have been deducted at corporate tax rate, which is currently at 28% from dividends paid by a company residing in Malaysia.

The income tax deducted or deemed to have been deducted from dividend is accounted for by the income tax of the company. There is no further tax or withholding tax on the payment of dividends to all shareholders.

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

Company Secretary  
**Malaysia Airports Holdings Berhad**  
Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang  
Selangor Darul Ehsan  
Fax : 603-7845 2254

# List of Properties

Registered Owner and Location	Description and Existing Use	Approximate Age of Buildings (Years)	Tenure	Land Area	Built-up Area (s.q.m.)	Net Book Value as at 31 December 2005 (RM'000)
<b>LEASED PROPERTY</b>						
<b>Federal Land Commissioner*</b> Location: District of Sepang, Selangor Malaysia	KLIA	—	A total right of occupation for 50 years (Expiry date of 4 May 2048)	22,620 acres	—	2,087
<b>LANDED PROPERTIES OWNED BY THE GROUP</b>						
<b>Malaysia Airports Sdn. Bhd.</b> Location: No. A-01-08 Genting Permai Park & Resort District of Bentong, Pahang	Apartment	6	Freehold	—	75	196
<b>Malaysia Airports Sdn. Bhd.</b> Location: No. A-05-03A Genting Permai Park & Resort District of Bentong, Pahang	Apartment	6	Freehold	—	96	263
<b>Malaysia Airports Sdn. Bhd.</b> Location: No. A-3A-10 Genting Permai Park & Resort District of Bentong, Pahang	Apartment	6	Freehold	—	96	252
<b>Malaysia Airports Sdn. Bhd.</b> Location: No. A-3A-02 Genting Permai Park & Resort District of Bentong, Pahang	Apartment	6	Freehold	—	75	201

## List of Properties (cont'd.)

Registered Owner and Location	Description and Existing Use	Approximate Age of Buildings (Years)	Tenure	Land Area	Built-up Area (s.q.m.)	Net Book Value as at 31 December 2005 (RM'000)
<b>Malaysia Airports Sdn. Bhd.</b> Location: Telok Dalam, Pulau Pangkor Mukim Lumut, Perak	10 units of apartments	—	Freehold	—	744	1,055
<b>Malaysia Airports Sdn. Bhd.</b> Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan	32 units of apartments for staff	—	Leasehold 99 years (Expiry date of 31 December 2089)	—	3,175	2,496
<b>Malaysia Airports Sdn. Bhd.</b> Location: CL 205359593 Kg. Nagalalang Federal Territory of Labuan	Land (Residential)	—	Leasehold 99 years (Expiry date of 31 December 2090)	1.10 acres	—	288
<b>Malaysia Airports Sdn. Bhd.</b> Location: CL 205317951 Kg. Nagalalang Federal Territory of Labuan	Land (Agriculture)	—	Leasehold 99 years (Expiry date of 31 December 2077)	1.22 acres	—	238
<b>Malaysia Airports (Niaga) Sdn. Bhd.</b> Location: Desa Cempaka Bandar Baru Nilai, Mukim Nilai District of Seremban Negeri Sembilan	48 units of apartments for staff	7	Freehold	—	3,791	2,786

**Note:**

\* Pursuant to the KLIA Land Lease Agreement dated 18 October 1999 entered into between Malaysia Airports (Sepang) Sdn. Bhd. and The Federal Land Commissioner, Malaysia Airports (Sepang) Sdn. Bhd. has been granted the right of use of the KLIA Land for a period of 50 years.

# Group Corporate Directory

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

### *Registered/Business Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

## **MALAYSIA AIRPORTS SDN. BHD.** (230646-U)

### *Registered/Business Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

## **MALAYSIA AIRPORTS (SEPANG) SDN. BHD.** (320480-D)

### *Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

### *Business Address:*

3rd & 4th Floor  
Airport Management Centre  
KL International Airport  
64000, KLIA, Sepang  
Selangor Darul Ehsan  
Tel : 603-8776 2000/603-8777 8888  
Fax : 603-8926 5510/603-8926 5209

## **MALAYSIA AIRPORTS (NIAGA) SDN. BHD.** (281310-V)

### *Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

### *Business Address:*

2nd Floor, Airport Management Centre  
KL International Airport  
64000, KLIA, Sepang  
Selangor Darul Ehsan  
Tel : 603-8776 8600  
Fax : 603-8787 3747

## **MALAYSIA AIRPORTS MANAGEMENT & TECHNICAL SERVICES SDN. BHD.** (375245-X)

### *Registered/Business Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

## **MAB AGRICULTURE-HORTICULTURE SDN. BHD.** (467902-D)

### *Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

### *Business Address:*

4th Floor, Airport Management Centre  
KL International Airport  
64000, KLIA, Sepang  
Selangor Darul Ehsan  
Tel : 019-2824 362  
Fax : 019-2163 025

## **MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD.** (484656-H)

### *Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

### *Business Address:*

CPVD 24, Contact Pier Viewing Area  
Level 5, Main Terminal Building  
KL International Airport  
64000, KLIA, Sepang  
Selangor Darul Ehsan  
Tel : 603-8776 0030  
Fax : 603-8776 0031

**K.L. AIRPORT HOTEL SDN. BHD.**

(330863-D)

*Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

*Business Address:*

Pan Pacific Kuala Lumpur International  
Airport  
Kuala Lumpur International Airport  
Jalan CTA 4B, 64000, KLIA  
Sepang, Selangor Darul Ehsan  
Tel : 603-8787 3333  
Fax : 603-8787 5555

**MALAYSIA AIRPORTS TECHNOLOGIES**

**SDN. BHD.** (512262-H)

*Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

*Business Address:*

3rd Floor, Airport Management Centre  
KL International Airport  
64000, KLIA, Sepang  
Selangor Darul Ehsan  
Tel : 603-8776 8341  
Fax : 603-8786 8680

**ASIA PACIFIC AUCTION CENTRE SDN. BHD.**

(488190-H)

*Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

*Business Address:*

Asia Pacific Auction Centre Sdn. Bhd.  
Sultan Abdul Aziz Shah Airport  
Jalan Lapangan Terbang Subang  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7845 8600/603-7847 6260  
Fax : 603-7847 1086

**SEPANG INTERNATIONAL CIRCUIT SDN.**

**BHD.** (457149-T)

*Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

*Business Address:*

Pusat Pentadbiran Litar  
Jalan Pekeliling  
64000 Sepang, Selangor Darul Ehsan  
Tel : 603-8787 2200  
Fax : 603-8783 1000

**URUSAN TEKNOLOGI WAWASAN**

**SDN. BHD.** (459878-D)

*Registered Address:*

Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang, Selangor Darul Ehsan  
Tel : 603-7846 7777  
Fax : 603-7846 3300/603-7846 3366  
603-7845 2254

*Business Address:*

1st Floor, Civil Engineering Building  
Engineering Complex  
Kuala Lumpur International Airport  
64000 Sepang, Selangor Darul Ehsan  
Tel : 03-8776 7002  
Fax : 03-8787 2455



## AIRPORTS IN MALAYSIA

### **KL International Airport**

64000 KLIA Sepang  
Selangor Darul Ehsan, Malaysia  
Tel : 603-8777 8888  
Fax: 603-8776 3888

### **Penang International Airport**

11900 Bayan Lepas  
Pulau Pinang, Malaysia  
Tel : 604-643 4411  
Fax: 604-643 5339

### **Langkawi International Airport**

07100 Padang Mat Sirat, Langkawi  
Kedah Darul Aman, Malaysia  
Tel : 604-955 1311  
Fax: 604-955 1314

### **Sultan Abdul Aziz Shah Airport**

47200 Subang  
Selangor Darul Ehsan, Malaysia  
Tel : 603-7846 1050  
Fax: 603-7846 3679

### **Sultan Azlan Shah Airport**

31350 Ipoh  
Perak Darul Ridzuan, Malaysia  
Tel : 605-318 8202  
Fax: 605-312 2295

### **Sultan Abdul Halim Airport**

06200 Kepala Batas,  
Kedah Darul Aman, Malaysia  
Tel : 604-714 5845  
Fax: 604-714 5345

### **Sultan Ismail Petra Airport**

16100 Kota Bharu  
Kelantan Darul Naim, Malaysia  
Tel : 609-773 7400  
Fax: 609-773 2852

### **Sultan Mahmud Airport**

21300 Kuala Terengganu  
Terengganu Darul Iman, Malaysia  
Tel : 609-667 3666  
Fax: 609-666 3084

### **Sultan Ahmad Shah Airport**

25150 Kuantan  
Pahang Darul Makmur, Malaysia  
Tel : 609-531 2100/2123  
Fax: 609-538 4017

### **Batu Berendam Airport**

75350 Melaka, Malaysia  
Tel : 606-317 5860  
Fax: 606-317 5214

### **Kota Kinabalu International Airport**

Beg Berkunci No. 134  
Aras 5, Bangunan Terminal  
88740 Kota Kinabalu, Sabah, Malaysia  
Tel : 6088-238 555  
Fax: 6088-219 081

### **Labuan Airport**

Jalan OKK Abdullah, Peti Surat 80569  
80715 W.P. Labuan Sabah, Malaysia  
Tel : 6087-415 015  
Fax: 6087-410 129

### **Sandakan Airport**

P.O. Box 1719  
90719 Sandakan, Sabah, Malaysia  
Tel : 6089-667 784  
Fax: 6089-667 778

### **Lahad Datu Airport**

P.O. Box 213  
91108 Lahad Datu, Sabah, Malaysia  
Tel : 6089-881 033  
Fax: 6089-881 618

### **Tawau Airport**

P.O. Box 60132  
91011 Tawau, Sabah, Malaysia  
Tel : 6089-950 777  
Fax: 6089-950 781

### **Kuching International Airport**

Peti Surat 1070  
93722 Kuching, Sarawak, Malaysia  
Tel : 6082-454 242  
Fax: 6082-458 587

### **Sibu Airport**

Peti Surat 645  
96007 Sibu, Sarawak, Malaysia  
Tel : 6084-307 770  
Fax: 6084-307 709

### **Bintulu Airport**

97000 Bintulu, Sarawak, Malaysia  
Tel : 6086-339 163  
Fax: 6086-337 011

### **Miri Airport**

Peti Surat 851  
98008 Miri, Sarawak, Malaysia  
Tel : 6085-615 204  
Fax: 6085-615 208

### **Limbang Airport**

98700 Limbang, Sarawak, Malaysia  
Tel : 085-212 090  
Fax: 085-214 979

### **Mulu Airport**

98000 Mulu, Sarawak, Malaysia  
Tel : 6085-792 103  
Fax: 6085-792 102

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Seventh Annual General Meeting of Malaysia Airports Holdings Berhad (“MAHB” or “the Company”) will be held at Gateway Ballroom, Level 1, Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Wednesday, 7 June 2006 at 11.00 a.m. for the following purposes:

## AGENDA

1. To receive the Report of the Directors and Audited Financial Statements for the financial year ended 31 December 2005 together with the Report of the Auditors thereon. *(Resolution 1)*
2. To declare and approve the payment of a final dividend of 4 sen less income tax of 28% for the financial year ended 31 December 2005. *(Resolution 2)*
3. To approve the payment of Directors’ Fees for the financial year ended 31 December 2005. *(Resolution 3)*
4. To re-elect the following Directors who shall retire in accordance with Article 129 of the Company’s Articles of Association and who, being eligible, offer themselves for re-election:-
  - i. Izlan bin Izhah *(Resolution 4)*
  - ii. Dato’ Ahmad Fuaad bin Mohd Dahalan *(Resolution 5)*
5. To re-elect the following Directors who shall retire in accordance with Article 131 of the Company’s Articles of Association and who, being eligible, offer themselves for re-election:-
  - i. Dato’ Seri Bashir Ahmad bin Abdul Majid *(Resolution 6)*
  - ii. Datuk Alias bin Haji Ahmad *(Resolution 7)*
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 8)*

7. **As Special Business**

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

**Authority to issue and allot shares**

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised pursuant to Section 132D of the Companies Act, 1965 to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued share capital of the Company for the time being."

*(Resolution 9)*

8. To consider any other business for which due notice has been given. *(Resolution 10)*

By Order of the Board

**SABARINA LAILA BINTI MOHD HASHIM**

(LS 0004324)

Company Secretary

Subang, Selangor Darul Ehsan

16 May 2006

**NOTICE OF DIVIDEND ENTITLEMENT**

NOTICE IS HEREBY GIVEN that the final dividend of 4 sen per share less income tax of 28% in respect of the financial year ended 31 December 2005, if approved at the Seventh Annual General Meeting, will be paid on 18 July 2006 to Depositors registered in the Records of Depositors on 28 June 2006. A Depositor shall qualify for entitlement only in respect of:

- a. Shares transferred into the Depositor's securities account before 4.00 p.m. on 28 June 2006, in respect of ordinary transfers; and
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**Notes:**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Head Office of MAB, Sultan Abdul Aziz Shah Airport, 47200 Subang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or any adjournment thereof.
4. Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company which is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account if holds with ordinary shares of the Company standing to the credit of the said securities account.

**Explanatory Notes on Special Business**

The Ordinary Resolution proposed under item 7 of the Agenda, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the issued share capital of the Company, subject to compliance with regulatory requirements. The approval is sought to avoid any delay and cost in convening a general meeting for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

# Statement Accompanying Notice of Annual General Meeting

Statement Accompanying Notice of the Seventh Annual General Meeting of Malaysia Airports Holdings Berhad to be held on Wednesday, 7 June 2006 at 11.00 a.m. at Gateway Ballroom, Level 1, Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan Made Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad.

Details of Directors standing for re-election/re-appointment at the Annual General Meeting

Name	<b>Izlan bin Izhah</b>
Age	60
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"><li>- Bachelor of Laws, University of London</li><li>- Advanced Management Program, University of Hawaii</li></ul>
Position on the MAHB Board	Non-Independent Non-Executive Director
Date first appointed to the MAHB Board	1 June 2005
Membership of MAHB Board Committees	<ul style="list-style-type: none"><li>- Board Audit Committee</li><li>- Board Remuneration Committee</li><li>- Board Nomination Committee</li></ul>
Working Experience	<ul style="list-style-type: none"><li>- Assistant Legal Officer, Majlis Amanah Rakyat (September 1973 - March 1975)</li><li>- Company Secretary, Kompleks Kewangan Malaysia Berhad (April 1975 - July 1978)</li><li>- Company Secretary, Permodalan Nasional Berhad (August 1978 - December 1984)</li><li>- Executive Vice President, Corporate &amp; Legal Affairs, Kuala Lumpur Stock Exchange (January 1985 - December 2000)</li></ul>
Occupation	Company Director
Any other directorships in public companies	Bumiputra-Commerce Holdings Berhad, Apex Equity Holdings Berhad, Nexnews Berhad, Ramunia Holdings Berhad, OSK-OUB Unit Trust Management Berhad, N2N Connect Berhad, Commerce International Group Berhad, Commerce Takaful Berhad
Securities holdings in MAHB and subsidiaries	Nil

Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	8 out of 8

Name	<b>Dato' Ahmad Fuaad bin Mohd Dahalan</b>
Age	55
Nationality	Malaysian
Qualification	Bachelor of Arts (Honours), University of Malaya
Position on the MAHB Board	Non-Independent Non-Executive Director
Date first appointed to the MAHB Board	25 August 2005
Membership of MAHB Board Committees	<ul style="list-style-type: none"> <li>- Board Remuneration Committee</li> <li>- Board Nomination Committee</li> <li>- Board Risk Management Committee</li> </ul>
Working Experience	<ul style="list-style-type: none"> <li>- MCS Officer, Ministry of Foreign Affairs, Wisma Putra (1973)</li> </ul> <p><b>Positions Held in MAS</b></p> <ul style="list-style-type: none"> <li>- Management Trainee (July 1973)</li> <li>- Assistant to Area Manager, UK/London (April 1974)</li> <li>- Commercial Executive, General Sales Manager (June 1974)</li> <li>- Assistant to Area Manager, Tokyo, Japan (November 1975)</li> <li>- Relief Area Manager, Indonesia (August 1976)</li> <li>- Area Manager, Philippines/Manila (July 1977)</li> <li>- Area Manager UK/London, Germany/Frankfurt, Benelux/Amsterdam (June 1979)</li> <li>- Area Manager, France &amp; Southern Europe, Paris (January 1980)</li> <li>- Regional Manager, Kuching, Sarawak (October 1984)</li> <li>- Regional Manager, Peninsular Malaysia &amp; Singapore in Kuala Lumpur (July 1987)</li> <li>- Vice President Americas, Los Angeles, USA (February 1990)</li> <li>- Vice President, United Kingdom &amp; Europe, London (October 1997)</li> <li>- Senior General Manager, Sales, Distribution &amp; Marketing, Head Office MAS (June 2001)</li> <li>- Managing Director (April 2004 - August 2005)</li> </ul>

## Statement Accompanying Notice of Annual General Meeting (cont'd.)

Occupation	Company Director
Any other directorships in public companies	HLG Capital Berhad
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	2 out of 4

Name	<b>Dato' Seri Bashir Ahmad bin Abdul Majid</b>
Age	56
Nationality	Malaysian
Qualification	- Bachelor of Arts Degree (Honours) majoring in International Relations, University of Malaya
Position on the MAHB Board	Managing Director (Non-Independent Executive)
Date first appointed to the MAHB Board	9 June 2003
Membership of MAHB Board Committees	- Board Finance And Investment Committee - Board Risk Management Committee - Board Planning And Development Committee
Working Experience	<b>Positions Held in MAS</b> <ul style="list-style-type: none"> <li>- Management Trainee (June 1972 - November 1973)</li> <li>- Marketing Coordinator (December 1973 - December 1974)</li> <li>- Sales Manager Singapore (January 1975 - October 1975)</li> <li>- Manager Penang (November 1975 - May 1978)</li> <li>- Marketing Manager (June 1978 - May 1982)</li> <li>- International Relations Manager (June 1982 - December 1991)</li> <li>- Deputy Director-International Relations (December 1991 - December 1992)</li> <li>- Director of Corporate Planning (December 1992 - August 1994)</li> <li>- Commercial Director (August 1994 - August 1996)</li> <li>- Senior Vice-President Commercial (August 1996 - July 1997)</li> <li>- Executive Vice-President, Airline (July 1997 - November 2001)</li> <li>- Aviation Advisor to the Ministry of Transport (November 2001 - June 2003)</li> </ul>

Occupation	Managing Director
Any other directorships in public companies	Nil
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	14 out of 14

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Name	<b>Datuk Alias bin Haji Ahmad</b>
Age	58
Nationality	Malaysian
Qualification	- Bachelor of Arts (Honours) Degree majoring in (Economics and Sociology), University of Malaya - Diploma of Education, University of Malaya
Position on the MAHB Board	Independent Non-Executive Director
Date first appointed to the MAHB Board	1 December 2003
Membership of MAHB Board Committees	- Board Audit Committee - Board Remuneration Committee (Chairman) - Board Nomination Committee - Board Tender Committee - Board Risk Management Committee

## Statement Accompanying Notice of Annual General Meeting (cont'd.)

Working Experience	<ul style="list-style-type: none"><li>- Assistant Secretary (Finance), Ministry of Finance (1972 - 1975)</li><li>- Special Officer, Ministry of Finance (1976 - 1984)</li><li>- Special Officer, Ministry of Trade &amp; Industry (1984 - 1987)</li><li>- Director of Vocational Training, Manpower Department, Ministry of Labour (1987 - 1988)</li><li>- Deputy Secretary (Supply), Secretary for Defences Industries, Secretary of Development Division, Secretary to the Main Coordinating Committee, Secretary to the Cabinet Committee (1988 - 1998)</li><li>- Federal Secretary General for Sabah (1999 - 2001)</li><li>- Deputy Secretary General (Finance), Ministry of Health (April 2001 - July 2003)</li></ul>
Occupation	Company Director
Any other directorships in public companies	Nil
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	13 out of 14



# Proxy Form

**Malaysia Airports Holdings Berhad** (487092-W)  
Incorporated In Malaysia

No. of Shares Held:	
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I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_ of  
(FULL NAME IN CAPITAL LETTERS)

\_\_\_\_\_  
(FULL ADDRESS)

being a Member(s) of MALAYSIA AIRPORTS HOLDINGS BERHAD, hereby appoint \_\_\_\_\_

\_\_\_\_\_  
(NAME) NRIC No. \_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(NAME)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Gateway Ballroom, Level 1, Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Wednesday, 7 June 2006 at 11.00 a.m. for the following purposes:-

Please indicate with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

		For	Against
<i>Resolution 1</i>	Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2005.		
<i>Resolution 2</i>	Declaration and approval for the payment of a final dividend of 4 sen less income tax of 28% for the financial year ended 31 December 2005.		
<i>Resolution 3</i>	Approval for the payment of Directors' Fees for the financial year ended 31 December 2005.		
<i>Resolution 4</i>	Re-election of Izlan bin Izhab as Director.		
<i>Resolution 5</i>	Re-election of Dato' Ahmad Fuaad bin Mohd Dahalan as Director.		
<i>Resolution 6</i>	Re-election of Dato' Seri Bashir Ahmad bin Abdul Majid as Director.		
<i>Resolution 7</i>	Re-election of Datuk Alias bin Haji Ahmad as Director.		
<i>Resolution 8</i>	Re-appointment of Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
<i>Resolution 9</i>	Authority under Section 132D of the Companies Act, 1965 for Directors to issue shares.		

As witness my/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

\_\_\_\_\_  
Signature of Member/Common Seal

**Notes:**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand and seal of its attorney.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Head Office of MAB, Sultan Abdul Aziz Shah Airport, 47200 Subang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.
4. Shareholders' attention is hereby drawn to the Listing Requirements of Bursa Malaysia Securities Berhad, which allows a member of the Company which is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

The Company Secretary  
**Malaysia Airports Holdings Berhad** (487092-W)  
Head Office of MAB  
Sultan Abdul Aziz Shah Airport  
47200 Subang  
Selangor Darul Ehsan

(STAMP)