



**LIKE NO OTHER**



Annual Report 2006

KNOWLEDGEABLE  
PASSENGERS.

Go where  
you want

BUS

LUXURY IS IN THE AIR

OVER 100  
ENTERTAINMENT  
OPTIONS

# OUR





# STORY

LUXURY IS IN THE AIR

malaysia

Business Class

Growing from strength to strength.

When we thought that we have reached  
the pinnacles of OUR SUCCESS,





we realised that there will always  
be a **higher mountain** to climb...

and a **greater sky** to so

...a **wider ocean** to cross



In continuing the momentum forward, we will never stop for a moment.

As we strive in our endeavour to constantly outperform ourselves,

achieving success is not our destination.



Rather it's the **knowledge** gained along  
the miles traveled that **mattered** most.

As **true competition** is not out there  
but one that comes **from within**.

We are unlike all others.

We are **uniquely us.**



# Mission Statement

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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# 8th

## Annual General Meeting

The Pan Pacific Kuala Lumpur International Airport

Thursday, 31 May 2007

11.00 a.m.



232	Airports Operated By The Group	254	Cargo Movements 2006	275	Airlines Operating At KL International Airport
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- Asia Pacific's Premier Air Transportation and Cargo Transshipment hub.
- A greenfield site covering 10,000 hectares.
- Themed after the natural surrounding "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.

# AT A

## KL International Airport (KLIA)

- 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 30 food and beverage outlets await visitors.
- Available from within the terminal is the Airside Transit Hotel with 80 rooms and The Pan Pacific KLIA with 441 rooms.
- The Total Airport Management System (TAMS) links more than 42 systems, which interfaces and integrates communication network.



## Company Profile

### Malaysia Airports Holdings Berhad

Malaysia Airports Holdings Berhad (MAHB) is in the business of managing and operating Malaysia's 39 airports as well as providing airport-related services. The airports under its ambit include five major international airports (KLIA, Pulau Pinang, Langkawi, Kuching and Kota Kinabalu), 16 domestic airports and 18 short take-off and landing ports that serve communities in Malaysia's less accessible areas.

# GLANCE



## Low Cost Carrier Terminal (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.

Since 1 November 1992, MAHB (through subsidiary Malaysia Airports Sdn. Bhd.) has held a 30-year lease and license from Malaysia's Ministry of Transport to operate all the nation's existing airports. Another subsidiary, Malaysia Airports (Sepang) Sdn. Bhd. has been managing and operating the world-class KL International Airport (KLIA) under a 50-year concession and lease agreement with the Ministry of Transport since 5 May 1998. On 30 November 1999, MAHB became the first airport company in Asia and one of just six in the world to be listed.

MAHB's role in airport operations includes the development, management and maintenance of existing terminal buildings, runways, roads and car parks. It has been entrusted with overall responsibility for operational efficiency, passenger and aircraft safety and security and the fulfilment of environmental requirements.

Through its many subsidiaries, MAHB is also involved in the operations of duty free and non-duty free outlets; the provision of food and beverage related services at the airport; property

investment holding of the car parks, airside hotel and the Pan Pacific KLIA, the Free Commercial Zone and KLIA's Southern Common facilities, as well as palm oil plantations.

MAHB currently employs over 6,000 personnel across 39 offices in Malaysia, more than 2,000 safety and security personnel, over 700 fire and rescue personnel and 382 trained customer relations specialists.

voted **World's**  
**Best Airport**  
**2006**

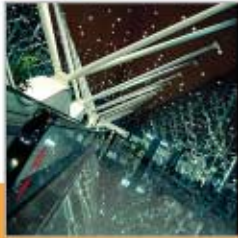
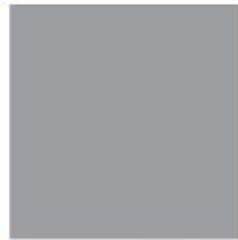
Malaysia Airports Holdings Berhad (MAHB) continues to soar to greater heights by taking top position as the World's Best Airport in the 15-25 million passengers category.

Other accolades that were presented to MAHB by the Airport Council International Airport Service Quality for its outstanding performance throughout the year include being third overall for the Best Airport Worldwide as well as Best Airport in the Asia Pacific region.

MAHB also secured top position when LCCT-KLIA was named the Centre for Asia Pacific Aviation Low Cost Airport of the Year.



WORLD'S  
BEST  
AIRPORT



2 CONSECUTIVE  
YEARS



15-25  
MILLION  
PASSENGERS  
PER ANNUM  
CATEGORY

## CONSOLIDATED INCOME STATEMENT

Year ended 31 December

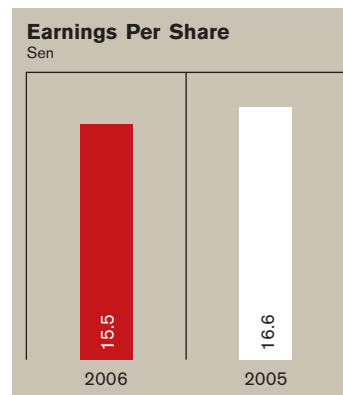
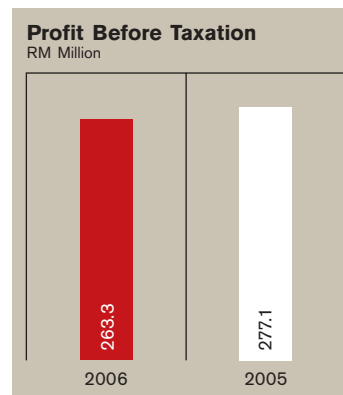
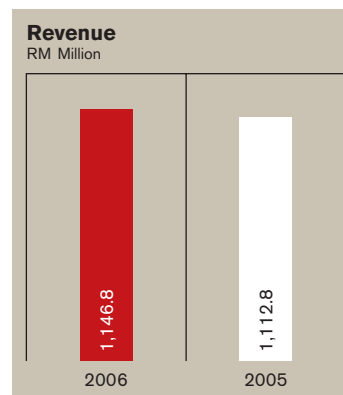
	2006 RM Million	2005 RM Million	% Change
Revenue	1,146.8	1,112.8	3.1
Operating Profit	266.4	278.5	(4.3)
Financing Costs	(6.5)	(6.7)	(3.0)
Share of results of Associated Companies	3.4	5.3	(35.8)
Profit before taxation	263.3	277.1	(5.0)
Taxation	(92.4)	(94.8)	(2.5)
Profit for the Year	170.9	182.3	(6.3)
Attributable to:			
Equity holders of the Company	170.3	182.3	(6.6)
Minority interests	0.6	–	>100.0
	170.9	182.3	(6.3)
* Earnings per share (sen)	15.5	16.6	(6.6)

\* Attributable to equity holders of the Company

## CONSOLIDATED BALANCE SHEET

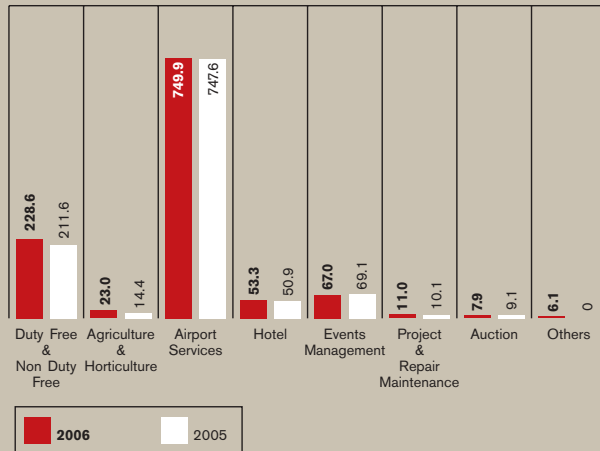
As at 31 December

	2006 RM Million	2005 RM Million	% Change
<b>ASSETS</b>			
Property, Plant and Equipment	1,721.6	1,634.3	5.3
Investments	163.8	145.7	12.4
Other Non-Current Assets	1,258.3	1,281.0	(1.8)
Current Assets	1,188.0	979.3	21.3
<b>TOTAL ASSET</b>	<b>4,331.7</b>	<b>4,040.3</b>	<b>7.2</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	1,100.0	1,100.0	–
Share premium	822.7	822.7	–
Retained earnings	872.1	733.5	18.9
	2,794.8	2,656.2	5.2
Minority Interest	3.2	–	>100.00
<b>TOTAL EQUITY</b>	<b>2,798.0</b>	<b>2,656.2</b>	<b>5.3</b>
Non-Current Liabilities	129.2	207.1	(37.6)
Current Liabilities	1,404.5	1,177.0	19.3
<b>TOTAL LIABILITIES</b>	<b>1,533.7</b>	<b>1,384.1</b>	<b>10.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,331.7</b>	<b>4,040.3</b>	<b>7.2</b>
Net Tangible Assets Per Share (RM)	2.5	2.4	4.2



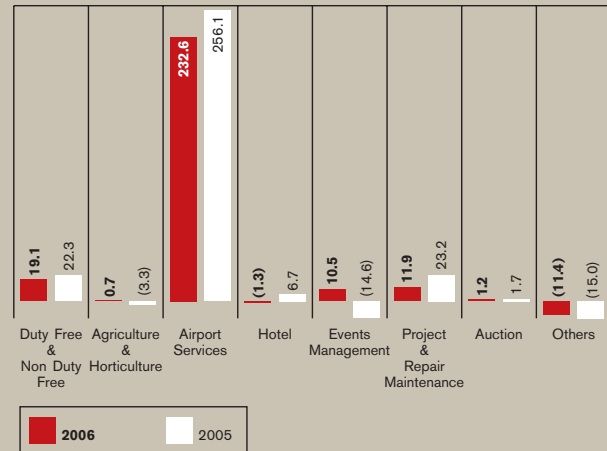
## Revenue

RM Million



## Profit Before Taxation

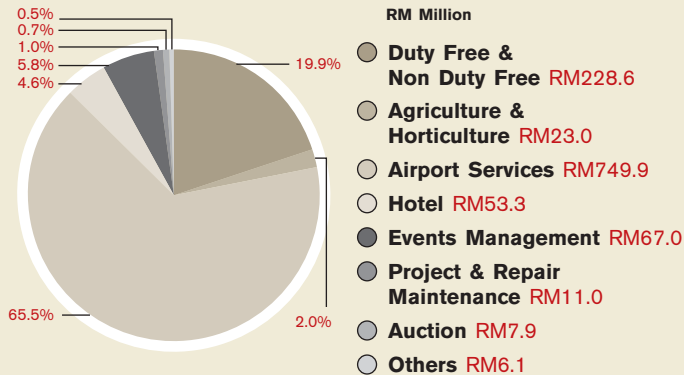
RM Million



## Revenue

2006

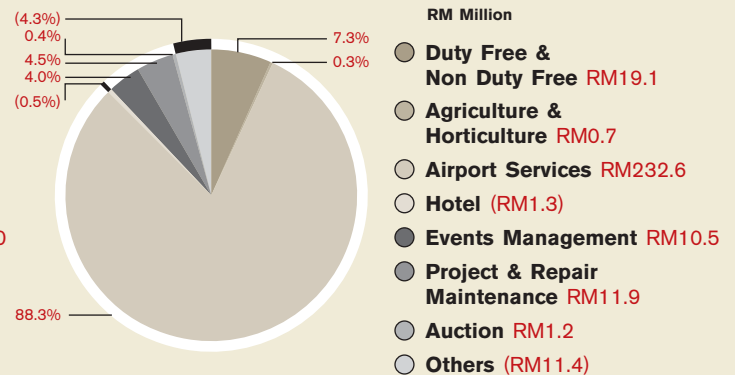
RM1,146.8 Million



## Profit Before Taxation

2006

RM263.3 Million



## GROUP REVENUE

For the financial year ended 31 December 2006 (FY 2006), the Group achieved a record turnover for the fourth consecutive year. The Group's revenue grew 3.1% to RM1.147 billion in comparison to RM1.113 billion in FY 2005.

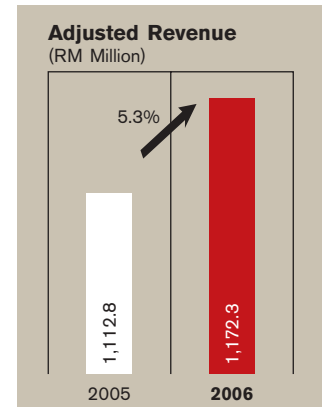
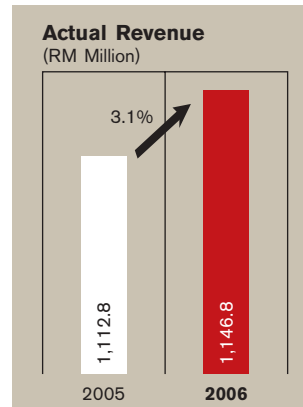
This revenue growth was attained despite a 1.6% decline in aircraft movements following a route rationalisation exercise in the domestic market and Malaysia Airlines Berhad's termination of unprofitable international routes in line with its turnaround plan. Despite the reduction in aircraft movements, passenger growth was 2.2% for FY 2006.

## AERONAUTICAL REVENUE & NON-AERONAUTICAL REVENUE

The Group's revenue base is divided into aeronautical revenue and non-aeronautical revenue. Aeronautical revenue is mainly derived from passenger service charges, landing and parking fees, and other ancillary charges to the airlines. MAHB's non-aeronautical revenue comprises revenue generated from commercial activities including operation of duty and non-duty free outlets, management of food and beverages outlets, management and operation of parking facilities, the Airside Transit Hotel, the Free Commercial Zone at KLIA and the lease of commercial spaces.

The Group also derives income from the operation of hotel, agriculture and horticulture activities, events management and other activities as described in the financial statements of the Group.

In FY 2006, there was stronger growth in the non-aeronautical revenue business, notably from retail operations. This development underscores the Group's strategy of boosting the contribution of its commercial operations. Excluding the issue of RM25.5 million worth of credit notes in relation to a long outstanding KLIA land rental and debt settlement agreement being achieved, revenue growth would have touched 5.3% or approximately RM1.172 billion.



## SEGMENTAL REVENUE

In FY 2006, MAHB's five major business segments delivered the following results:

**Duty Free and Non-Duty Free:** The duty free and non-duty free business operates duty free and non-duty free outlets as well as manages food and beverage outlets at designated airports. This business segment recorded an increase in revenue by RM17.0 million or an 8.0% increase from FY 2005's revenue mainly due to the opening of outlets at LCCT-KLIA from 23 March 2006.

**Agriculture:** MAHB's agriculture and horticulture business activities include the cultivation and sale of oil palm and other agriculture products. The Agriculture segment recorded an RM8.6 million or 59.5% increase in revenue mainly due to higher total crop harvested and the increase in the average Fresh Fruit Bunch (FFB) price.

**Airport Services:** This business segment is tasked with operating, managing and maintaining designated airports in Malaysia and providing airport related services. The Airport Services segment's revenue decreased by RM2.3 million or 0.3% mainly due to the issuance of credit note in relation to a long outstanding KLIA land rental and debt settlement agreement.

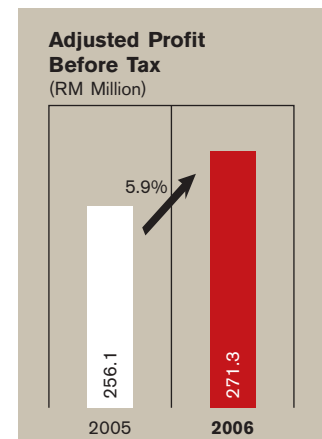
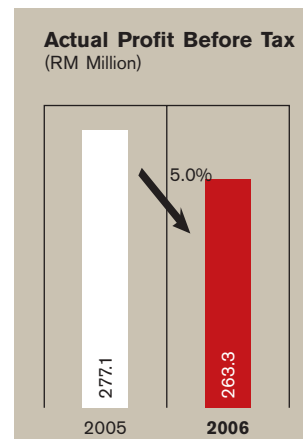
**Hotel:** The Hotel segment manages and operates the Pan Pacific Hotel KLIA. This segment recorded an increase in revenue of RM2.4 million or 4.8% as a result of higher average room rates in 2006.

**Events Management:** The events management business manages and operates the Sepang F1 Circuit and organises and promotes motor sports and entertainment events. FY 2006 saw this business segment recording a drop in revenue of RM2.1 million or a 3.0% decline due to lower F1 ticket sales.

## GROUP PROFITABILITY

Profit before tax (PBT) for the year under review fell 5.0% to RM263.3 million from RM277.1 million in FY 2005. The decline in profitability was attributable to a one-off gain realised in FY 2005 following the disposal of MAHB's Cambodian investment, a write-back on provision for land premium and higher depreciation charges as a result of the new and revised Financial Reporting Standards adopted. Excluding these elements, PBT for FY 2005 and FY 2006, would have been registered at RM256.1 million and RM271.3 million respectively, which would have resulted in a 5.9% PBT growth for FY 2006.

It is also to be noted that, the Group had managed to record a zero percent increase in operating costs.



### SEGMENTAL PROFITABILITY

**Duty Free and Non-Duty Free:** The duty free and non-duty free business segment recorded a RM3.2 million or 14.3% decrease in PBT mainly due to the increase in operating expenditure.

**Agriculture:** The agriculture business recorded PBT of RM0.7 million as compared to a loss of RM3.3 million in FY 2005 due to the significant increase in revenue resulting from a higher total crop harvested and increase in the average FFB price.

**Airport Services:** PBT for the Airport Services segment decreased by RM23.5 million or 9.2% mainly due to the issuance of credit notes.

**Hotel:** The hotel business recorded a loss of RM1.3 million as compared to PBT of RM6.7 million in FY 2005 due to higher depreciation charges of RM8.1 million in 2006 resulting from the adoption of FRS116.

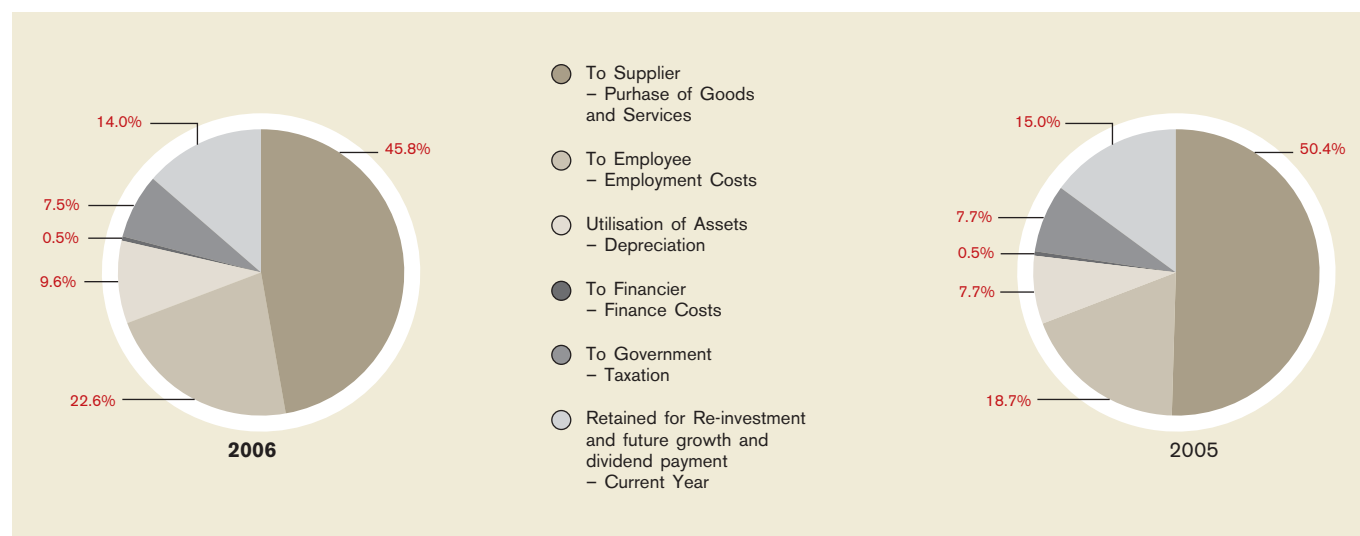
**Events Management:** The events management business recorded PBT of RM10.5 million as compared to a loss of RM14.6 million in FY 2005 due to lower event management costs incurred in 2006.

### DIVIDENDS AND EPS

A final dividend of 4.0% (less 27.0% taxation) on 1.1 billion ordinary shares, amounting to a dividend payable of RM32.1 million has been proposed for FY 2006 subject to shareholders' approval.

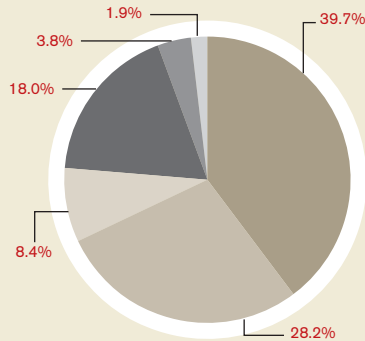
Earnings per share (EPS) stood at 15.5 sen for FY 2006, a 6.6% decline over 16.6 sen in FY 2005.

	2006 (in RM Million)	%	2005 (in RM Million)	%
<b>Current income available for distribution</b>	<b>1,224.0</b>		<b>1,225.2</b>	
<b>Distribution:</b>				
To supplier				
– Purchase of goods and services	<b>560.7</b>	<b>45.8</b>	617.7	50.4
To employees				
– Employment costs	<b>276.1</b>	<b>22.6</b>	229.4	18.7
Utilisation of assets				
– Depreciation	<b>117.4</b>	<b>9.6</b>	94.3	7.7
To Financier				
– Finance costs	<b>6.5</b>	<b>0.5</b>	6.7	0.5
To government				
– Taxation	<b>92.4</b>	<b>7.5</b>	94.8	7.7
Retained for re-investment and future growth and dividend payment				
– Current Year	<b>170.9</b>	<b>14.0</b>	182.3	15.0
	<b>1,224.0</b>	<b>100.00</b>	1,225.2	100.0



## Total Assets

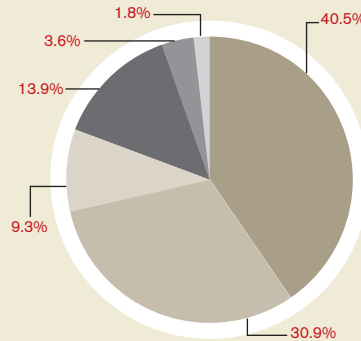
2006  
RM4,331.7 Million



RM Million

- Property, Plant & Equipment  
RM1,721.6
- Concession Rights  
RM1,221.1
- Trade & Other Receivables  
RM363.2
- Cash & Cash Equivalents  
RM781.8
- Investments  
RM163.8
- Other Assets  
RM80.2

2005  
RM4,040.3 Million

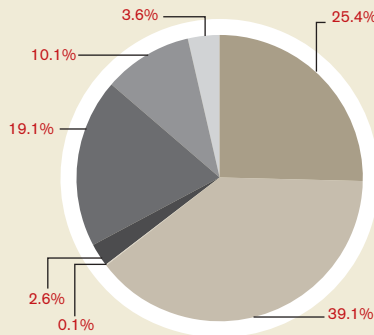


RM Million

- Property, Plant & Equipment  
RM1,634.3
- Concession Rights  
RM1,250.2
- Trade & Other Receivables  
RM376.3
- Cash & Cash Equivalents  
RM561.3
- Investments  
RM145.7
- Other Assets  
RM72.5

## Total Equity And Liabilities

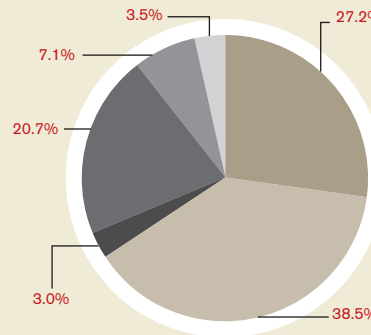
2006  
RM4,331.7 Million



RM Million

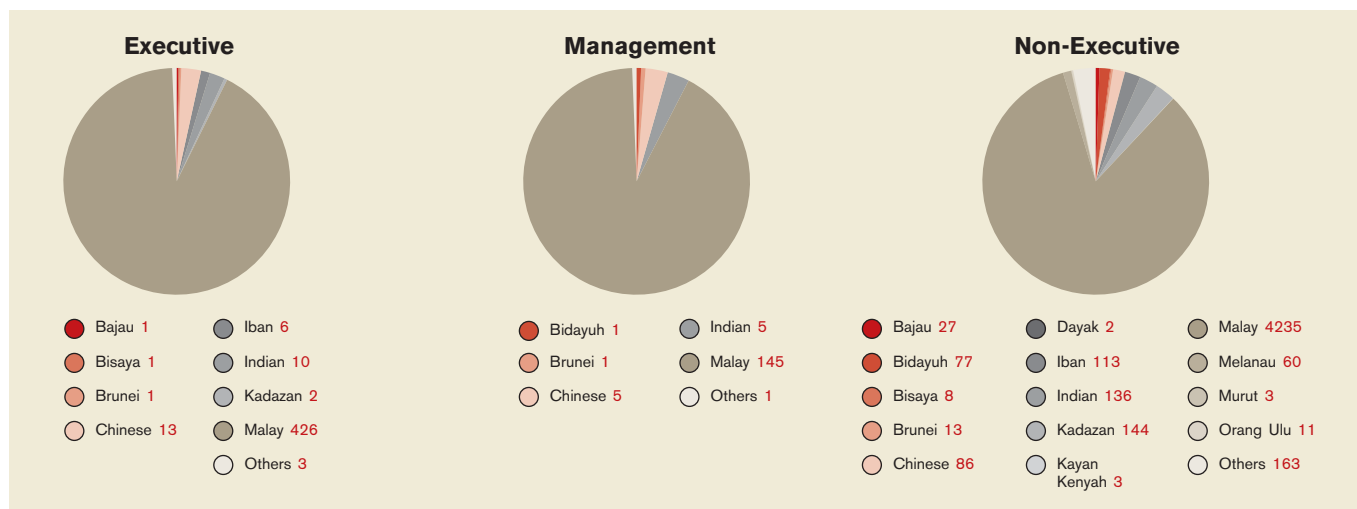
- Share Capital  
RM1,100.0
- Reserves  
RM1,694.8
- Minority Interests  
RM3.2
- Borrowings  
RM115.1
- Concession Rights Payable  
RM826.7
- Trade & Other Payables  
RM436.5
- Other Liabilities  
RM155.4

2005  
RM4,040.3 Million



RM Million

- Share Capital  
RM1,100.0
- Reserves  
RM1,556.2
- Minority Interests  
RM0
- Borrowings  
RM121.0
- Concession Rights Payable  
RM836.7
- Trade & Other Payables  
RM285.1
- Other Liabilities  
RM141.3



## Group Quarterly Performance

Malaysia Airports Holdings Berhad

In RM Million	First Quarter	Second Quarter	2006 Third Quarter	Fourth Quarter	Year 2006
<b>FINANCIAL PERFORMANCE</b>					
Operating Revenue	311.3	283.7	253.5	298.3	1,146.8
Profit before tax	83.7	51.5	53.0	75.1	263.3
Profit after tax	61.2	31.3	18.4	60.0	170.9
Earnings per share (sen)	5.6	2.8	1.7	5.4	15.5

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
Profit before tax	72.7	65.2	93.1	46.1	277.1
Profit after tax	49.4	41.0	60.3	31.6	182.3
Earnings per share (sen)	4.5	3.7	5.5	2.9	16.6

## CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	2006	2005	2004	2003	2002
	RM Million	RM Million	RM Million	RM Million	RM Million
Revenue	1,146.8	1,112.8	1,024.7	894.0	935.3
Profit before taxation	263.3	277.1	195.6	151.6	221.8
Taxation	(92.4)	(94.8)	(70.4)	(66.9)	(71.0)
Profit for the Year	170.9	182.3	125.2	84.7	150.8
Attributable to:					
Equity holders of the Company	170.3	182.3	125.2	84.7	150.8
Minority interests	0.6	–	–	–	–
	170.9	182.3	125.2	84.7	150.8
* Earnings per share (sen)	15.5	16.6	11.4	7.7	13.7

\* Attributable to equity holders of the Company

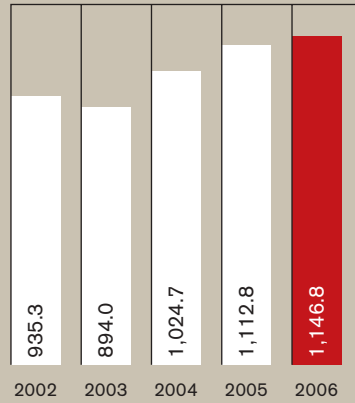
## CONSOLIDATED BALANCE SHEET

As at 31 December

	2006	2005	2004	2003	2002
	RM Million	RM Million	RM Million	RM Million	RM Million
<b>ASSETS</b>					
Other Non-Current Assets	3,143.7	3,061.0	3,078.2	2,845.7	2,644.0
Current Assets	1,188.0	979.3	1,000.9	708.9	637.3
<b>TOTAL ASSETS</b>	<b>4,331.7</b>	<b>4,040.3</b>	<b>4,079.1</b>	<b>3,554.6</b>	<b>3,281.3</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital	1,100.0	1,100.0	1,100.0	1,100.0	1,100.0
Share premium	822.7	822.7	822.7	822.7	822.7
Retained earnings	872.1	733.5	574.9	465.6	412.6
	2,794.8	2,656.2	2,497.6	2,388.3	2,335.3
Minority interests	3.2	–	–	–	–
<b>TOTAL EQUITY</b>	<b>2,798.0</b>	<b>2,656.2</b>	<b>2,497.6</b>	<b>2,388.3</b>	<b>2,335.3</b>
Non-current liabilities	129.2	207.1	1,076.7	813.6	570.0
Current liabilities	1,404.5	1,177.0	504.8	352.7	376.0
<b>TOTAL LIABILITIES</b>	<b>1,533.7</b>	<b>1,384.1</b>	<b>1,581.5</b>	<b>1,166.3</b>	<b>946.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,331.7</b>	<b>4,040.3</b>	<b>4,079.1</b>	<b>3,554.6</b>	<b>3,281.3</b>
Net Tangible Assets Per Share (RM)	2.5	2.4	2.3	2.2	2.1

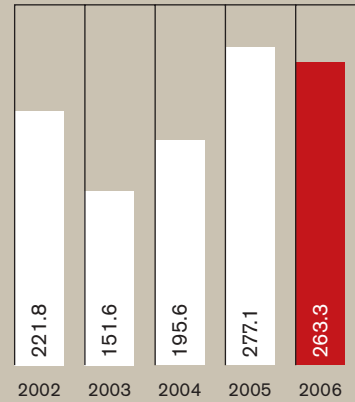
## Revenue

RM Million



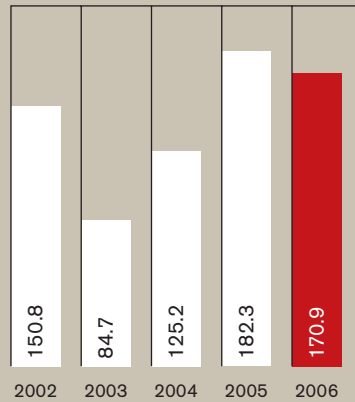
## Profit Before Taxation

RM Million



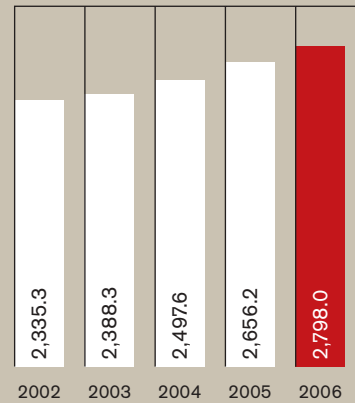
## Profit for the Year

RM Million



## Total Equity

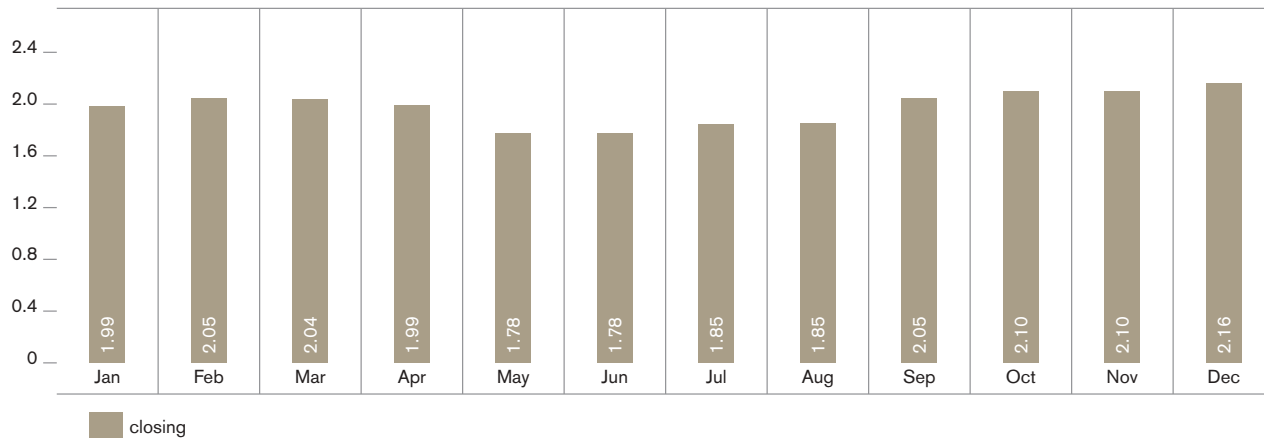
RM Million



## 2006 MONTHLY TRADING VOLUME & HIGHEST-LOWEST SHARE PRICE

	2006											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Volume	70,471	80,192	95,980	104,699	138,816	46,845	32,315	43,796	66,979	153,368	39,371	146,772
Highest	2.04	2.09	2.07	2.05	2.00	1.87	1.89	1.87	2.05	2.22	2.15	2.22
Lowest	1.88	1.95	1.98	1.96	1.77	1.70	1.79	1.79	1.83	2.06	2.00	2.03

## SHARE PRICE MOVEMENT



**24 FEBRUARY 2006**

Announcement of the unaudited consolidated 4th quarter results for the twelve month 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.

**26 MAY 2006**

Announcement of the unaudited consolidated 1st quarter results for the three months ended 31 March 2006.

**7 JUNE 2006**

7th Annual General Meeting of the Company.

**28 JUNE 2006**

Book Closure for determining the entitlement of the final dividend of 4% less 28% taxation on 1,100,000,000 ordinary shares (2.88 sen net per share) 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.

**30 AUGUST 2006**

Announcement of the unaudited consolidated 2nd quarter results for the six months ended 30 June 2006.

**30 NOVEMBER 2006**

Announcement of the unaudited consolidated 3rd quarter results for the nine months ended 30 September 2006.

**22 FEBRUARY 2007**

Announcement of the unaudited consolidated 4th quarter results for the twelve months ended 31 December 2006.

**9 MAY 2007**

Issuance of Notice of the 8th Annual General Meeting, Notice of Book Closure for payment of dividend and Annual Report for financial year ended 31 December 2006.

**31 MAY 2007**

8th Annual General Meeting.

**27 JUNE 2007**

Book Closure for determining the entitlement of the final dividend for financial year ended 31 December 2006.

**18 JULY 2007**

Date of payment of dividend for financial year ended 31 December 2006.



*Uniquely* **personal**

Our hospitality anticipates your every desire



*Uniquely* mobile

Moving volumes with greater efficiency and better precision

Dear Shareholders,

The year under review ended 31 December 2006 was one of sustained growth for Malaysia Airports Holdings Berhad (MAHB). For the fourth consecutive year, MAHB achieved a record turnover despite a slew of internal as well as external challenges confronting the industry. Operationally, it has been a most gratifying year, capped by the KL International Airport (KLIA) winning the Airport Council International

Airport Service Quality (ACI-ASQ) Award for the World's Best Airport in the 15-25 million passengers per annum (mppa) category for the second consecutive year. KLIA was also voted third for the Best Airport Worldwide and Best Airport in the Asia Pacific region in the same award. MAHB scored another first when the Low Cost Carrier Terminal-KLIA (LCCT-KLIA) was named the Center for Asia Pacific Aviation (CAPA) Low Cost Airport of the Year.



LIKENOOTHER

**TAN SRI DATUK DR. ARIS OTHMAN**  
CHAIRMAN



Winning these major industry awards speaks volumes about the journey MAHB has traveled as an airport operator, and this is reflected in the themes adopted for our annual reports. In my first report to you three years ago, MAHB was still Responding To Market Demands. Then we took a major step forward to take charge of our own destiny and chart our future directions when faced with Infinite Possibilities. With a clear direction of where we were heading, last year's report was based on the theme, The Journey Continues.

Today, underscored by the ACI and CAPA awards, we have reached the high point in our journey where we are in a league of our own. MAHB is also Like No Other in the range and depth of its operations. From the ultra-modern KLIA to Short Take-Off and Landing ports (STOLports), MAHB operates and manages a system of airports unmatched in the region. Beyond airport operations, we also manage a world-class Formula 1 racing circuit and a 'one-stop total clearance' integrated auction centre in addition to plantation management and aerospace development. As a corporation, MAHB wears different hats; balancing its role as a private entity to achieve growing returns for shareholders, while serving the national interest. Above it all, even as we spread our wings to become an international player, we remain uniquely Malaysian.

## FINANCIAL PERFORMANCE

For the financial year under review ended 31 December 2006 (FY 2006), MAHB registered revenue growth of 3.1% to RM1.147 billion compared to RM1.113 billion posted the previous year. This was achieved despite an almost 1.6% decline in aircraft movements, attributable mainly to a route rationalisation exercise in the domestic market and Malaysia Airlines Berhad's (MAS) turnaround plan, which involved the termination of unprofitable international routes. An encouraging development is the stronger growth in non-aeronautical revenue, notably from our retail operations, which is in line with the Group's key strategy to boost the contribution of its commercial operations.

It is noteworthy to point out that revenue growth would be as high as 5.3% if not for RM25.5 million worth of credit notes issued in relation to a long outstanding KLIA land rental and debt settlement agreement being achieved.

Profit Before Tax (PBT) for the FY 2006 fell 5.0% to RM263.3 million from RM277.1 million recorded previously. By itself, these numbers do not reflect the true picture. The decline in profitability must be understood within the context of a one-off gain realised in 2005 following the disposal of MAHB's Cambodian investment, a write-back on provision for land premium and higher depreciation charges as a result of the new and revised Financial Reporting Standards adopted by the

Group in 2006. If we were to discount all these factors, MAHB would have achieved a Profit Before Tax growth of 5.9% for the year in review.

### DIVIDENDS

As a reward to shareholders for their loyalty and support, the Board of Directors is pleased to propose a dividend of 4.0% less 27.0% taxation on 1.1 billion ordinary shares, amounting to a dividend payable of RM32.1 million. The quantum will be tabled for approval by shareholders at the coming Annual General Meeting.

### OPERATIONAL HIGHLIGHTS

On the operational front, the year in review saw several upgrading projects completed and new initiatives launched to rev up the momentum. I will highlight some key events, which will be dealt with in greater detail in the review of operations that follow.

KLIA is now a Wireless 'Hotspot Airport', thanks to the launch of a wider WiFi service that allows the airport community and passengers easier access to the Internet for free. With the recent upgrade of the backbone network, KLIA is now one of the most advanced airport in the world in terms of network

infrastructure. Following its launch on 10 April 2007, LCCT-KLIA is the second airport in the country to be WiFi enabled after KLIA. MAHB is aiming to equip all its airports with WiFi technology within the next three years.

As a Group that places the interest of the nation and its people first, we have spared neither efforts nor resources in ensuring that our system of airports ranks among the best in the region. A new terminal building was opened at the Kuching International Airport on 17 April, while the newly developed Alor Star Airport was commissioned on 5 May. The upgrading of the Kota Kinabalu International Airport under Package Two was completed 29 months ahead of schedule on 15 February 2007. Following the groundbreaking ceremony on 1 April 2006, the Melaka Airport expansion programme is currently underway.

MAHB continued to strengthen its position in key areas of health, safety and the environment. Even before it became fashionable, we have always believed it pays to go green, and during the year, KLIA secured its Green Globe 21 Certification for the third consecutive year. Airport security has perennially been a paramount concern and new measures were introduced to boost already stringent measures in place. Even as we grow, MAHB has always taken pains to ensure its success is inclusive through its corporate social responsibility programmes. Besides helping out with the Johor flood relief efforts, we are also

participating in the 'Promoting Intelligence, Nurturing Talents, Advocating Responsibility' programme advocated by the Government as a Silver Book initiative.

### REPRISING OUR SUCCESS

Whoever said that it was always easier the second time around got it wrong. If anything we worked even harder to prove to ourselves and the rest of the world that winning the ACI Award in 2005 was no mere flash in the pan. Winning this title back-to-back has surpassed all our expectations and speaks volumes about the hard work and concerted efforts we have put in during the year. Obviously, we could not have achieved the Number One ranking on our own. I want to thank all those individuals, agencies, tenants, service providers and organisations who shared our vision and aspirations to make KLIA the award-winning airport it is today.

My gratitude is also extended to all those who responded to my invitation last year to log in their suggestions and feedback at our official website. We received a total of 267 feedbacks from all over the world; most were complimentary, there were some enquiries for information and there were also complaints and suggestions for improvements. I assure you that MAHB takes such feedback seriously. All complaints were thoroughly

investigated and appropriate remedial action was taken where applicable. Direct responses were given to those who logged in, as appropriate.

Our commitment to low cost travel growth received enviable recognition. As I indicated earlier LCCT-KLIA was conferred the CAPA Low Cost Airport of the Year. The inaugural CAPA Award was given to LCCT-KLIA for being at the forefront of change in this region, in understanding and adapting to the needs of the low cost carrier sector. Considering the fact that LCCT-KLIA only began operations in March 2006, winning the CAPA Award barely seven months later was especially rewarding.

Throughout the year, KLIA continued to receive other awards, accolades and recognition. This included the Highly Commended Award from the Official Airline Guide (OAG) in conjunction with the 12th World Route Development Forum (Routes) in Dubai. KLIA won this award in recognition of its efforts in marketing its services to the airlines industry and the travelling public. Receiving this award has special significance, as there is no greater compliment one can receive than peer recognition. The key players in the industry, namely the airline community, voted for the winners. Our flagship airport was also awarded the Brand Laureate for the Best Brands Transportation-Airport and was voted 'The Most Outstanding Establishment in the Tourist,

Hotel, Restaurant and Catering Field for the year 2007' by the Madrid-based Trade Leaders' Club.

Our other establishments have garnered their share of accolades. MAHB's airport hotel, Pan Pacific KLIA (PPKLIA), has already won the Best Airport Hotel in Asia title five times and as we go into print, may win the title for yet another year when the 2006 results are announced by Business Asia Magazine. PPKLIA is among the frontrunners in the Pan Pacific Hotels & Resorts group, having won the overall Best Hotel award for 2006. Meanwhile, our retail arm, Malaysia Airports (Niaga) Sdn. Bhd. or better known as Eraman Malaysia, is proving its pedigree as one of the top airport retailers in the region. Starting the year with the Malaysia Retailers Association's Service & Courtesy Excellence Award for 2005/2006, Eraman Malaysia has also won major plaudits in regional ratings. Besides clinching the Raven Fox Awards as one of the top five Asia Pacific Travel Retailers of the Year, our retail arm was also named Top 3 Best Fashion, Accessories & Jewellery Travel Retailer in Asia Pacific and Top 3 Best Confectionery & Food Travel Retailer in Asia Pacific.

I believe it is also a measure of reputation and trust MAHB has earned from the international aviation community when we won the bid to host the 2008 chapter of the World Route Development Forum. 'Routes', as the forum is popularly known, is the largest networking event that gathers airport and airline

network planners from around the globe. Malaysia will be the first Asian country to host this annual event, edging out other formidable contenders for this honour. Some 3,000 delegates are expected to attend Routes 2008, and this will mean an unprecedented opportunity to fast track our marketing efforts and to showcase Malaysia as a major tourist attraction.

As yet another indication that we have indeed arrived, MAHB was elected to the ACI Asia Pacific Regional Board in March 2006 and appointed as a Member of ACI's World Governing Board effective 2007. ACI is the worldwide professional association of airports, comprising 569 international airport operators and authorities. As the voice of the world's airports, the primary mission of ACI is to represent airport interests and foster cooperation among member airports and its partners in world aviation. MAHB has also won the bid to host ACI's General World Assembly and the ACI Asia Pacific Regional Assembly in 2009.

Last year marked the 14th and 8th Anniversary of MAHB and KLIA respectively. To commemorate the occasions, we decided it was only timely and appropriate for MAHB to launch the inaugural KLIA Awards to show our appreciation to all tenants, service providers and airline operators. At a Gala Dinner held on 1 November, the Minister of Transport presented awards for the different categories of carriers and service providers based on performance.

## SUSTAINING GROWTH

An enterprise that takes a strategic view, has a clear and workable road map to see the vision through and keeps its focus, can succeed in today's tougher business climate. On balance, we are in a far better shape today to sustain growth, having proven ourselves as a capable airport operator and manager with a good track record on performance.

In the ongoing drive to sustain growth, one of our priorities is to ensure that our house is kept in order. In this regard, MAHB continued to make good progress in implementing the Government-led initiatives to transform government linked companies (GLCs) into world-standard organisations. As reported previously, MAHB has set up a Transformation Management Office (TMO) to spearhead the government initiatives and serve as a catalyst of change within the organisation. The Management also identified six Key Focus Areas (KFAs), from which seven Strategic Initiatives (SIs) were identified for implementation in FY 2006. The KFAs and SIs form the backbone of MAHB's 5-Year Transformation Strategy, 2006-2010. Incidentally, these SIs that we have identified also address the GLC transformation initiatives launched by Khazanah Nasional Berhad as a series of coloured books. All seven SIs have been rolled out and their progress is being closely monitored.

MAHB will continue to press ahead with its airport upgrading and expansion programme. Renovation and rehabilitation works are currently in progress at the Kota Kinabalu, Penang, Lahad Datu and Kota Bharu Airports. One of the most pressing needs is to expand LCCT-KLIA to catch up with rapid passenger growth. In the nine months since commencing operations, LCCT-KLIA has handled 4.6 million passengers, but this figure is expected to rise to 8 million passengers in 2007. With the completion of the expansion programme, the terminal's capacity will increase to 15 million passengers. Priority will also be given to the terminal's apron, where we are planning to reconfigure one dedicated wide body stand. Three existing wide body stands presently used by the cargo operator may be used for LCCT-KLIA's passenger operations depending on availability and flight schedule. All this has to be done on a fast-track basis within 2007 in time for AirAsia Berhad's budget long-haul service AirAsiaX to begin operations.

The expansion will include the rail link between the KLIA main terminal and the low cost terminal, which is a separate project still being finalised by the Treasury and Ministry of Transportation. Work on the rail link is expected to start this year and construction will take at least a year.

The immediate future will see no major expansion programmes at KLIA. However, as an integral part of MAHB's plan to increase the contribution of non-aeronautical revenue, we have drawn up a Retail Optimisation Plan for the Satellite Building. Under this plan, still under implementation, the commercial façade of KLIA is being transformed to provide a retail-cum-dining experience more in sync with the 21st Century.

On the marketing side of the business, MAHB has been aggressively courting airlines from all over the world with a range of incentives, that includes a waiver on landing and parking fees. At of end-2006, a total of 47 airlines were operating at KLIA. To encourage more airlines to operate into KLIA, MAHB is extending its existing range of incentives until year-end 2007. We are also reviewing a new set of incentives that will go into effect in 2007.

Our primary business is to sell KLIA and other international airports within our corporate stable, but to do this, our marketing strategy has to showcase Malaysia as a fascinating and unbeatable location. Apart from working closely with the Ministry of Tourism, on our part, we need to think outside the box to come up with creative and innovative ideas to market our airports and the country. As the gateway to Malaysia, we recognise that KLIA has a vital role to play in Visit Malaysia Year (VMY) 2007. Thus, on 19 June 2006, the maiden publication of

KLIA Times was launched as a free monthly newsletter that focuses on travel and lifestyle information about Malaysia. This newsletter is strategically placed in 18 locations around the airport for travelers to pick up. We hope in a small way it helps promote tourism in the country.

Since making its maiden overseas foray back in 1995, MAHB has made a quantum leap forward in its internationalisation efforts. We enjoy a good and solid reputation overseas, backed by our track record. Under a one-year programme, MAHB has been providing training for 238 personnel assigned to the new Hyderabad International Airport in India. As part of a consortium, MAHB has been awarded a contract for the restructuring and modernisation of the New Delhi Airport. More recently, as announced in April 2007, MAHB was awarded a 10-year deal to manage, operate and maintain the Astana International Airport at Kazakhstan.

## OUTLOOK & PROSPECTS

Worldwide traffic results released by ACI point to an encouraging start for the FY 2007. International passenger demand is expected to grow by 5.7%, while the cargo growth rate is forecast to increase by 8.6%. Demand for air travel within the Asia Pacific region is projected to remain robust with a 7.4% growth in passenger numbers. According to CAPA, low cost

carriers are likely to play an even more dominant role in 2007 and the years to come, as they press ahead with their fleet expansion plans and begin serving long-haul routes.

MAHB will be a key beneficiary of increasing tourist arrivals arising from the VMY 2007 campaign. Tourist arrivals are expected to reach 20.1 million, which is 14.0% higher than the year before. With six additional airlines operating into KLIA, passenger arrivals across MAHB's system of airports are expected to increase by 5.6% to 44.9 mppa, with KLIA alone projected to register a 6.4% growth, handling 25.7 mppa in 2007. In line with the upward trend in passenger traffic, cargo movements for all MAHB airports have been forecast to rise by 8.5%, with KLIA registering a growth of 7.6%. Meanwhile, with AirAsia set to begin long-haul routes in 2007, it is an opportunity for LCCT-KLIA to enhance its position as a regional LCCT hub.

The Government's decision to allow MAHB to begin charging a security tax on both international and domestic passengers will also have a positive impact on FY 2007 revenue. Airport security is of concern not only to us as an operator but for the millions who pass through our airports. Since the 9/11 incident, we have substantially increased our expenditure on equipment, technology and human resources to boost security. As a result, the security measures we have in place are first-rate, and passengers feel

safe at our airports. Throughout the years, MAHB alone has borne the escalating costs of airport security as our contribution to serving the national interest.

It may surprise you to know that landing and parking charges at Malaysian airports have not been increased for 25 years and are the lowest in the region. This has helped the national carrier MAS and low-budget airline AirAsia as well as other airlines to contain their operations costs. However, MAHB has very little say in these matters as all aeronautical charges, including the recently introduced security tax, are decided and approved by the Government.

In the final analysis, the future of the MAHB Group will depend to a large extent on the outcome of discussions with the Government on the proposed corporate and financial restructuring plan. I know that this plan has been long overdue, but I call upon your indulgence and understanding to appreciate that coming up with a viable plan involves a holistic exercise that has to take into consideration the interests of the many important stakeholders. These include the various government ministries and agencies, airlines (notably MAS and AirAsia), regional airports, international aviation agencies such as the International Air Transport Association (IATA), the travelling public and of course you, our shareholders.

At this stage, I cannot go into the details of the plan, but suffice to say that it will address key issues that have plagued the Group for the past several years. At the end of the day, we hope that MAHB will emerge from the exercise a leaner, more focused entity, able to pursue expansion both at home and abroad. I am confident that the plan will be unveiled in the course of FY 2007, and I seek your patience and understanding for just a while longer.

In the meantime, spearheaded by the TMO, we remain focused in our efforts to be a world-class entity. In many respects, going by our track record and the awards won, we are already there. Still, as I have said before, our greatest danger is to be lulled into complacency. We cannot afford to let down our guard. As a reality check, if KLIA meets the forecasted 25.7 million passenger arrivals in 2007, it would mean that it would be competing in a different category for the coming ACI Awards. But having been placed third in the overall ranking for Best Airport Worldwide in the 2006 survey, I believe we are up to the challenge.

We are in a race where there is no finish line. If we want to stay up-front, we need to be more of everything. This is our assurance – you can expect more from us.

## APPRECIATION

Given today's competitive business environment, maintaining the momentum will be no mean feat. But as we have demonstrated, hard work, dedication and professionalism are bedrock elements of success. If their performance of past years is anything to go by, our management and staff are definitely not lacking in any of these qualities. I know we can continue to count on them as we move on to greater things.

Our journey to success has been made possible by a great support group, comprising the Ministry of Transport, Ministry of Finance, Khazanah Nasional Berhad, Tourism Malaysia, Immigration, Customs and Quarantine, and the Fire and Police Departments. It is also impossible to imagine where MAHB would be without the support of the millions of passengers who use our airports, our clients and our loyal shareholders.

To my fellow members on the Board, I would just like to say that their contributions, insights and wise counsel have always made the difference and is deeply appreciated.

We will need the continuing support of all of you, in a spirit of common purpose and determination as we look forward to a challenging and exciting future ahead.

**TAN SRI DATUK DR. ARIS OTHMAN**

*Chairman*



*Uniquely* **pleasing**

Different choices for the many different occasions



*Uniquely* committed

Responding with care to every special need at all times

The year 2006 was a satisfying and rewarding one for MAHB Group. Capping the year's highlights was undoubtedly our unique double achievement when KLIA retained the World's Best Airport award while LCCT-KLIA was named Low Cost Airport of the Year. Winning these awards was a defining moment for MAHB and is a testimony of our capabilities and of the nation's coming of age.



Being conferred the World's Best Airport title is something we have always aspired to achieve. And to win the CAPA Award within the same year is a fine closure to the year under review. However, these awards would have just remained a dream had it not been for the support of agencies, service providers and organizations. I thank all of you for your efforts in making 2006 a truly remarkable and memorable year. I believe I speak for all of us within the KLIA community that this has only whetted our appetite for more and we will continuously increase our efforts to bring home more accolades.

LIKENOOTHER

**DATO' SERI BASHIR AHMAD ABDUL MAJID**  
MANAGING DIRECTOR



## Operating Environment

The performance of the Group is highly dependent on the growth in passenger numbers and aircraft movements. The year under review was generally a positive one for the aviation industry, with no major terrorist attacks or outbreak of pandemics to disrupt air traffic. Even though oil prices reached an unprecedented high of US\$78.40 during the Israeli-Lebanon war last July, the industry was able to take this in its stride when prices eventually settled to the US\$60.0 per barrel range. In a year of relative stability, the numbers say it all. People want to travel and global passenger demand continued to exceed expectations.

According to the ACI, world passenger traffic grew by 5.1% in 2006, with the Asia Pacific region continuing to lead the way with a traffic growth of 10.3%. Airlines generally had a good year with improved load factors and profitability. International freight traffic demand remained unchanged as the previous year's 3.0%, despite continued strength in the global economy and trade. However, cargo movements within the Asia Pacific region have continued to remain buoyant to register a 7.2% growth.

On the domestic front, sustained gross domestic product growth of 5.9% provided a favourable background for the aviation industry. However, a far-reaching turnaround business plan initiated by Malaysia Airlines Berhad (MAS) in early 2006, followed by a domestic route rationalisation programme in August, had a significant impact on domestic air traffic performance. As part of its turnaround plan, MAS reduced some of its international routes and retained only 24 trunk domestic routes as a strategy to strengthen the competitiveness of the national carrier. The rationalisation exercise has created some short-term impacts during the period of consolidation, leading to only a marginal growth in domestic traffic. As such traffic growth numbers across MAHB's system of airports that were not in par with the world and Asia Pacific numbers. This is despite the commissioning of LCCT-KLIA, which handled 4.7 million passengers in the nine months of operations for the year under review. In the longer term, MAS' rationalisation and route restructuring exercise is expected to bring sustained growth for KLIA and other airports.



**ARRIVALS**

TAN  
ARKS

**BERLEPAS DEPARTURES**

NO. PESAWAT FLIGHT NO.	DESTINASI DESTINATION	CHECK-IN CHECK-IN	WAKTU TIME	CATATAN REMARKS
AK5212	KUCHING	R22	18:25	
AK0884	BANGKOK	R05	18:45	
AK6300	LANGKAWI	R26	18:50	
AK0956	JAKARTA	R03	18:50	
AK5258	MIRI	R18	19:00	
AK5120	K. KINABALU	R28	19:00	
AK5214	KUCHING	R30	19:40	
AK0938	MEDAN	R07	19:45	
AK6336	K. TERENGGANU	R32	20:05	
FD3574	BANGKOK	R09	20:20	
AK6328	WOTA BHARU	R34	20:20	
AK5218	KUCHING	R20	20:45	
AK6316	PEMANG	R36	21:15	
AK5112	K. KINABALU	R28	21:15	
Q27603	JAKARTA	R05	02:50	UBAH MASA

Daftar Masuk Tiket  
Check In Tickets

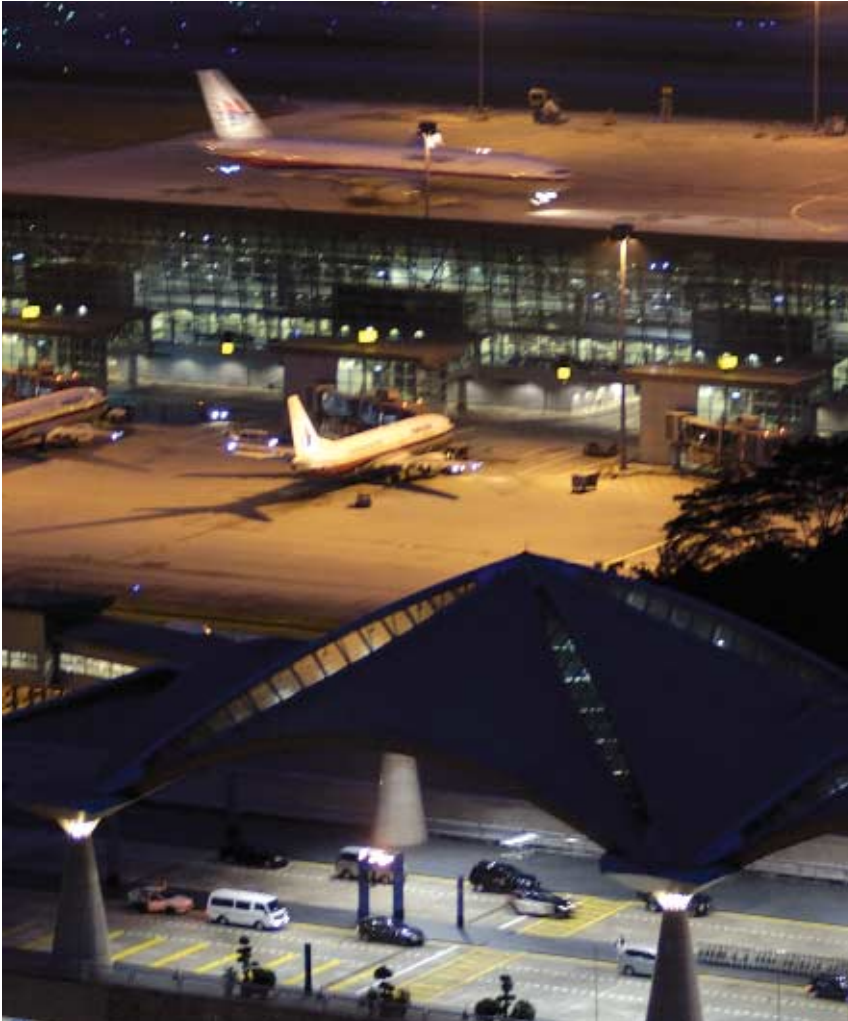
Perlepasan Antarabangsa  
International Departures

Perlepasan Dalam Negeri  
Domestic Departures

MASA



# AERONAUTICAL Operations



For the year under review, passenger traffic across the MAHB system of airports grew by 2.2% to 42.5 million passengers. Total cargo traffic at all Malaysian airports rose by 5.1% to 1.0 billion kg while total aircraft movements declined by 1.6% to 462,263 for 2006. International passenger, cargo and aircraft movements all registered increases, except for domestic numbers which showed a decline.

As expected, the hub of activity was at KLIA, which alone handled 24.1 million passengers in 2006, a 3.9% increase from the previous year. International passenger movements grew by 4.8% while domestic traffic growth moderated to 2.4%. International cargo traffic grew 3.2% year-on-year whereas domestic cargo movements grew by a margined 0.6%. On the whole, KLIA recorded a 2.9% increase in freight traffic. A total of 182,548 commercial aircraft movements were recorded in 2006, representing a 0.7% growth.

Our efforts to attract new airlines continued. Besides attending the major aviation-related forums held all over the world, MAHB has been unrelenting in its

marketing and promotional efforts. During the year, MAHB participated in no less than 120 meetings with various airlines to present marketing proposals and route analysis. One of the key marketing initiatives we have put in place earlier is an incentive programme, whereby landing and parking charges are waived for both existing and new airlines operating into KLIA and our four other international airports. This incentive programme has now been extended to the end of 2007. MAHB, in the meantime, is working on a new set of incentives that will go into effect by 2008.

Cebu Pacific, the first Low Cost Carrier from Philippines began operations at LCCT-KLIA in December 2006. This was in addition to Kuwait Air which started



operations in November 2006. At end-December 2006, we had a total number of 47 airlines operating into KLIA, offering connectivity to more than 90 destinations world-wide. As to be expected, MAS had the lion's share of the passenger market at 49.1%. Although AirAsia Berhad came a distant second at 13.1%, this was a significant improvement from the 8.2% market share it achieved in 2005.

## Revvng Up the Momentum

By and large, MAHB has met most, if not all the growth targets listed in its Key Performance Indicators. As an airport manager and operator, our primary objective is to ensure that the operation of our airports is safe, secure and efficient while meeting the expectations of customers and complying with regulatory requirements. But we also aim for sustainable development and this takes into consideration important areas like health, safety and the environment, and our role as a responsible corporate citizen.

With the implementation of the transformation programme about a year ago, we have focused our attention on the operational front on attaining the following objectives:

- Improvement in business process engineering and cost control such as standardisation of standard operation procedures, standardisation of aircraft movement sheet, installation of energy-saving devices for selected airports and installation of telecommunication charges saving devices.
- Enhancing the competency of personnel in the operation and management of airports includes courses on Basic Airport Operations, Monitoring and Cleaning Services and Intermediate Airport Operations (2007).
- Enhancing the system of airports' service levels in monitoring of airport service level using monthly Airport Performance Report, implementation of Airport Customer Satisfaction and Performance Programme at the Penang International Airport and at the Kuching International Airport (beginning 2007).

- Increasing efficiency of airport facilities management with implementing of maintenance policies, centralised purchasing of spare parts as well monitoring of maintenance activities via SAP
- Aerodrome Certification and ISO accreditation for both international and domestic airports in ensuring compliance to International Civil Aviation Organisation (ICAO) standards as well as inspection and audit by the Airport Standard Division from the Department of Civil Aviation (DCA)

Aerodrome certification is a requirement of the ICAO to promote aviation safety by ensuring that all international airports provide uniform safety conditions for all aircraft. KLIA was the first to receive Aerodrome Certification in May 2004. Between 2004 and 2005, MAHB's four other international airports received similar certification. The Tawau Airport was our first domestic airport to be certified. Two other domestic airports, at Sibul and Bintulu received their certificates in 2006. The Sandakan Airport was certified in January 2007, while Miri Airport is presently waiting for DCA approval.

Five other airports at Ipoh, Alor Star, Kota Bharu, Melaka and Limbang have already completed the documentation phase.

In line with our objective to promote a high performance culture, MAHB has also sought accreditation to the internally recognised ISO quality management system. A total of 14 airports were already certified to ISO 9000:2000 in 2005. Five more airports joined MAHB's stable of ISO-certified airports in 2006. Several other key operating units and divisions have also earned their ISO certification, bringing the total number of ISO certified facilities within the MAHB Group to 29.

In serving the national interest, MAHB continued to invest significant resources to maintain and upgrade its system of airports across the country. The year in review saw the official opening of the new terminal building at the Kuching International Airport on 17 April. Built some 68 years ago, Kuching International Airport has now been transformed into one of the most modern in the region under a RM620 million airport expansion programme. The programme included a

new terminal building with the capacity to handle up to five million passengers annually. The airport runway has also been extended to cater for B747-400 operations, allowing the possibility for airlines to operate from Kuching to London directly.

On 5 May, the new terminal of Sultan Abdul Halim Airport in Alor Star commenced operations after a RM162.0 million upgrading programme. The scope of works included extension of the runway, construction of airside facilities and a new terminal building, control tower and other associated facilities. The double-storey new terminal has the capability to handle up to 800,000 passengers annually.



The other major project undertaken in 2006 was the upgrading of Kota Kinabalu International Airport under Package 2, which involved the development of a new low cost terminal and extension of the runway. The Terminal 2 which was upgraded as a low cost terminal was officially opened for operations on 15 February 2007. Terminal 2 is expected to serve an estimated 2.4 million passengers annually and cost RM69.0 million.

Meanwhile, one of the country's oldest airports, the Melaka Batu Berendam Airport, has been upgraded. The ground-breaking ceremony for the airport's RM120.0 million expansion project was held in April 2006. When completed, the airport will have a new terminal and control tower and an extended runway to accommodate bigger aircraft like the Boeing 737 and Airbus 320.

September last year saw the launch of a wider WiFi service at KLIA. The expanded Internet access service was facilitated by the recent upgrade of the backbone network, making KLIA one of the most powerful airports in the world in terms of network infrastructure. Implemented by our subsidiary, Malaysia Airports

Technologies Sdn. Bhd. (MA Tech) in collaboration with Cisco System, the upgraded infrastructure covers and supports more than 150 areas or sites including LCCT-KLIA, located some 15 km from the main terminal. This new infrastructure has enabled the airport community – comprising service providers, tenants and passengers to benefit from enhanced wired and wireless access. Internet kiosks have been set up at 18 strategic locations for passengers to access the Internet for free. On 10 April 2007, the WiFi service was extended to LCCT-KLIA.

MAHB has signed a Memorandum of Understanding (MoU) with Cisco Systems, that will pave the way for KLIA to provide even wider Internet access service. The MoU will allow MA Tech and Cisco Systems to collaborate and undertake various activities including:

- Planning for a versatile network for the future
- Enhancing the performance and security of the network
- Evaluating network convergence technologies to support data, voice and multimedia

The coming financial year is already shaping up to be a hectic one, with the expansion of LCCT-KLIA as one of our top priorities. When planning the low-cost terminal, MAHB's initial development strategy was to develop terminal catering for 10 mppa until such time there was sufficient demand to expand on a modular basis. However, as explained by the Chairman, due to the passenger demand observed at LCCT-KLIA, the following upgrading works need to be carried out immediately to address current operational issues:

- Construction of covered walkway (completed)
- Construction of food court (tendering stage)
- Extension of LCCT-KLIA's international wing and terminal reconfiguration
- Airside reconfiguration to accommodate wide-body aircraft

At a later stage, under Phase 2 expansion of LCCT-KLIA, additional works may involve a further extension of the international wing; extension to the public concourse; reconfiguration of check-in area; relocation of offices to a new mezzanine level; realignment of curbside

access (curbside road, bus and taxi lane, drop-off and pick-up areas, etc.) and construction of a mechanised car park building. Phase 2 will also include plans to upgrade the apron, which will be reconfigured and expanded while the bays will be relocated.

MAHB continued to make good progress on the international front, leveraging on its vast experience and expertise to sell its services overseas. On the strength of our track record, we have now earned recognition as a world-class company and an emerging key player in the region. We are now looking beyond national boundaries to potential markets in Southeast Asia, Middle East, Indian sub-continent and Central Asia.

On 8 August 2006, MAHB was appointed by GMR Hyderabad International Airport Limited to provide training for 238 personnel assigned to the new Hyderabad International Airport in India. The one-year training programme will cover areas such as airport fire and rescue services, airport operations, airport technical services and safety and compliance. Training has started in

January 2007 and is being conducted at the Malaysia Airports Training Centre in Penang as well as in KLIA.

MAHB is also part of a consortium that was awarded a contract for the restructuring and modernisation of the New Delhi Airport. The Shareholders Agreement was signed on 4 April 2006 by the various parties concerned.

As announced in April 2007, MAHB was awarded a 10-year deal to manage, operate and maintain the Astana International Airport at Kazakhstan under a Trust Management Agreement (TMA).

Having come this far, MAHB cannot afford to rest on past laurels. We continue to press ahead with our transformation programme began in 2005. If you recall, under this programme, key focus areas and strategic initiatives were identified and launched. These are now being closely monitored to ensure the successful transformation of MAHB into a more performance-driven Group. The transformation programme is aimed at enhancing people, process and system elements across the Group. The strategic



initiatives that we are implementing also address the transformation initiatives launched by the Government through a series of coloured books.

During the year, the Procurement & Contract Division launched two major initiatives covered under its Spend Analysis exercise and Material Requirement Planning (MRP) Optimisation exercise.



The implementation of these exercises stems from a pressing need to strategically centralise the Group's procurement activities and coincides with the launch of Khazanah's Red Book on Procurement and Best Practices in April 2006. The latter is aimed at transforming procurement practices in GLCs to be in line with the latest or best-in-class practices.

The key objective in the Spend Analysis exercise is two-fold: increase the visibility of the organisation's procurement spending pattern and thereafter, develop and implement an effective strategy for procurement process improvements resulting in cost savings. The Spend Analysis exercise was conducted for six companies during 2006 under a pilot project. The results obtained have been analysed and will be applied in the next procurement exercise.

MRP is a software-based production planning and inventory control system used to manage maintenance and manufacturing processes. Its primary objectives are to ensure availability of materials and products; maintain the lowest possible level of inventory and facilitate in the planning of maintenance and manufacturing activities, delivery schedules and purchasing activities. As a management tool it provides answers to: What items are required? How many? And When? An effective MRP would enhance the planning of work or job orders and allow for the efficient management of inventory. The KLIA was chosen for the pilot study,

and pending the findings, MAHB plans to extend the optimisation exercise to all international airports and selected domestic airports.

After a year of introducing and injecting changes, our focus for 2007 onwards will be on the deliverables. There will be a drastic change and paradigm shift across the organisation, particularly in terms of our operations and getting the most out of our human capital. Non-aeronautical and commercial initiatives, especially our retail optimisation plan, are being critically studied and implemented. Currently we are at Commercial:Aero 44:56 and we still have some way to go to reach our target. This is the trend in the global airport industry: to shift away from dependency on aeronautical revenue.

Like our shareholders, we too are awaiting the outcome of the discussions with the Government on the financial restructuring plan. Once this is cleared, we see the beginning of a strong and viable Company.

# COMMERCIAL Activities



MAHB's aeronautical operations are complemented by the activities of the Commercial Services Division (CSD). The five business units of CSD are responsible for the management of commercial space for retail, food and beverage (F&B) outlets, lounges, offices, service areas, hotel and car park facilities in addition to a multitude of advertising and promotional activities. For FY2006, CSD generated total revenue of RM439.0 million, up 4.9% from the previous year. The bulk or 52.1% of revenue was derived from MAHB's retail and F&B arm, Eraman Malaysia.

CSD has a challenging responsibility to increase commercial revenue to achieve a targeted 50% non-aeronautical contribution to MAHB's turnover over the next several years. Its other major challenge is to transform KLIA into a more attractive shopping and dining destination for passengers and public. To achieve these goals, several initiatives were launched during the year in review:

- A Commercial Management Department was set up in September 2006 to oversee business development and manage the related policies and procedures for MAHB's system of airports.

- Under the Retail Optimisation Project (ROP), the shopping area of the KLIA Satellite Building and other international airports has been transformed to provide an incomparable shopping-cum-dining experience.
- Various facilities and services have been enhanced to increase average spending per passenger.
- World renowned and top-notch Malaysian brands have been enticed to operate at KLIA.
- Major promotional and publicity blitzes were organised throughout the year to enhance the shopping experience and present a microcosm of Malaysian culture, culinary delights and tourist attractions.

More people are flying now than ever before. Today's global travellers are more sophisticated and discerning. For these savvy travellers, they share one desire when they travel away from home: to enjoy a distinctive shopping and dining experience. And because airports are often their first and last port of call, MAHB made efforts to ensure that their airport experience is both unique and memorable.



In translating this objective into reality, the ongoing implementation of the ROP at the KLIA Satellite Building will increase the floor space allocated for retail by 30% when completed by mid-2009. CSD has also focused its efforts on redefining the shopping and dining experience, injecting a new vigour, attitude and a lifestyle more in sync with the 21st Century. Our latest offerings include the Gold Bazaar at the Satellite Building. Nearby, top international brands offer the latest in fashion and accessories at competitive duty-free prices. Market research has indicated that duty-free shopping is one of the major attractions

of the airport experience. Based on such empirical findings, three of the four wings at the Satellite Building now have duty-free outlets for the convenience of shoppers.

Meanwhile, The Flying Emporium is meeting expectations in attracting a fair share of business from domestic travellers. The emporium concept, with its wide-open malls and anchor tenants offering multiple products and brands, has proven to be a hit at the Kuching International Airport. Since its introduction, commercial revenue at this airport has improved by a hefty 36.5%.

Modelled along the lines of a one-stop centre, the concept has also been adopted at the newly-opened Kota Kinabalu Terminal 2. It will also be incorporated in ongoing and future re-development projects for other airports.

There are no shortages of F&B outlets at LCCT-KLIA, with something to suit every taste and every wallet. If alfresco dining is your preference, MAHB has plans to add a large food court with an open air dining area to the upper level. Come 2007, LCCT-KLIA will have a brand new air-conditioned Food Garden, with a capacity to handle 600 to 700 customers at any one time.

In the effort to boost commercial revenue, CSD has actively sought sponsors for the internal kiosks and a movie lounge at the KLIA Satellite Building. These efforts have brought in sponsorship revenue of RM1.1 million in 2006. Plans are in the pipeline to introduce new state-of-the-art advertising mediums to complement one of the most technologically advanced airports in the world and also generate a source of recurring revenue. Since the opening of LCCT-KLIA on 23 March 2006, CSD has been managing its retail

and F&B outlets, tenancy areas, services, facilities and advertising space. CSD has also secured lucrative advertising contracts amounting to RM2.7 million.

As KLIA and the airport community continued to expand, it was timely for it to have its own official newsletter. KLIA Times was launched amidst much fanfare by the Minister of Tourism on 19 June 2006 as a curtain raiser to Visit Malaysia Year (VMY) 2007. The newsletter highlights the promotions, events and various activities at KLIA and also the various tourist attractions Malaysia has to

offer. Moving into 2007, a series of events and campaigns have been planned around VMY 2007 that is designed to project Malaysia as a tourist destination. At the same time, we will promote KLIA on the world's tourism map as an airport like no other.



# BUSINESS Activities

## Malaysia Airports (Niaga) Sdn. Bhd. (Eraman Malaysia)

Malaysia Airports (Niaga) Sdn. Bhd. or better known as Eraman Malaysia, has certainly lived up to its tagline, 'A Promise of Excitement.' In 2006, the excitement began with a handful of awards and accolades proving its pedigree as one of the top retailers in the region. The year started on an auspicious note when Eraman Malaysia was given the Malaysia Retailers Association's Service & Courtesy Excellence Award for 2005/2006. MAHB's retailing arm has consistently ranked high in regional ratings, bagging the Raven Fox Awards as one of the top five Asia Pacific Travel Retailers of the Year; Top 3 Best Fashion, Accessories & Jewellery Travel Retailer in Asia Pacific and Top 3 Best Confectionery & Food Travel Retailer in Asia Pacific. In August 2006, the company was also accorded the Business Superbrands status for the third successive year.

With more than 30 outlets occupying a total retail space of 4,815.53 square metres under its wing, Eraman Malaysia is the country's largest airport retailer. Its standing in the industry comes from almost 13 years of experience in the business and an uncompromising stance on service excellence. MAHB is proud that Eraman Malaysia has gone down the record books



as the first airport retailer in Malaysia to receive the MS ISO 9001:2000 certification, the scope of registration being for the provision of frontline services for airport retail operations. In the dynamic environment in which Eraman Malaysia operates, it is constantly attuning itself to meet and anticipate ever-changing consumer tastes and tap into their spending power. Eraman Malaysia was the first operator to introduce high-fashion boutiques at the Subang International Airport, a trend that has since revolutionised the airport retail business.

In a bigger sense, Eraman Malaysia sees itself as more than just an operator of retail and F&B outlets. It takes its role in helping realise MAHB's dual objectives of increasing commercial revenue and transforming KLIA into a preferred shopping hub in the region very seriously. From giving inputs for the ROP being implemented to generating bold ideas, avant-garde lines and innovative product concepts, Eraman Malaysia is taking the shopping and F&B experience at KLIA to a new level. Strategic partnerships have been forged with world-renowned fashion houses to cater to the tastes of an increasingly up-market clientele. The international labels,

Lacoste and MANGO, are the latest additions to an expanding list of well-known brands such as Burberry, Tie Rack and Guy Laroche, among many others now operating at KLIA.

On the food and beverage front, Eraman Malaysia manages more than 30 F&B outlets at KLIA alone, occupying a total floor space of 5,315.35 square metres. As expected, the food and beverage offerings take on a cosmopolitan flavour to cater to every taste. There are familiar stalwarts such as McDonald's, Starbucks, Delifrance, Burger King and KFC. For those who wish to sample authentic local delights, there is the Asian Station while others opting for casual dining will not be disappointed with the aptly named Food Paradise.

Revving up the excitement at KLIA were a year-long series of promotional activities and celebrations. Competitions, prizes galore, live concerts, food sampling, ketupat during Hari Raya, Santarinas at Christmas, Chinese New Year angpows and thematic celebrations helped keep the buzz and excitement going throughout the year. In May, the month-long 'Greatest



'Love of All' campaign was organised in tribute to all moms and dads. The 'Flights of Shopping' campaign was jointly organised with Malaysia Airlines to promote tourism among eight ASEAN countries. To commemorate KLIA's 8th Anniversary, 'Jom Makan@KLIA' was launched in June, showcasing the food and beverage offerings at KLIA.

This is only the start of an exciting year. Travellers can expect even more, in terms of a wider selection of merchandise, greater variety of food and beverage offerings and even more innovative and

promotional events. Eraman Malaysia will ensure that the excitement at KLIA never ends.

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



MAMTS's strength as the consulting arm of the Group stems from MAHB's expertise and experience in managing 39 airports of varying capacities, ranging from less than 10,000 to 25 million mppa. An ISO-certified company since 2004, its scope of registration covers four broad areas: provision of technical advisory and consultancy services; management of cleaning services; monitoring of the quality of airport services; and provision of project management consultancy services.

MAMTS continued to play an important role in ensuring the high quality of cleaning services at the KLIA, and this has in no small measure, contributed to the KLIA's success in the ACI passenger survey. This service has been extended to LCCT-KLIA upon its commissioning on 23 March 2006. In its continual efforts to raise the bar, the following new initiatives were launched:

- The performance level for cleaning services at KLIA has been increased to 95.0%

- Washroom upgrading works for centrally located washrooms at KLIA terminal were carried out
- Improving the knowledge and skill level of personnel involved in the cleaning industry, up to the advance stage to qualify for BICS certification

The Services Monitoring Division of MAMTS continues to provide consultancy services to KLIA for the Airport Service Quality (ASQ) benchmarking programme. KLIA has been participating in this programme since 2002. Through MAMTS' consistent efforts in monitoring the performance of each of the 28 service elements under the ASQ programme, KLIA has reprised its success to emerge as 'The World's Best Airport' in the 15-25 mppa category for 2006. A similar airport benchmarking programme called the Customer Survey & Satisfaction Programme has been initiated by MAMTS for the Penang International Airport.

MAMTS has come a long way since it started its first overseas venture in October 1995, when it entered into a Management Services Agreement to provide a range of services in managing the Pochentong International Airport and Siem Reap International Airport in Cambodia. Since then, MAMTS has ventured further afield into regions as diverse as ASEAN, Indian sub-continent, Central Asia and the Middle East.

Apart from supporting MAHB's overseas ventures in the area of airport management, MAMTS also contributes in providing technical support at the planning and design stages. Having gained in-depth experience from conventional airport building projects, MAMTS has now broadened its expertise to cover the areas of airport pavement upgrading and airport retail and commercial development.

As emerging economies come into their own and continue to prosper, MAMTS is confident that there will be further opportunities coming its way. Empirical studies suggest that more people are taking to the skies and countries all over the developing world are upgrading existing airport facilities or building new ones to accommodate the expected surge in demand for air travel. Leveraging on its experience and solid reputation, MAHB is gearing up to play a bigger role in the international arena.



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



MA Technologies is the Information and Communication Technology (ICT) enabler for the Group. At KLIA, MA Technologies provides ICT solutions not only to meet the requirements of the Group but also manages the infrastructure for all tenants including government agencies operating at the airport.

Among the highlights of the year was the launch of an improved WIFI service at KLIA, making the airport one of the most advanced in the world in terms of network service. The expanded Internet access service, which is available at the satellite building, contact pier, arrival and departure halls, allows the airport community and passengers internet access for free.

The new service was facilitated by the recent upgrade of the backbone network, which among others, has positioned the infrastructure for future facilities such as IP telephony, wireless communications to the aircraft, and mobile check-in services. The mobile check-in facility is now available at KLIA. The gatelink or the wireless communication to the aircraft is for their

cockpit systems to have wireless connections so that they can upload and download information whilst they are in the bay.

MA Technologies was also involved in several other major projects. One was for the replacement of the PCPS with CINTA@KLIA for the check-in system, an industry-based solution that conforms with the system adopted by the airlines. The other involved the upgrading of the FIDS system and displays. The new and improved FIDS system has enabled airlines and KLIA to display short mpeg movies or trailers, besides enhancing graphical presentations and displays. MA Technologies has also upgraded the message broker from IBM DCE/ENCINA to IBM MQ series. This has paved the way for the move towards a Service Oriented Architecture, an integration platform enabling flexibility in managing business changes whilst maintaining legacy systems. MA Technologies also undertook a project to upgrade the online system for retailers that provide on-line and up to date status fo duty free stock to Royal Custom Department. With the upgrading, the

Customs now know the level of duty-free stock that can be held by retailers without necessitating a stock-take.

As reported last year, MAHB became the first airport operator in Southeast Asia to sign an MoU with IATA for IATA's Simplifying the Business (StB) programme. MAHB is adopting three components of the programme, namely the implementation of Common Use Self Service (CUSS) ticketing kiosks, Bar-Coded Boarding Passes (BCBP) and Radio Frequency Identification (RFID) for baggage management. CUSS is awaiting deployment by the airlines expected some time in mid-2007. Although the infrastructure is ready, the airlines' systems need to be integrated to CUSS. BCBP are now already in use while we have carried out tests for RFID on domestic routes.

As part of a Group committed to excellence, MA Technologies has already earned accreditation to ISO 9001:2000 and OHSAS 1800:1999. Apart from these, MA Technologies has been certified to BS7799 Part 2:2002, which



was subsequently upgraded to ISO/IEC 27001:2005, the standard for Information Security Management Systems. For 2007, we will be embarking on an Integrated Management System that combines all three certifications, an indication of how far we have arrived as a matured institution. In the continual quest for excellence, we are embarking on the use of IT Infrastructure Library (ITIL) for best practices and Control Objectives for IT and Technical-related (CoBIT) implementation for operational effectiveness.

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

MAHB's significant land bank of 7,910.42 hectares located around KLIA and Kota Bharu airport has been put to productive use with agriculture and horticulture activities. The principal activity of MAAH is the cultivation and management of oil palm and coconut trees planted on the land. Under a replanting programme carried out in stages, some of the replanted hectares have come into maturity, thereby increasing revenue earnings for the company.

For 2006, MAAH achieved a turnover of RM22.8 million, of which 86.4% was generated by sales of fresh fruit bunches. The remaining RM3.6 million was contributed by horticulture activities, mainly landscaping services for the MAHB Group of companies



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



MAHB has extended the contract for Pan Pacific Hotels and Resorts (PPHR) to manage the Pan Pacific KLIA (PPKLIA) for another 10 years. PPHR was part of the planning group that has been managing the hotel since it began operations in June 1998.

With its brand message of 'Personalised Care, Because We Genuinely Care', PPKLIA aspires to be like no other airport hotel in the region. And it has the awards to prove it, having being voted Best Airport Hotel in Asia five times by Business Asia Magazine. As we go into print, the 2006 results are yet to be announced, although PPKLIA is most likely to win the title for yet another year when the 2006 results are announced.

PPKLIA is also among the frontrunners in the Pan Pacific Hotels & Resort group, having won the overall Best Hotel award for 2006. The luxury-class hotel renders the best

services it can offer to create a matchless experience for its guests. Over the past year, PPKLIA has been refurbished and upgraded in stages to offer the best possible state-of-the-art facilities to valued customers. As part of the makeover, all the bathrooms in the guestrooms have been upgraded. In a country that prides itself on the quality and range of its culinary offerings, PPKLIA offers sustenance at differently-themed watering holes and dining facilities. The 24-hour restaurant has been completely refurbished with a fresh new concept and has opened its doors under a new name : Degrees. Spicing things up is the newly-opened Ashoka, a new north Indian restaurant. The Travellers' Bar & Grill has been renovated, where besides liquid sustenance, guests can also partake of something more substantial. The Pacific Floor Lounge has been renovated with a new look that fuses local traditions with a modern and international sensibility.

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

An investment holding company, the principal activities of MA(P) are management and operation of the Airside Transit Hotel (ATH), car parks and the Southern Common Amenities and Facilities (SCAF) at KLIA.



Two new parking facilities at the KLIA-LCCT and the SCAF commenced operations during the year. Upgraded with automated payment stations and a level-counting system, these new features allow for greater efficiency and convenience. The level counting system informs users of the number of parking lots still available at the respective levels. To further enhance safety and security, a camera is placed at both the entrance and exit points of the parking lots. Meanwhile, the ATH has undergone upgrading, repair and maintenance works.

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



APAC is a world-class 'one-stop total clearance' integrated auction centre. It has dedicated facilities, unique in the region, to conduct auction sales for various products ranging from heavy construction machinery/equipment, trucks, motor vehicles, industrial and engineering machinery to household appliances. Since commencing business in late 2000 to date, APAC has conducted over 400 auctions with a transacted sales value of RM650.0 million.

67 auctions were conducted in 2006 with a sales value of RM120.0 million. This included a very successful international machinery auction held in Bintulu, Sarawak in August, which attracted buyers not only from Malaysia but also the United States, Europe, Africa and Australasia. In just a matter of hours, APAC achieved record sales of over RM31.0 million. APAC also hosted the bi-annual Defence Services Asia Exhibition & Conference 2006 and the Export Furniture Exhibition 2006.

Going into 2007, APAC will continue to build and enhance its brand value as the leading auction centre in Malaysia and in the region.

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



For the year in review, SIC achieved a profit before tax of RM10.5 million on the back of total revenue of RM67.5 million. This marked SIC's return to profitability after posting a RM14.6 million loss before tax in 2005. The turnaround was mainly attributed to a prudent financial management exercise, which included significant cost-cutting measures to safeguard the company's coffers. A major contributor to revenue in 2006 was from rental of the Sepang track, which has grown in prominence and popularity among the international corporate and motorsports fraternity worldwide.

2006 was a hectic year for the circuit with the A1 GP making its second appearance in Malaysia, attracting more than 36,000 spectators. The Formula 1 Petronas Malaysian Grand Prix remained the circuit's biggest business and a major tourist attraction. A total of 107,634 spectators attended the 2006 race where almost 40% were foreigners. The just concluded 2007 race attracted an even larger crowd, with 157,219 spectators in attendance. An impressive turnout was also seen in the other events such as the Japan GT Championship Malaysia, the Malboro Malaysian Grand Prix and the Merdeka Millennium Endurance Race.



With 2007 marked as Visit Malaysia Year, the significance of the SIC as a key tool in generating national revenue in tourism receipts for Malaysia is expected to be even greater.

## Developing The Human Side Of Enterprise

In a world of change, people are the ultimate source of competitive advantage. The primary purpose of the human resource function at MAHB is to develop the human side of the business that wins in the marketplace. Human resource and manpower development practices must be designed to lend support towards the attainment of business goals and drive the implementation of business strategies.

MAHB's training facilities are spread out in three locations: KLIA, Subang and Penang. The Malaysia Airports Training Centre (MATC) KLIA sits on four acres of landscaped grounds, providing a conducive and professional environment to conduct training programmes. MATC KLIA has all the facilities to meet most training requirements. Apart from training rooms, it also houses a resource centre, cafeteria, surau and lounges for trainees to relax during breaks. Naturally, it is equipped with the latest audio-visual and media gizmo that one would expect of a first-rate facility. MATC KLIA is dedicated as an ICAO Aviation Security Training Centre and an ACI Global Training Hub.

MATC Penang is certified to the ISO 9001:2000 quality management system, the scope of registration being the provision of aviation security and fire services training at all airports. Programmes conducted by MATC Penang include those endorsed by ICAO as well as its own in-house curriculum tailored to meet the training needs of AVSEC and AFRS personnel.

Our training facilities at the old Subang Airport cater more for operational and maintenance personnel, where they need to acquire hands-on experience working with simulation models and equipment. The training syllabus and content have been drawn up specifically to meet this objective.

Ever year, MAHB sets aside a significant percentage of its operating expenditure for training. For 2006, a sum of RM6.0 million was invested in training and human resource development. Based on the number of employees who attended programmes versus the total number of days training was conducted, each employee received an average of 1:1.4 training man-hours. MAHB's training curricula for 2006 remained focused on addressing competency gaps, giving particular attention to the areas of emerging technologies, technical knowledge, new regulatory requirements and leadership development.

In playing its part to support organisational goals and objectives, Human Resource Division (HRD) also developed programmes related to contract management, project management, OSHA, quality management and airport operations. The year in review also saw the formal launching of our Courtesy & Care Programme (C&C) to inculcate a strong customer service culture among frontline employees. Under this programme, we conducted in joint collaboration with other agencies, a total of 60 training sessions for 1,657 frontline employees. To ensure success, we have established internal committees at each participating airport to monitor progress and make certain the long-term sustainability of the programme. As MAHB's internationalisation efforts continue to take flight, HRD has also worked closely with MAMTS in developing and providing training programmes for the GMR Hyderabad International Airport in India. The programme content covers the key areas of airport rescue and fire fighting operations, technical support and airport operations.

HRD is also playing a key role in implementing two of the 10 initiatives launched as a series of coloured books by Khazanah Nasional Berhad as part of its GLC transformation programme. Under the Blue Book initiative on Performance Management, HRD has already drawn up and implemented the

guidelines. HRD will also champion the Orange Book initiative on strengthening talent management practices and is currently designing the framework. Other activities suggested by Khazanah are already at various stages of implementation.

As reported last year, MAHB was among the first GLCs to introduce a career development programme as an integral part of its human resource development efforts. Phase 1 of the Succession Planning Programme (SPP) for executives, comprises the following 10 modules:

- **Fast-Track Airport Managers Development Programme**  
To equip current Airport Managers with the prerequisite skills, knowledge and attitude to reach world-class standing
- **Airport Managers Development Programme (AMDP)**  
To develop a pool of competent Airport Managers through basic and intermediate learning and training
- **Specialist Development Programme – Engineering/Technical (SDP)**  
To upgrade the knowledge, skills and expertise of airport engineering and technical personnel so as to be better equipped to manage specialised airport systems and facilities

- **Corporate Career Pathing (CCP)**  
To develop employees in disciplines other than their own so as to broaden their career progression opportunities
- **Employee Exchange Programme (EEP)**  
To enhance the personal development of employees, while providing opportunities to broaden their experience in their particular area of expertise
- **Management Trainee Programme (MTP)**  
To develop undergraduates with fresh ideas and talents and groom them to become well-rounded airport management personnel

HRD is currently at Phase 2 of the SPP. Some of the modules under Phase 1 such as AMDP, SDP (Engineering/Technical), CCP, EEP and MTP have been carried over to Phase 2. The new modules under Phase 2 include a SDP specifically targeted at commercial personnel to create a corps of employees proficient in airport commercial management activities. Phase 2 also introduces a Master of Enterprise Management programme. This programme is geared towards the development of a reservoir of future leaders with the knowledge and competency to operate across business functions.

The coming financial year will see new initiatives being rolled out to get the best out of MAHB's 6,693 employees. HRD is keen to implement other training methodologies and introduce new platforms to create the human capital edge. Among others, these would include job attachment, job shadowing and job assignments to address specific skill gaps or on a case-by-case basis.



Technology permeates virtually every sphere of airport operations. Over the years, MAHB has invested considerable resources to ensure that its system of airports, and KLIA in particular, is ranked among the world's most technologically advanced.

KLIA was a trail-blazer in implementing the Total Airport Management System (TAMS), a technologically superior computer-based distributed management overlay that makes the airport one of the most operationally efficient in the world today. Having had an early start, we have now advanced further than many other airports in the area of technology deployment. MAHB is continually improving the TAMS system and we are moving into the second generation, addressing value-added services to improve operations and to better serve the public at large.

In our Airport Operations Centre (AOC), IT plays a key role in overseeing all aspects of operations and can anticipate problems before it becomes a crisis. The use of Operational Information System (OIS), CCTV for monitoring and Incident Management System, to cite a few examples, are all part and parcel of tools for AOC operations. The various operational systems are integrated to provide

## The Technology Edge

accurate and timely information to the AOC for effective monitoring, thereby facilitating better management of the airport.

KLIA employs a high-end network not only to serve the airlines, but also the airport community as a whole. Recently, the backbone infrastructure was upgraded to support more than 150 sites, including the recently commissioned LCCT-KLIA. Under this network upgrade project, KLIA was fitted with a 10 Gigabit Ethernet network to replace the Asynchronous Transfer Mode network. This new network is equipped with the latest technology to meet the requirements of KLIA for many years to come.

MAHB's Technical Research & Planning Division is currently using Total Airspace and Airport Modeller (TAAM), the only fast-time gate-to-gate simulator of airspace and airport operations. This sophisticated software tool simulates realistic 4D models of aircrafts and passenger movements to facilitate decision support, planning, design and analysis. A complete simulation can therefore be cost-effectively examined to achieve capacity planning on airspace, airport and infrastructure requirements for better planning.

The use of fast-time simulation helps achieve quicker results and better cost efficiencies. The results from the current TAAM study will be used for the construction of KLIA's Satellite B terminal.

Another prime example of cutting-edge technology employed by MAHB to improve efficiency and service levels is the use of Simulation System. The graphics-based computer programme used for the fast-time simulation of passenger and baggage flows inside the airport terminal building and on the tarmac using the actual number of passengers for each flight, or if unavailable, the average aircraft seating capacity and load factors to generate the flow of departing and arriving passengers. The programme employs sophisticated algorithms to simulate realistic passenger behaviour. As such, it provides management with critical information that can be used to decrease overall operational costs and create a more efficiently managed terminal area.

## Raising Safety & Security Standards

In the aftermath of 9/11, safety and security in the world's aviation industry was never the same again. The recent approval by the Government on new security charges is an acknowledgment that airport security is a very critical and important service. As far as MAHB is concerned, we have always taken an uncompromising stand on the two related issues. Besides meeting national and international industry standards, we are continually raising the bar, preferring to err on the side of caution. Safety and security are among the key parameters taken into consideration in the ACI passenger survey for the world's best airport ranking. The very fact that KLIA has won the award for two consecutive years is undoubtedly a reflection of the measures we have in place.

Nonetheless, MAHB is taking no chances. Besides enhancing safety and security measures, we are continually testing our preparedness to cope with an emergency situation. All five international airports have been awarded the Aerodrome Certification as required under Annex 14, International Civil Aviation Organisation (ICAO). This certificate is a requirement to ensure the safety of aerodromes. MAHB has on two occasions appointed a United Kingdom-based independent security consultant, Airlock Aviation PLC, to conduct security audits at KLIA. The auditors made a thorough and extensive survey of KLIA's security system and certified that it met all international regulatory requirements. Their findings were reaffirmed in 2006, when the ICAO



Universal Security Audit Programme (USAP) certified KLIA to be in full compliance with the Annex 17 requirement. From time to time, MAHB's airports are also subjected to an AETRA or ASQ audit conducted by airport consultants drawn from all over the world. These experts conduct surveys on security elements benchmarked against other airports all over the world. MAHB's system of airports has always fared well in these surveys.

MAHB also complies with ICAO's requirement on Airport Emergency Planning, which requires three exercises to be carried out:

- Full-scale exercise to be conducted once every two years
- Partial exercise to be conducted at least once each year that a full-scale exercise is not held, or as required to maintain proficiency
- Table-top exercise to be conducted at least once every six months, except when a full-scale exercise is held

Additionally, we are also meeting the national requirement which makes it mandatory for an evacuation drill exercise to be conducted annually. Four such major exercises were carried out at KLIA in 2006 involving the following scenarios:

- Evacuation drill at the Main Terminal Building
- Evacuation drill at LCCT-KLIA
- Partial exercise involving an aircraft crash at the LCCT-KLIA
- Evacuation drill at MAS Hangar and MAS Kargo

In addition to these drills, safety awareness programmes such as Basic Fire Fighting and Fire Prevention were conducted for all airport staff throughout the country.

By and large, the year 2006 passed by without any untoward security or safety incident. However, we continued to crack down on touts operating at KLIA. A special taskforce was formed to conduct round-the-clock operations to rout out the touts. The number of incidents involving baggage tampering and pilferage has been significantly reduced due to constant vigilance and enforcement by another taskforce unit working closely with the airlines and the police. Newly recruited security personnel have also been deployed to undertake security-patrolling duties at the terminal buildings, public-access areas and along the perimeter fences of the airport.

Since January 2007, additional x-ray facilities have been installed to screen passengers, staff and visitors before they are allowed to enter the security-restricted areas of KLIA. In line with major airports all over the world, MAHB will soon be implementing a restriction on the amount of liquid, gel or aerosol that can be carried by all international bound passengers departing from or changing planes at any airport in Malaysia. New measures will be introduced proactively or in response to a particularly need or situation, each time raising the bar on the safety and security standards we have set ourselves and ultimately, for the benefit of airlines and passengers.



## Airside Security

On the airside safety front, we continued to undertake safety measures to ensure strict compliance with stringent international standards. Our efforts saw us receiving ISO 9001-2000 certification for third year in a row as well as Aerodrome Certification following the annual audit by DCA Airport Standards.

All KLIA related agencies and our ground handler worked hard throughout 2006 to ensure that untoward incidents were kept to a bare minimum. The following airside safety measures were undertaken:

- To prevent accidents happening between catering trucks and aircraft, a special lane was created for the catering trucks while LSG Catering conducted extra safety classes for its staff to reinforce safety messages
- To prevent passenger loading bridge accidents, special classes and hands-on training were conducted while random audits by airside trainers were carried out to ensure strict compliance
- To prevent ground vehicle accidents, apron staff were given extra classes and competency tests to ensure full compliancy before their annual driving permits were renewed
- Airside safety staff continued to highlight road safety requirements, inspect the condition of road vehicles and equipment as well as undertake enforcement measures
- Airside safety staff conducted internal safety audits together with airlines, ground handlers and other airport agencies
- A safety campaign involving exhibitions, professional safety talks and a safety competition was targeted at the ramp staff with an emphasis on fire safety, vehicle safety and defensive driving
- Contractor safety briefings were carried out for all new contractors to ensure they had a proper understanding of airside safety measures to be complied with



At MAHB, continuous measures and audits are undertaken to detect the number of possible accidents out of 1000 aircraft movements. October 2006 showed up an Aircraft Ground Index of 0.022 while the overall Actual Index for KLIA in 2006 stood at 0.016. This translates into a ratio of 0.016 accidents per aircraft out of 1,000 aircraft movements. Over the course of 2006, there were three minor aircraft-related ground accidents out of a total of 184,073 total movements (i.e.  $3/184073 \times 1000 = 0.016$ ) which involved relatively minor incidents on the ground like vehicles hitting stationary aircraft. The index excludes major accidents in the air, such as engines on fire.

## Reinforcing Occupational Safety & Health



Occupational Safety and Health (OSH) have been given a new emphasis at MAHB. During the year, an Occupational Safety and Health Department was established under the Human Resource Division. Headed by an experienced Senior Manager and a team of trained executives, one of the priorities of the new department is to draw up a more structured and systematic occupational health and safety programme for the Group. With adequate human resources, comprehensive monitoring to ensure compliance with OSH requirements can now be carried out more effectively. This is a prerequisite in striving towards continual improvements in mitigating safety risks and hazards at the workplace.

The seeds for an OSH culture have been planted over the years through various activities and programmes such as training, inspections, accident investigations and safety campaigns. We are already seeing the makings of an OSH culture, but more

needs to be done to ensure that OSH is ingrained into the mindset and work attitudes of employees. The ultimate goal is to ensure that 'safety first' becomes a matter of practice rather than a mere slogan.

A number of initiatives were launched in 2006 to reinforce the OSH culture. These included Accident Investigation Training attended by 214 staff members; Occupational Safety and Health Awareness Training for all airports attended by 1620 staff; and a City Survival Course for Ladies attended by 300 KLIA staff. A brainstorming session was also organised during the year, attended by 96 representatives from the respective Safety and Health Committees. The Department also participated in the KLIA Joint Safety Campaign and also coordinated the Noise Monitoring and Audiometric Test conducted at KLIA and Kuching International Airport. These exercises resulted in various improvement measures that will eventually be implemented.

For 2007, the department has prioritised a series of awareness programmes designed to increase the level of OSH awareness and competencies among staff, and hence accelerate the development of an OSH culture. The existing OSH Policy will be revised to incorporate essential elements of leadership, management commitment, workers' cooperation and the best practices to ensure optimal safety and health at the workplace. An OSH Management was developed and will serve as the main source of reference in future. More training programmes will also be developed, including sessions on Safety and Health Committee Training, Basic First Aid and CPR Training, among others. Among new initiatives planned for 2007 include the launch of a Safety Passport System and a Contractor Safety Management Programme. Such initiatives will enable us to manage the activities of contractors and third-party occupants more effectively.

## GG 21: The Green Imperative



MAHB has long believed it pays to go green and there is no better manifestation of this commitment than KLIA itself. 'Airport in the forest, Forest in the airport' just about sums up the vision of the master-planners in designing an airport like no other in the world. Visitors will be struck by the man-made tropical forest that surrounds the airport, home to more than 500,000 tropical trees, palms, ferns and bamboo representing some 400 species of flora endemic to Malaysia's jungles. The overall green theme is carried through to the airport terminal, where a sealed seven-metre high glass arboretum holds a lush cultured jungle of nearly 4,500 trees and plants. The result is a feast for the eyes and a fresh and soothing effect on the overall atmosphere. This is the uniqueness of KLIA – a dynamic symbiosis between Malaysia's green identity and high-tech imagery of an airport built for the 21st Century.

Our commitment to the environment has been translated into a slew of high-profile initiatives that has earned KLIA the distinction of being the first environmentally friendly airport in the Asia Pacific region. This came about in 2004 when it received the Green Globe 21 (GG 21) Certification for the first time. GG 21 is a global environmental programme endorsed by 182 governments for the travel and tourism industry. It provides a framework of reference for the responsible and sustainable development of world tourism. KLIA's Green Globe Certification was renewed for the third time in 2006 after successfully undergoing an independent onsite assessment audit.

KLIA's re-certification to GG 21 required the implementation of an integrated environmental management system incorporating the following parameters: energy consumption; potable water consumption; water quality; solid waste production; cleaning chemicals used; storm water management; social commitment and resource utilisation.

In addition to these, MAHB also took steps to address other areas of concern such as air quality and visibility, noise pollution and energy conservation.

Using the GG 21 parameters as a guide, MAHB has established a benchmark for each performance indicator. Taking energy consumption as an example, the actual amount of electricity or diesel consumed over a period is measured against the benchmark established. The variance is an indication of where we stand and what remedial actions may be required.

In dealing with the problem of poor air quality and visibility, particularly during the dry months of August and September, various corrective actions have been taken. Besides prohibiting open burning on airport grounds, all garbage collected is compacted before sending for safe disposal in a landfill, thereby lessening the impact of our carbon footprints. MAHB has also requested the assistance of the local council to take action against farmers who carried out open burning within the vicinity of the airport.

Even at the planning stage, MAHB had adopted various measures to mitigate the problem of noise pollution at KLIA. Firstly, a great deal of thought and planning had gone into the selection of the site to ensure that the airport is built away from populated areas. This has been reinforced by the gazetting of a land area measuring 10-km x 10-km as a 'no build zone'. Finally, a green belt comprising palm oil plantations and natural forests surrounding the airport was left remaining to serve as acoustics barriers. Our efforts have paid off; since commencing operations, MAHB has received no complaints of noise infringement from the nearby community. Nonetheless, as required by the

Department of Environment, MAHB has appointed a consultant to monitor noise levels within a 20-km radius of the airport.

MAHB has also embarked on various energy conservation measures, incorporating recommendations from the Malaysia Energy Centre. These included the use of chilled water in place of CFCs as a cooling agent in the KLIA's air-conditioning system. By using a co-generation system, we are conserving energy and at the same time, reducing carbon dioxide emissions. All lighting and air-conditioning systems at the KLIA Terminal Building have been installed with energy-saving features.

In meeting the criteria for GG 21 re-certification, our attention was also focussed on water management. Waste water from KLIA is treated at a treatment plant before it is discharged into the river and waterways. Being located in the tropics, we have also made provisions for run-off water to be collected at two balancing ponds, where sediments are allowed to settle before the water is discharged. We have also installed grease traps in drains and outlets at aircraft bays and ramp areas to trap any oil or fuel discharged from aircraft or vehicles. These traps are checked and cleaned regularly. To ensure that KLIA is not the source of any water pollution, water samples collected from the treatment plant and balancing ponds are tested periodically to ensure water quality before it is channeled into the river.

KLIA has also started a compost pile project, the objective being to recycle into compost, waste material from landscaping activities and sludge from the waste water treatment plant. The compost so obtained can be used as organic fertilizers to reduce the current dependence on chemical fertilizers. By demanding energy and environmentally friendly practices from our contractors and suppliers, we hope to start a green wave across Malaysian businesses.

In these and a myriad other ways, we are helping to make Planet Earth a better place to live in for our generation and generations yet unborn.

## Cultivating Business Relations

The road to entrepreneurial success is never easy. Today, more than ever, success depends on our ability to cultivate, retain and grow profitable and enduring relationships with the many parties with whom we do business. MAHB enjoys a mutually satisfying and rewarding relationship with a diversity of entities from all over the world. Together, they have contributed in no small measure to our success over the years.

In cultivating business relations, we aim to reach out to four major target groups: key players in the global aviation industry; members of the media; government ministries and agencies; our tenants and the many agencies operating within the MAHB system of airports. For each different category, we have mapped different strategies, be it to break the ice or strengthen the bonds already established.

During the year, MAHB presented marketing proposals and route analyses to more than 30 international airlines. This is in addition to regular visits to the local and regional marketing and planning departments of these airlines. One of the most important platforms for establishing ties with the global airlines is through participation in the major international aviation forums such as Regional Asia, IATA Schedules Conference, World Route Development Forum, Airport Service Quality Conference, Arabian Travel Mart and the Malacca International Trade and Investment Fair.

Of these forums, the World Route Development Forum is the world's largest airport-airline gathering of its kind. The 2006 edition was hosted by Dubai and was attended by a record 2,000 delegates representing 300 airlines and 650 airports, including industry organisations and manufacturers. As Malaysia will be the first Asian country to host the next edition of Routes in 2008, the MAHB delegation's mission was not only to market KLIA but the country as a whole. The Malaysian chalet, which presented a microcosm of the country's culinary and cultural offerings under the theme 'Destination Malaysia', was a hit among delegates and visitors alike. We also invited all our strategic partners such as KLAS, Tourism Malaysia, Express Rail Link and Malaysia Airlines strategic partners to join us in a concerted and integrated marketing effort to showcase Malaysia and the various facilities that would ensure the success of Routes 2008. MAHB's efforts in including its strategic partners as part of its delegation in Dubai have garnered much praise.

Away from the meeting and boardrooms, we are also cultivating business relations in a more informal and convivial setting. In August, MAHB organised a 'Go Kart Endurance Race 2006' to enhance networking with business partners and clients. The Second Annual Airports Golf Challenge attracted more than 100 participants comprising our business partners, clients, members of the media, government agencies, airlines and representatives from the private sector. The 'Media Hunt 2006 – Northern Trail' saw the largest number of participants, with 65 cars filled with scribes and pixmen in search of 'treasure' planted by MAHB.

When it comes to accolades and awards, MAHB has for the most part been only at the receiving end. On the occasion of our 14th Anniversary, we thought it only fitting that we show our appreciation to all our service providers and operators at KLIA. After all, we owe our success to the support and cooperation they have given us over the years. The inaugural annual KLIA Awards was launched at the Pan Pacific KLIA on 1 November by the Minister of Transport with more than 600 guests in attendance. Awards were presented for different categories of carriers and service providers at KLIA.



## Enhancing The Passenger Experience

KLIA may be one of the most technologically advanced airports in the world, but we are proud to maintain all our Malaysian value and hospitality. Courtesy, care, thoughtfulness and attention to details are the pillars on which our service is founded because we realise that even the most advanced airport means very little to its users if it is not backed up by some very human service. There is no better yardstick of our success in enhancing the passenger experience and meeting their expectations than winning the ACI Award for the World's Best Airport not once but twice in a row. The awards are based on annual results of overall satisfaction of international passengers in surveys conducted by the ACI.

We understand that arriving at a strange city can pose tremendous problems for a first-time visitor. Through strategically placed signboards, we have tried to make it convenient for travellers to find their way around the airport. Since March 2005, we have also started our airport ambassador programme. Students from local institutions of higher learning, who are conversant in Mandarin or Arabic participated to serve as airport-cum-goodwill ambassadors. As many as eight Middle Eastern airlines are now flying to KLIA, while the number of tourist arrivals from China has been steadily rising. Wearing a prominent 'May I Help You' vest and a friendly smile, our ambassadors have proven a hit with visitors from China and the Arab world. As testament to their resounding success, our roving ambassadors have been roped in to help with the Visit Malaysia Year campaign where they now serve as 'Friends of VMY 2007'.

MAHB continues to invest in infrastructure and facilities to enhance the passenger experience. As

mentioned in this report, the entire commercial area of KLIA is being upgraded for a shopping and dining experience second to none. During the year, KLIA was transformed into a wireless hotspot airport, allowing passengers to access the Internet for free. As an alternative, travellers can also while away their time at the movie lounge.

Among the key initiatives in our efforts to serve our customers better was the launch of the Courtesy and Care Programme (C&C) on 21 April 2006. Kicking-off this programme, MAHB has established 'Excellent Customer Service Practices' to serve as a standard reference and behavioural norm for front-line personnel in their interactions with external and internal customers. A total of 60 training sessions were conducted during 2006 attended by 1,657 participants. Following the implementation of the C&C programme at KLIA and Penang International Airport, there was a noticeable improvement in the overall satisfaction index according to the findings of the ACI survey. The C&C programme is being implemented in stages at other airports, domestic as well as international.

With the knowledge that the customer is the main arbiter of our success, we listen to their feedbacks and suggestions. More importantly, we respond by doing the necessary to make things better. Thanks to such feedback, the waiting time for the last baggage to arrive at the carousel has been shortened to 40 minutes from the previous 50 minutes. As of 1 July, we have also introduced a 'count-down' system whereby passengers are informed via a display board the exact time when their baggage will arrive at the carousel. To ease congestion at immigration control, special lanes have been created for disabled travellers and those travelling as a family. While the head of the family deals with immigration control, members of his entourage can wait along the aisle where comfortable seats have been provided. No complaint or suggestion is so insignificant that it does not merit our attention. Our baggage trolleys now come with rubber guards as an additional safety precaution.

Friendly smile, an acknowledgement or a simple greeting, may be a small act of courtesy. However, these are the courtesy practices that performed naturally by all the service providers at KLIA.

How do we know? That's because we are travellers too. Don't you think you deserve such service?

## Embracing Corporate Social Responsibility

*“To achieve the first challenge of a moral and ethical society, enterprises should embrace CSR best practices that help to maintain and raise ethical standards in business decision-making. Enterprises that are conscious of CSR will not just consider their own well-being but also that of the society and environment in which they operates...”*

**YAB Dato’ Seri Najib Tun Abdul Razak**

*Deputy Prime Minister of Malaysia*

MAHB believes that CSR is an integral part of our vision. Our social policy has been developed over the years. In MAHB, our CSR reflects our values and principles that have been our roadmap in our business dealings. For our discerning stakeholders, there is a need to focus beyond businesses in order to respond to dynamic economic, societal and environmental changes. Thus, our CSR initiative takes on projects which have long term sustainability.

MAHB has supported many registered charities in the country but we believe community involvement does not always take the form of cash donations. For us a simple act of volunteering our services for a worthy cause is more meaningful. And, in many ways, big and small, we touch the lives of Malaysians, earning their respect as a friend and trusted neighbour.

Regular visits to KLIA organised for orphans, school children, undergrads and even our other business peers has become a regular fixture in our CSR palate. And, we do have a soft spot for orphans. In July last year, in conjunction with KLIA’s 8th Anniversary, we hosted a Fun Charity Visit for Asrama Damai Rumah Anak-Anak Yatim Kuang. About 40 students from the orphanage came to learn and explore KLIA. In November, 109 orphans from four homes are feted at Pan Pacific KLIA at our Mesra Aidil Fitri. The Charity event was also participated by Eraman, who sponsored a gazebo at the orphanage and lend a hand in spring-cleaning the premises.

The spirit of sharing and caring has always been embraced by all MAHB employees. As our contribution to society, we organised a Blood Donation Campaign in conjunction with KLIA’s 8th Anniversary Celebration. Whenever disaster strikes example floods that inundated parts of Johore, we are quick to respond to the plight of the many thousands affected. A sum of RM15,000 from MAHB staff was donated to the flood victims where the money collected were used to purchase essential items such as food, mattresses, blankets, pillows and diapers. To further aid the flood victims, we went to one of the affected areas and helped them to clean up their homes. Our hearts also go out to the victims of the earthquake that struck central Java. To help alleviate the suffering of the victims, cash donation boxes were strategically placed at the KLIA Terminal to raise funds for the victims.

As part of our GLC contribution, we supported the Ministry of Finance and Khazanah Nasional’s, Project PINTAR, the acronym for Promoting Intelligence, Nurturing Talents, Advocating Responsibility. The project was inceptioned to encourage GLC’s to play a more active role in helping raise awareness of the importance of education and to improve the academic standards of under-privileged children. The Pintar Programme has been outlined in the Silver Book

as one of the 10 initiatives identified under the GLC Transformation Programme. Pulau Pinang has been chosen as the first state to implement this programme, with each of the 17 participating GLCs required to adopt two schools each.

MAHB launched its Pintar Programme in February 2007. Our Pintar programme is unique as we are the only GLC that branded our programme as our own with the theme 'Beyond Borders'. We believe there should be no limits to education, regardless of obstacles and each of us are responsible to chart our own destiny. MAHB adopted SK Batu Maung & SMK Batu Maung for this Programme. In conjunction with the launch, MAHB donated three computers to each school and further assistance will be rendered from time to time based on the schools' needs and performance. As staff participation is an integral part of the programme, we are committed to volunteer our staff time and efforts where they will contribute as mentors to work with and motivate the children. Through this three year programme, we are helping them improve their English and charts their students future. A lot of activities are in store for the students, teachers and parents such as motivational talk, book donation drive, language week and even setting up their own language lab.

The world's only Flying Eye Hospital (FEH) landed at Kuching International Airport for a two-week stint beginning 29 January 2007. The FEH is operated by Orbis, a voluntary organisation with a pool of 400 pilots, doctors, anaesthetists, nurses and medical technologists who have committed themselves to saving sight worldwide. Orbis has already made four visits to Malaysia, but this is the first time it is landing in Sarawak. In support of the FEH, MAHB waived the landing and parking charges for the DC 10 aircraft.

Fulfilling our corporate social responsibility will always be MAHB's operating philosophy. After all, we are all here to achieve and change to gain stability in our dealings, prosperity and to achieve a better quality of life for us and of our stakeholders. Though our CSR has evolved over the years, the one thing that has not changed is our genuine desire to make a difference.

## Contributions To The Nation

Malaysia has come a long way since the first successful flight was recorded back in 1911. Airfields started to be constructed all over the country in the 1930s, which were at that time little more than rudimentary runways covered by grass. The first proper airport, with a 950-yard runway was constructed in Penang in 1935. And the rest, as they say, is history.

Today, MAHB manages and operates 39 airports in Malaysia: 5 international, 16 domestic and 18 Short Take-Off and Landing Ports (STOLports). Our system of airports has been a catalyst for the promotion of tourism, trade, regional development and social integration. Thanks to our airports that rank among the best in the region in terms of services and geographical reach, more Malaysians are flying now than ever before. Airports, than just an infrastructure facility, have now come into their own as a major commercial entity in their own right, generating revenue and providing employment for thousands.

In the run-up to VMY 2007, MAHB has worked closely with all the relevant ministries and agencies to ensure a coordinated effort in selling Malaysia to the world. This was the mission of the MAHB delegation at the World Route Development Forum 2006 (Routes) hosted in Dubai. Routes is the world's largest airport-airline gathering of its kind and attended by a record 2,000 delegates representing 300 airlines and 650 airports, including

industry organisations and manufacturers. The Malaysian chalet presented a microcosm of the country's culinary and cultural offerings under the theme 'Destination Malaysia', and attracted an impressive stream of visitors.

Winning the ACI Award for the World's Best Airport and the CAPA Award has sent a strong message to the world that Malaysia has indeed come of age and is well on the way to achieving the aspirations of Vision 2020. Winning the ACI Award back-to-back is testimony of the nation's capabilities of achieving world-standard performance. This has earned us to be the first Asian nation to host Routes 2008. Malaysia was further honoured when MAHB was elected to the ACI Asia-Pacific Regional Board in March 2006 and appointed a Member of ACI's World Governing Board in November 2006.

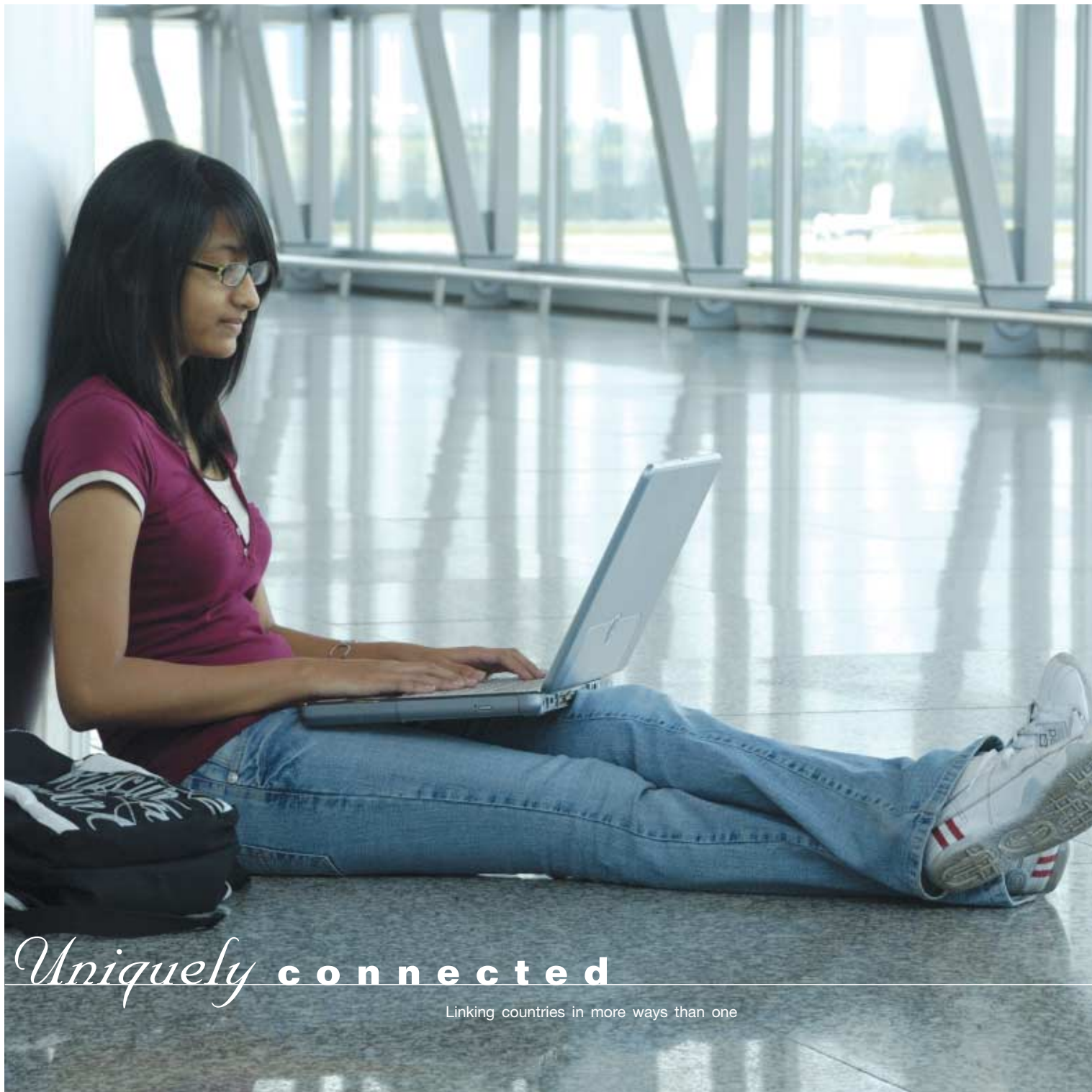
No stone will be left unturned to ensure that the nation remain competitive to maintain its position in the forefront of aviation. Both the Kuching and Kota Kinabalu Airports have been upgraded and are expected to play key roles in the further development of East Malaysia under the 9th Malaysia Plan. Under a RM120.0 million expansion project, the Melaka Batu Berendam Airport is set to become the Southern gateway for tourists from the ASEAN region and China.

We do not take our role in nation building for granted. For airline to grow, our facilities planning always have to be ahead so as not to curtail tourism and trade growth, both of which are lifeline of the national economy. In the interest of basic integration, travel and transportation of basic needs, we continue to operate all airports in same diligence. Hence, our initiatives for capacity accommodation have to start as early as the design stage of an airport. We have to ensure that the nation remain current and continue to be in the race.

**Dato' Seri Bashir Ahmad Abdul Majid**

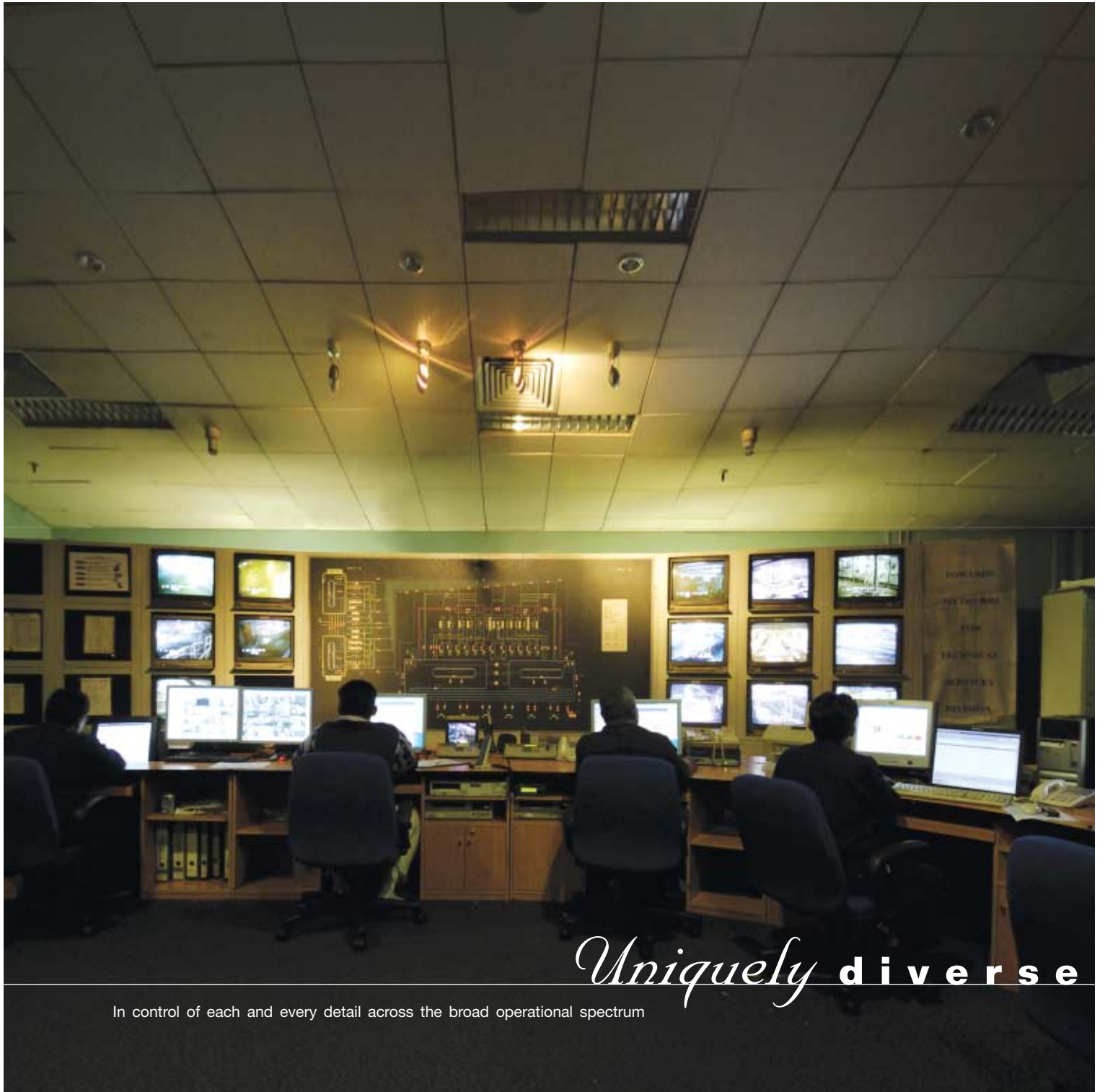
Managing Director

Malaysia Airports Holdings Berhad



*Uniquely* **connected**

Linking countries in more ways than one



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In control of each and every detail across the broad operational spectrum

**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' ZAHARA AH BINTI SHAARI  
(Non-Independent Non-Executive)

ESH AH 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)

DATO' AHMAD FUAD  
BIN MOHD DAHALAN  
(Non-Independent Non-Executive)

HAJAH JAMILAH BINTI  
DATO' HJ HASHIM  
(Non-Independent Non-Executive)  
Appointed as Director  
w.e.f. 1 March 2007

DATO' LONG SEE WOOL  
(Alternate Director to  
Dato' Zahara ah binti Shaari)  
(Non-Independent Non-Executive)

DYG SADI AH BINTI ABG BOHAN  
(Alternate Director to  
Esh ah binti Meor Suleiman)  
(Non-Independent Non-Executive)  
Appointed as Alternate Director  
w.e.f. 6 February 2007



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E-mail: [sabarina@malaysiaairports.com.my](mailto:sabarina@malaysiaairports.com.my)

#### **STOCK EXCHANGE LISTING**

Main Board  
Bursa Malaysia Securities Berhad



● **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 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

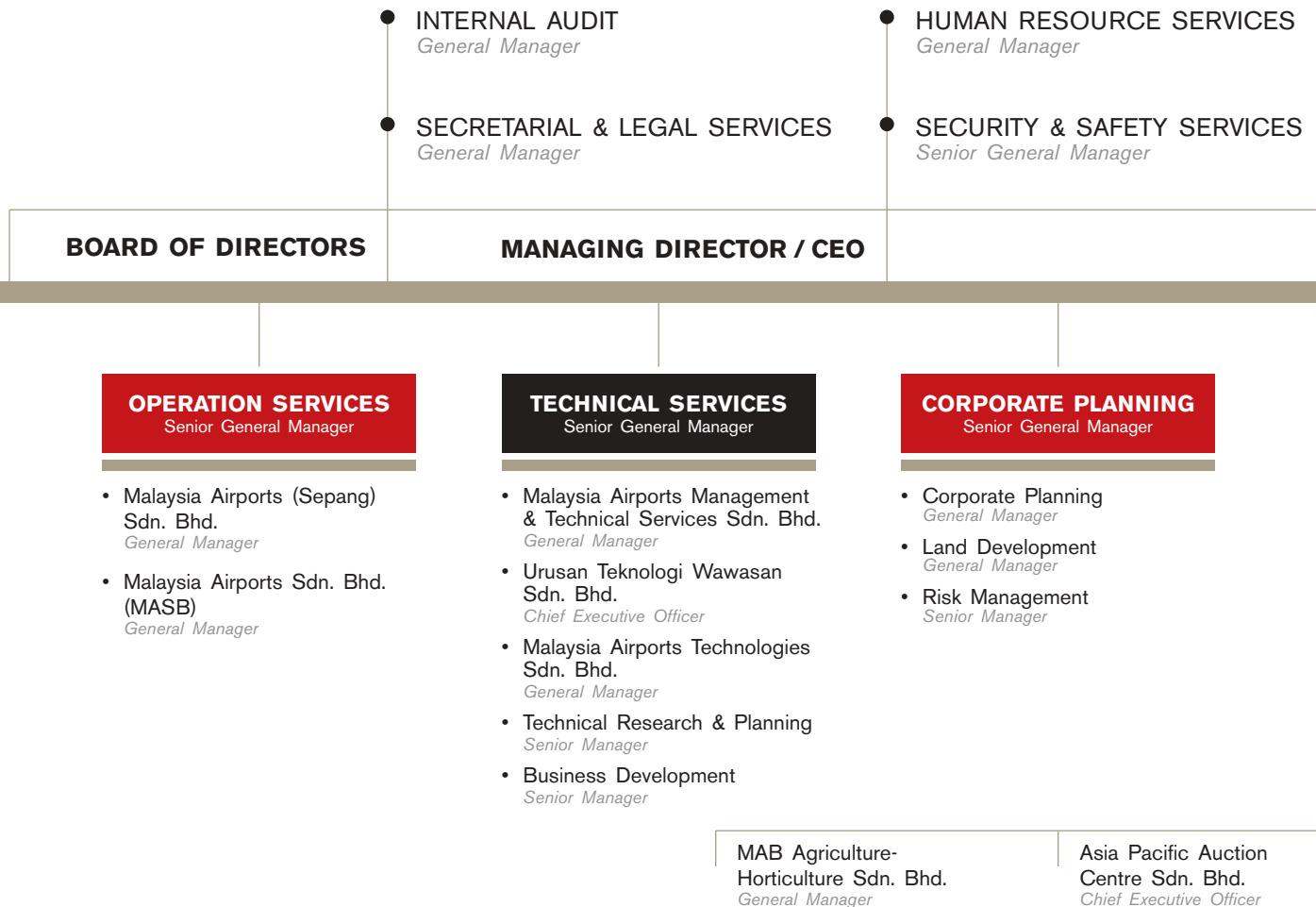
● **URUSAN TEKNOLOGI WAWASAN SDN. BHD.**

(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%  
Investment holding
- **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
- **MAHB (MAURITIUS) PRIVATE LIMITED**  
(64825 C1/GB2)  
100%  
Investment holding
- **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
- 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.



**COMMERCIAL SERVICES**

General Manager

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

Sepang International  
Circuit Sdn. Bhd.  
*General Manager*

**PROCUREMENT  
AND CONTRACT**

General Manager

**MARKETING**

Senior Manager

**CORPORATE  
COMMUNICATIONS**

General Manager

- Corporate Communications  
*Senior Manager*
- Public Relations KLIA  
*Senior Manager*

**FINANCE**

Senior 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*

## TAN SRI DATUK DR. ARIS BIN OTHMAN

### • CHAIRMAN, Non-Independent Non-Executive

Tan Sri Datuk Dr. Aris bin Othman, Malaysian, aged 62, 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 also chairs the Board Procurement Committee, Board Finance & Investment Committee and Board Risk Management Committee of MAHB.

Prior to joining the Company, he has held several senior positions at the Prime Minister's Department and the Ministry of Finance, amongst others, as Assistant Secretary (Macro-Economics) 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, Deputy Secretary General II, Ministry of Finance ("MOF"), Deputy Secretary General (Policy) MOF and thereafter was elevated to the position of Secretary General of MOF. His varied career also includes having served as the Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resource) Bank Bumiputra Malaysia Berhad (now known as "Bumiputra-Commerce Bank Berhad"), Executive Director (South-East Asia Group), The World Bank, Washington DC, and was formerly the Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad.

He attained a Bachelor (Hons) in Analytical Economics from the 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 currently holds directorship positions at AMMB Holdings Berhad, AmlInvestment Group Berhad, AmlInvestment Bank Berhad and YTL Power International Berhad, and is the Chairman of Malaysia Design and Innovation Centre, Cyberjaya.

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



Dato' Seri Bashir Ahmad bin Abdul Majid, Malaysian, aged 57, was appointed as Managing Director of MAHB on 7 June 2003. He is also a member of the Board of Finance & Investment Committee and Board Risk Management Committee of MAHB.

Prior to his present employment, he has held various senior positions in Malaysian Airline System Berhad ("MAS") throughout a period of 29 years, which include Director of Corporate Planning, Commercial Director, Senior Vice-President Commercial and Executive Vice-President Airline. He was also appointed as the Aviation Advisor to the Ministry of Transport.

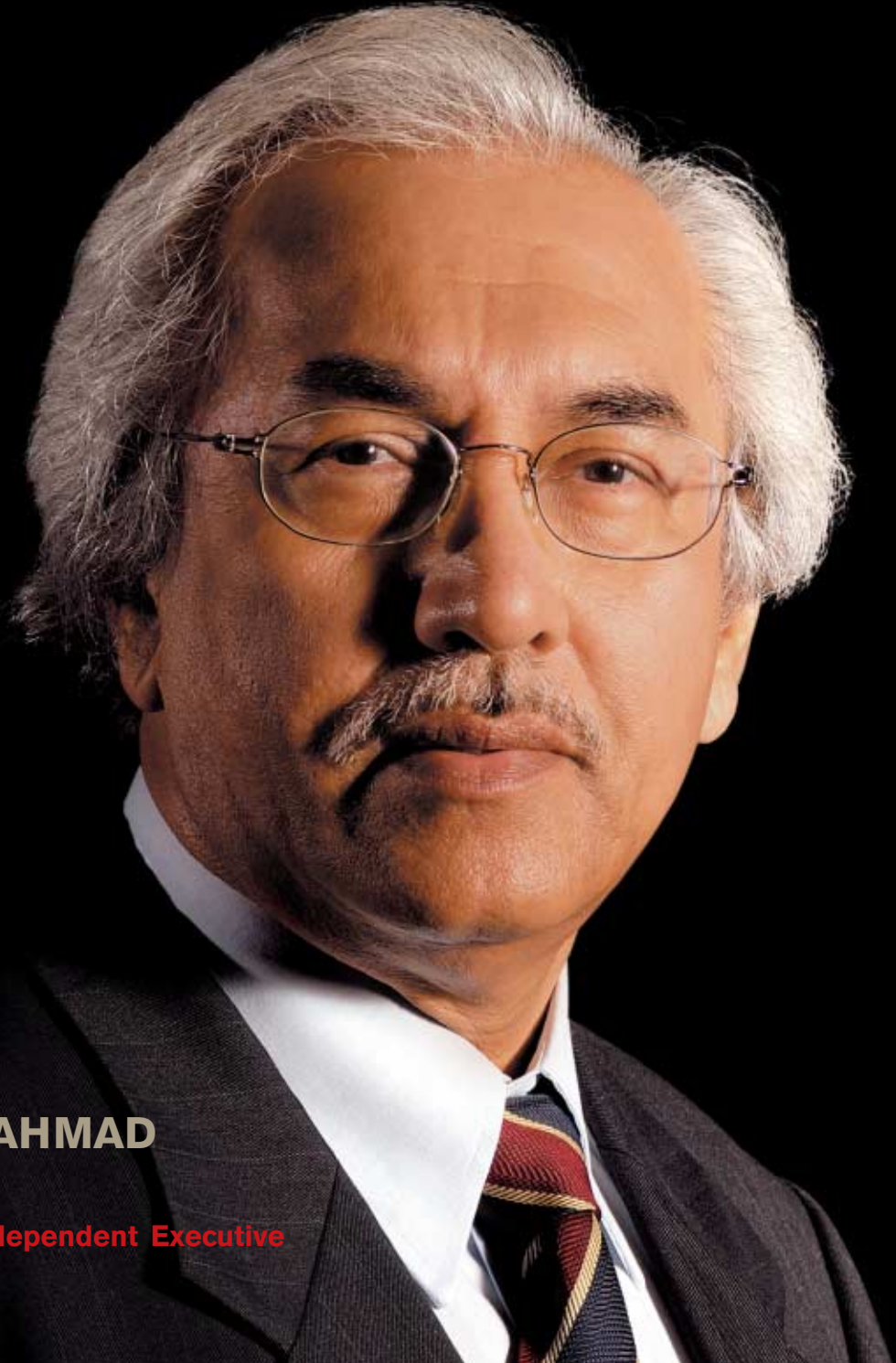
He graduated with a Bachelor of Arts Degree (Hons) majoring in International Relations from the University of Malaya.

Dato' Seri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited and Delhi International Airport Private Limited.

He 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' ZAHARAAH BINTI SHAARI

### Non-Independent Non-Executive

Dato' Zaharaah binti Shaari, Malaysian, aged 57, was appointed as Non-Independent Non-Executive Director to the Board of Directors of MAHB on 23 December 1999. She is also a member of the Board Audit Committee, Board Procurement Committee and Board Risk Management Committee of MAHB.

She began her working career with the Ministry of Transport ("MOT") as Assistant Secretary, Civil Aviation Division in 1971 and later on as Principal Assistant Secretary in the Civil Aviation Development, Air Transport and International Affairs Division. In 1974, she was promoted as the 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.

She graduated with a Bachelor of Arts (Hons) from the University of Malaya in 1971 and later received a Master of Science in Transport Planning & Management from the Polytechnic of Central London, United Kingdom.

At present, she is also a director of Malaysian Airline System Berhad.

She has attended 11 out of 14 Board Meetings held during the financial year.





Datuk Alias bin Haji Ahmad, Malaysian, aged 59, was appointed to the Board of Directors of MAHB as an Independent Non-Executive Director on 1 December 2003. He also chairs the Board Remuneration Committee and is a member of the Board Nomination Committee, Board Procurement Committee, Board Audit Committee and Board Risk Management Committee of MAHB.

Prior to this, he had a long and distinguished career with the Government which began soon after his graduation from the University of Malaya in 1972 with an Honours Degree in Arts and Economics. He held various senior positions in several Ministries and Department including as an Assistant Secretary (Finance) at the Ministry of Finance, Special Officer to the Minister of Finance and then Minister of Trade and Industry, Director of Vocational Training at the Manpower Department, Ministry of Labour. He held various senior positions in the Ministry of Defence before moving on as Federal Secretary for Sabah. He was the Deputy Secretary General of Ministry of Health, a post he held until his retirement in July 2003.

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

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

## ESHAH BINTI MEOR SULEIMAN

### Non-Independent Non-Executive

Eshah binti Meor Suleiman, Malaysian, aged 52, was appointed to the Board of Directors of MAHB on 29 January 2004 as a Non-Independent Non-Executive Director. She is also a member of the Board Nomination Committee, Board Remuneration Committee, Board Finance & Investment Committee and Board Procurement Committee.

Prior to this, she served as an Alternate Director to Tan Sri Izzuddin bin Dali from April 2000 to June 2003. She has also 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, Principal Deputy Assistant Secretary, Finance Division, MOF and as Deputy Under Secretary, Investment, MOF (Inc) and Privatisation Division (formerly known as (MOF Inc.) Companies, Privatisation, and Public Enterprise Division) in August 2003. She was later promoted to her current position as Under Secretary, Investment, MOF (Inc) and Privatisation Division in September 2006.

She obtained a Bachelor of Economics (Hons) Degree from the University of Malaya and a Masters in Business Administration (Finance) from Oklahoma City University, USA.

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





## **DATUK SITI MASLAMAH BINTI OSMAN**

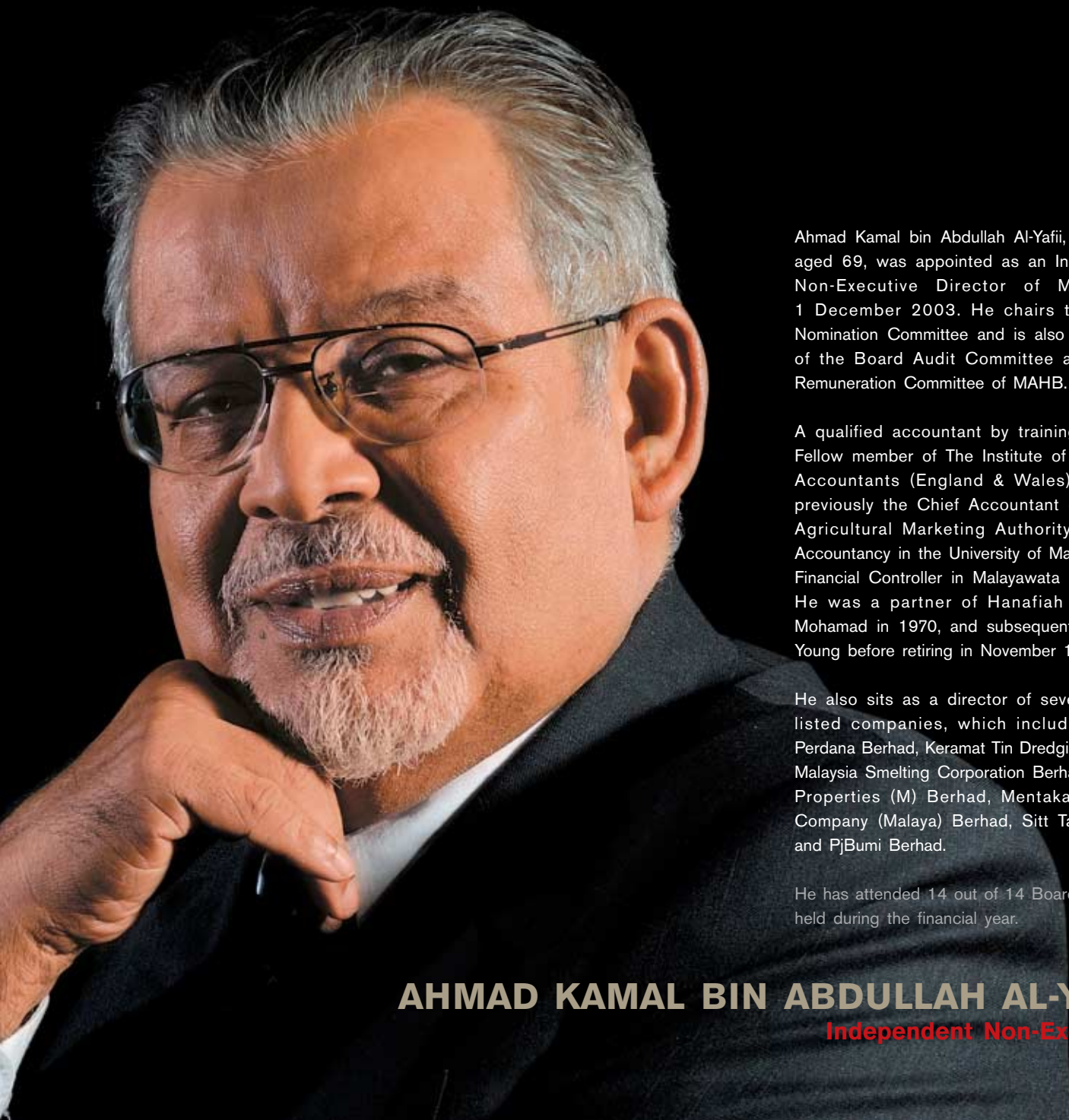
### **Independent Non-Executive**

Datuk Siti Maslamah binti Osman, Malaysian, aged 59, was appointed as an Independent Non-Executive Director of MAHB on 1 December 2003. She chairs the Board Audit Committee and sits on the Board Remuneration Committee, Board Nomination Committee and Board Finance & Investment Committee of MAHB.

She was formerly the Accountant General of Malaysia, a position she held from October 2000 until her retirement in 2003. She had served the Government for 31 years and held various positions in various government agencies before her retirement.

She is a Fellow member of The Chartered Institute of Management Accountants (United Kingdom) and a member of the Malaysian Institute of Accountants ("MIA"). She is also a director of Island & Peninsular Berhad, MAIS Zakat Selangor Sdn Bhd and a trustee of Lembaga Zakat Selangor (MAIS).

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



Ahmad Kamal bin Abdullah Al-Yafii, Malaysian, aged 69, was appointed as an Independent Non-Executive Director of MAHB on 1 December 2003. He chairs the Board Nomination Committee and is also a member of the Board Audit Committee and Board Remuneration Committee of MAHB.

A qualified accountant by training, he is a Fellow member of The Institute of Chartered Accountants (England & Wales). He was previously the Chief Accountant of Federal Agricultural Marketing Authority, Tutor in Accountancy in the 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.

He also sits as a director of several public listed companies, which includes Chase Perdana Berhad, Keramat Tin Dredging Berhad, Malaysia Smelting Corporation Berhad, Negara Properties (M) Berhad, Mentakab Rubber Company (Malaya) Berhad, Sitt Tatt Berhad and PjBumi Berhad.

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

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



Dato' Ahmad Fuaad bin Mohd Dahalan, Malaysian, aged 56, was appointed to the Board of Directors of MAHB on 25 August 2005 as a Non-Independent Non-Executive Director. He is also a member of the Board Remuneration Committee, Board Nomination Committee and Board Risk Management Committee of MAHB.

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

He obtained a Bachelor of Arts (Hons) Degree from the University of Malaya. He is currently a member of the Board of Directors of HLG Capital Berhad.

He has attended 11 out of 14 Board Meetings held during the financial year.

**DATO' AHMAD FUAAD BIN MOHD DAHALAN**

**Non-Independent Non-Executive**

## IZLAN BIN IZHAB

### Non-Independent Non-Executive

Izlan bin Izhab, Malaysian, aged 61, was appointed to the Board of Directors of MAHB on 1 June 2005 as a Non-Independent Non-Executive Director. He also sits on the Board Audit Committee, Board Remuneration Committee and Board Finance & Investment Committee of MAHB.

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.

He is also at present a director of Apex Equity Holdings 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 Berhad's Appeals Committee.

He holds a Bachelor of Laws Degree from the University of London and has also attended the Advanced Management Program at the University of Hawaii. Occasionally, he also gives lectures on Malaysian securities law, company law and corporate governance for various public and private sector consultancy and training organisations.

He has attended 10 out of 14 Board Meetings held during the financial year.



Hajah Jamilah binti Dato' Hj Hashim, Malaysian, aged 49, was recently appointed to the Board of Directors of MAHB as a Non-Independent Non-Executive Director on 1 March 2007.

She is currently a Director in Khazanah Nasional Berhad heading Support Operations and co-heading Corporate Development Unit with effect from February 2007. Prior to assuming her current position, she was the Director of the Transformation Management Office in October 2006.

She had held ten (10) key positions in the operational and regional level in Goodyear, throughout a period of 21 years. Before her last role as Director of Business Process Improvement in Goodyear Asia Pacific Region, she had served as the Manufacturing Director and a Board member of Goodyear Malaysia Berhad. She had also served in several key turnaround roles in Goodyear, along with playing an active role as the President of Goodyear Asia Pacific Region Women-in-Leadership movement. She had also held management position in the Malaysian Palm Oil Council as well as research position in the Solar Energy Research Institute, USA.

Besides her executive education in the University of Michigan, the University of Virginia, and the University of Pennsylvania, she holds a Masters of Science in Physical Chemistry from the University of Denver and Bachelor's Degree in Chemistry from California State University.

## **HAJAH JAMILAH BINTI DATO' HJ HASHIM**

**Non-Independent Non-Executive**



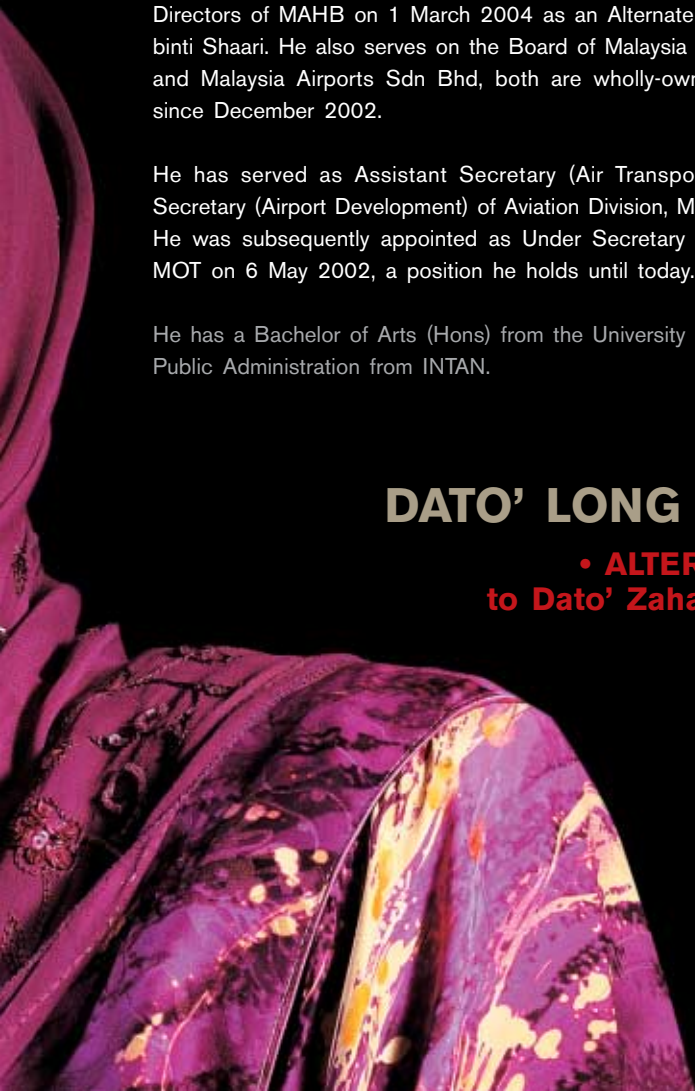
Dato' Long See Wool, Malaysian, aged 52, was appointed to the Board of Directors of MAHB on 1 March 2004 as an Alternate Director to Dato' Zaharaah binti Shaari. He also serves on the Board of Malaysia Airports (Sepang) Sdn Bhd and Malaysia Airports Sdn Bhd, both are wholly-owned subsidiaries of MAHB, since December 2002.

He has served as Assistant Secretary (Air Transport) and Principal Assistant Secretary (Airport Development) of Aviation Division, Ministry of Transport ("MOT"). He was subsequently appointed as Under Secretary (Aviation), Aviation Division, MOT on 6 May 2002, a position he holds until today.

He has a Bachelor of Arts (Hons) from the University of Malaya and a Diploma in Public Administration from INTAN.

## **DATO' LONG SEE WOOL**

**• ALTERNATE DIRECTOR  
to Dato' Zaharaah binti Shaari**



Dyg Sadiyah binti Abg Bohan, Malaysian, aged 45, was appointed to the Board of Directors of MAHB on 6 February 2007 as an Alternate Director to Puan Eshah binti Meor Suleiman. She was also appointed on the Board of Malaysia Airports (Sepang) Sdn Bhd and Malaysia Airports Management and Technical Services Sdn Bhd, both are wholly-owned subsidiaries of MAHB.

She began her career in the Malaysia Civil Service in 1989 as an Assistant Secretary in the Ministry of Agriculture. Subsequently, she was transferred to the Ministry of Finance in 1999 and is currently the Deputy Under Secretary of the Investment, MOF (Incorporated) and Privatisation Division.

She has a Bachelor of Science (Hons) from the University of Malaya and a Diploma in Public Administration from INTAN. She obtained her Master in Business Administration from Universiti Kebangsaan Malaysia. She serves as a director on the Board of Directors of Penang Port Holdings Berhad and as an alternate director to Y. Bhg. Dato' Ahmad bin Hashim on the Board of Directors of Telekom Malaysia Berhad.

## **DYG SADIAH BINTI ABG BOHAN**

• **ALTERNATE DIRECTOR to Eshah binti Meor Suleiman**



## SABARINA LAILA BINTI MOHD HASHIM

### • COMPANY SECRETARY (LS 0004324)

Sabarina Laila binti Mohd Hashim, Malaysian, aged 39, is currently the Company Secretary for MAHB and its Group of Companies. She was appointed as Company Secretary on 20 September 2004 and holds the position of the General Manager, Secretarial & Legal Services Division, MAHB. She obtained 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.

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

She joined 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, she was a practising lawyer specialising in corporate and commercial law and was also a company secretary to several private limited companies.

She is also at present the secretary for all six (6) Board Committees of MAHB.

**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.*





**DATO' SERI BASHIR AHMAD  
ABDUL MAJID**

Managing Director, MAHB

Dato' Seri Bashir Ahmad Abdul Majid, aged 57 is the Managing Director of MAHB. Prior to his present employment, he has held various senior positions in Malaysian Airline System Berhad ("MAS") throughout a period of 29 years, which include Director of Corporate Planning, Commercial Director, Senior Vice-President Commercial and Executive Vice-President Airline. He was also appointed as the Aviation Advisor to the Ministry of Transport.

Dato' Seri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited and Delhi International Airport Private Limited. He is also an Airport Council International (ACI) World Governing Board member.

He graduated with a Bachelor of Arts Degree (Hons) majoring in International Relations from University of Malaya.

**DATUK KAMARUDDIN MOHD  
ISMAIL**

Senior General Manager,  
Security & AFRS Services, MAHB

Datuk Kamaruddin Mohd Ismail is a Senior General Manager of Security & AFRS Services, MAHB since 2001. Before joining MAHB, he had 34 years of experience serving the Royal Malaysian Police at district, state and headquarters levels. These years of experience covered criminal investigation, intelligence, narcotics, training, research and planning. While in the police service, he was appointed as a part-time lecturer at the National University Malaysia. He holds a Diploma in Public Administration, a Degree in Business Administration and a Masters Degree in Law Enforcement Administration (USA).

**DATO' ABDUL HAMID MOHD  
ALI**

Senior General Manager,  
Technical Services, MAHB

Dato' Abdul Hamid Mohd Ali is the Senior General Manager of Technical Services, MAHB. Aged 51, 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 1 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 Bhd., 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,  
Corporate Planning, MAHB

Dato' Mahat Samah, aged 53, is the Senior General Manager of Corporate Planning, 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) and Senior General Manager, Operation Services MAHB before attaining his current post.

**DATO' AZMI MURAD**

Senior General Manager,  
Operation Services, MAHB

Dato' Azmi Murad, aged 55, is the Senior General Manager of Operation Services, MAHB. He started his career with the Department of Civil Aviation in 1970 as an Air Traffic Controller. He was later appointed Airport Manager for Kota Bharu, Alor Star, Kota Kinabalu, Penang International Airport and KLIA. 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. His previous positions were General Manager of Sepang International Circuit, General Manager of Corporate Communications and Air Traffic Services and General Manager, Malaysia Airports (Sepang) Sdn. Bhd. before attaining his current post. Currently, he is the Vice Chairman of ACI World Facilitation and Services Standing Committee.

**FAIZAL MANSOR**

Senior General Manager,  
Finance, MAHB

Faizal Mansor joined MAHB in 2006 as the Senior General Manager of Finance. He is a Chartered Accountant, a member of the Institute of Chartered Accountants in Australia and a member of Malaysia Institute of Accountants. He graduated with a BSc in Accounting from Rutgers University, USA in 1993 and an MBA from Ohio University, USA in 1994. He started his career with the Securities Commission in 1994 before joining the Bank of Tokyo-Mitsubishi Bhd. in the same year. He then ventured into Corporate Finance with Arab-Malaysian Merchant Bank Bhd. in 1997. He left for Australia in 1999 to become a Corporate Accountant in a manufacturing company to assist with its listing aspirations while taking the lead in its corporate restructuring, strategic and business process improvements. He returned to Malaysia in 2003 to rejoin AmMerchant as an Associate Director in Investment Banking where he was responsible for providing corporate finance advisory and debt/equity financial solutions to some of Malaysia's largest conglomerates. He then joined WWE Holdings Bhd as the Chief Financial Officer in 2005 before leaving to assume his current post.

**ABDUL RAHMAN KARIM**

General Manager,  
Malaysia Airports Sdn. Bhd.

Abdul Rahman Karim, aged 50, 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..

**UMAR BUSTAMAM**

General Manager,  
Commercial Services, MAHB

Umar Bustamam, aged 54 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 29 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, General Manager of Corporate Services MAHB, Chief Executive Officer of Malaysia Airports (Niaga) Sdn. Bhd..





**CHE AZIZ MOHD NOR**

Chief Executive Officer,  
Urusan Teknologi Wawasan  
Sdn. Bhd.

Che Aziz Mohd Nor, aged 47, 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.

**AHMAD ZUBER ABDUL**

General Manager,  
Human Resource, MAHB

Ahmad Zuber Abdul, aged 49, is the General Manager, Human Resource, MAHB. He holds a Bachelor of Arts (Hons) from Universiti Sains Malaysia. He has been with the Group since September 2001. Under his guidance, HR is moving away significantly from handling traditional activities to focusing on outcomes that enrich the organisation's value.

He brings to the Group more than 20 years of human resource management and development experience, gained from his stints in a number of local conglomerates and multinationals, namely the HICOM Group, EON, Sumitomo Group and Furukawa Electric Co., Ltd. of Japan.

**MOHD NASIR ISMAIL**

General Manager,  
MAB Agriculture-Horticulture  
Sdn. Bhd.

Mohd Nasir Ismail, aged 51, 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 26 years of plantation and agricultural experience.

**MUHAMMAD ARSHAD**

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

Muhammad Arshad 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) Bhd.. He had held the position of General Manager (Legal and Administration) cum Company Secretary before moving to APAC. He brings to the Group over 26 years of Sales and Marketing, Administrative and Secretarial experience.

**IR SURADINI ABDUL GHANI**

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

Ir Suradini Abdul Ghani, aged 47, 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.

**MOHD AMINUDDIN YAAKUB**

General Manager,  
Malaysia Airports Technologies  
Sdn. Bhd.

Mohd Aminuddin Yaakub aged 53, is the General Manager of Malaysia Airports Technologies Sdn. Bhd.. He graduated in B.Sc (Hon) from University Sains 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 the CEO of Business Information Technology Sdn. Bhd. prior to joining Malaysia Airports. He sits in the ACI ICT sub-committee.

**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 MAHB 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 MAHB 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 42 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.





**ROKMAH ABDULLAH**

General Manager,  
Procurement & Contract, MAHB

Rokmah Abdullah is the General Manager, Procurement & Contract Division, MAHB. She holds a Bachelor of Accounting (Hons) from Universiti Kebangsaan Malaysia and a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA). She joined MAHB in 1992 as an Accountant at Subang International Airport. In 1995, she led the Internal Audit Division before heading the Procurement & Contract unit in 1998. Prior to joining MAHB, Rokmah was the Finance and Administration Manager and also a Company Secretary to Syarikat Pemasaran Karyaneka Sdn. Bhd..

**MUHD NAJIB MOHD RAWI**

General Manager,  
Land Development, MAHB

Muhd Najib Mohd Rawi joined MAHB as General Manager, Land Development in 2006. He holds a degree in Civil Engineering from University of Strathclyde, Glasgow, Scotland and a Masters in Business Administration degree from Ohio University, USA. Prior to joining MAHB, he was the Chief Operating Officer of the property development subsidiaries of Land & General Bhd and brings with him more than 20 years of experience in construction, project management and property development.

**NORLIZA KAMARUDDIN**

General Manager,  
Corporate Communications,  
MAHB

Norliza Kamaruddin is the General Manager of Corporate Communications, MAHB. She holds a Degree in Art and Design (Advertising) and started her career in University Malaya in 1988. She brings with her 18 years of Corporate Communications experience from various industries i.e insurance, IT, hospitality and telecommunications. Her forte is media relations, corporate social responsibility and branding. Prior to her position, she was formerly the Vice President Corporate Communications, Celcom Malaysia Bhd..

**DAUD HOSNAN**

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

Daud Hosnan, aged 55, was appointed as General Manager of Malaysia Airports (Sepang) Sdn. Bhd. on 1 April 2007. He has 34 years of working experience in the Airport Industry and well exposed to airport operations locally and internationally. He started his career with the Department of Civil Aviation in 1972 as an Air Traffic Controller. He was later appointed the Airport Manager for Sultan Ismail Petra Airport Kota Bharu and Langkawi International Airport. In 1996 until Mid Year 1998, he was attached with Subang International Airport as the Operations Manager. He was involved in the opening of KLIA in 1998 as the Flight Operations Manager, of Malaysia Airports (Sepang) Sdn. Bhd.. Then he was appointed the Airport Manager for Penang International Airport from Year 1999 until 2001. His previous position was the Head of Operations of Malaysia Airports (Sepang) Sdn. Bhd..



## THE BIRTH OF MALAYSIA AIRPORTS

The world aviation is experiencing dramatic changes, particularly in the Asia Pacific region. The growth of aviation in Malaysia has also been nothing short of remarkable. Air transport has emerged as a significant mode of transport, offering a competitive and viable alternative to other established modes of transport.

The birth of Malaysia Airports on 1 November 1992 heralded a new beginning for civil aviation in Malaysia. The company was formed after a Bill was passed by Parliament in 1991 for the privatisation of some of the Department of Civil Aviation's (DCA) functions and services. Malaysia Airports is responsible for the operation of 5 international, 16 domestic and 18 Short take-off and landing (STOL) ports.

### 1929

Alor Star and Taiping were the first two British built airstrips in Malaya

### 1933

The Sungei Besi Airfield (originally an old tin tailing mine covered by grass) was one of the two airstrips located in Selangor, the other being at Port Sweetenham (now Port Klang)

### 1935

Opening of Penang civil aerodrome – a 950 yard macadamised strip and 800 yard grass strip

### 1937

Bintulu airstrip built – located right in the centre of town

### 1938

Ipoh airstrip built

### 1938

Kuching airstrip built, but reconstructed 12 years later. On 26 September 1950, it was officially opened by the Governor of Sarawak

### 1948

Expansion of Kuala Lumpur Airport at Sungei Besi

### 1948

Kuala Terengganu airstrip built

### 1952

Opening of Malacca Airport – the eighth airport to be constructed in Malaya after the war

### 1956

Upgrading of Kuala Lumpur Airport at Sungei Besi to international airport status when the first flight to Europe took off in a Bristol Britannia (turbo propeller)

### 30 August 1965

Official opening of Kuala Lumpur International Airport at Subang by DYMM Seri Paduka Baginda Yang DiPertuan Agong, Tuanku Syed Putra Ibni AlMarhum Syed Hassan Jamalullail

### 1968

Opening of Tawau and Miri Airports

### 1974

Opening of Sultan Ismail Airport, Johor Bahru

### 1975

Department of Civil Aviation managing 20 airports on self-accounting entity

### 1980

Upgrading of Civil Aviation Training Centre to Civil Aviation College in Penang. Training confined more to aviation needs – air traffic control, aeronautical communications, firefighting and aviation security

### 1982

Launching ceremony for the first MAS B747 at Terminal 2, Subang-Kuala Lumpur

### 1986

Opening of the new terminal building at Kota Kinabalu

### 1987

Expansion of Langkawi International Airport

**1989**

Opening of the upgraded Ipoh Airport with a new terminal to accommodate B737 operations

**1991**

Passing of a Bill by Parliament to split DCA into two separate entities – a corporatised Malaysia Airports Berhad and the government DCA as the regulatory authority

**July 1991**

Announcement of the proposed plan to construct the KL International Airport (KLIA) at Sepang

**1 November 1992**

Birth of Malaysia Airports Berhad (MAB)

DCA remained as the regulatory authority on civil aviation in terms of technical, safety and operational standards

**1993**

Opening of Terminal 3, Subang – Kuala Lumpur International Airport

**1994**

Opening of the new Sibiu Airport

**27 June 1998**

Official opening of KL International Airport (KLIA) by DYMM Seri Paduka Baginda Yang DiPertuan Agong, Tuanku Ja'afar ibni AlMarhum Tuanku Abdul Rahman

**1999**

Malaysia Airports was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia), the first airport operating company to be listed in Asia

**2001**

Opening of the new terminal of Penang International Airport

**2002**

Opening of the new terminal of Bintulu and Tawau Airports

**2003**

Opening of new terminal of Miri Airport

**2004**

Opening of the new terminal of Kota Bharu Airport

**2005**

The new Limbang Airport was launched. The airport was upgraded from STOLport status

**2006**

The LCCT-KLIA terminal was opened to cater for low cost airlines

Official opening of the new terminal of Kuching International Airport

Commercial opening of the new terminal of Alor Star Airport

**2007**

Official opening of the new Terminal 2, Kota Kinabalu International Airport



## Malaysia Airports collaborate with IATA to further improve service at Airports

Malaysia Airports signed a Memorandum of Understanding (MoU) with the International Air Transport Association (IATA), underlining its pledge to support the IATA's Simplifying the Business (StB) programme by implementing Common Use Self Service (CUSS) kiosks, Bar Coded Boarding Pass (BCBP) and Radio Frequency Identification (RFID) for baggage management at KL International Airport (KLIA).



February'06  
**23**



March'06  
**07**

## KLIA voted World's Best Airport in AETRA Survey 2005

KLIA was voted World's Best Airport in the 15-25 million passengers per annum category in the AETRA 2005 results. KLIA also bagged third place for both Best Airport Worldwide and Best Airport in Asia Pacific categories.

March'06

**6-10**



## APAC Hosts EFE 2006

APAC hosted the Export Furniture Exhibition (EFE) 2006, the country's largest international furniture show by Malaysian companies. The exhibition achieved its objective in promoting Malaysia as a producer of high quality and aesthetically designed furniture.

## Petronas Malaysian Grand Prix 2006

Sepang International Circuit hosted its 8th edition F1 race, where 107,634 spectators thronged the circuit to watch it live while thousands Formula 1 fan around the globe watched the live telecast.

March'06

**17-19**





March'06  
23

### PM Launched Asia's First LCC Terminal at KLIA

The Honorable Prime Minister, YAB Datuk Seri Abdullah Hj. Ahmad Badawi, launched the Low Cost Carrier Terminal-KLIA (LCCT-KLIA). The RM108 million terminal is designed to cater up to 10 million passengers a year.



### KIA New Terminal Launched

The newly redeveloped terminal building of the Kuching International Airport was launched by the Prime Minister, YAB Datuk Seri Abdullah Hj. Ahmad Badawi, accompanied by Sarawak Chief Minister, YAB Pehin Sri Abdul Taib Mahmud and YB Dato' Sri Chan Kong Choy, Minister of Transport. This is the fifth airport project completed in the State after Limbang, Bintulu, Miri and Mulu.

April'06  
17

April'06  
24-27



### Malaysia Airports Launched The Courtesy & Care Programme

In an effort to improve the overall standard of customer service, Malaysia Airports launched the Courtesy & Care (C&C) programme. In tandem with its corporate mission, aspiration and image, C&C is developed and wholly-owned by Malaysia Airports to cultivate an excellent customer service culture.

April'06  
21



### APAC Hosts 10th DSA

APAC hosted the 10th Defense Service Asia (DSA) 2006, Asia's largest tri-service defense and security show. The show displayed the world's sophisticated hardware and electronic warfare in land, air and sea defenses and security peripherals.

## Vehicles Hand Over Ceremony

Malaysia Airports (Sepang) Sdn. Bhd. (MA Sepang) today took delivery of the first batch of vehicles for its Sepang airport operations, from ORIX Auto Leasing Malaysia Sdn. Bhd. which were acquired on an operating lease basis. The occasion was significant in that it represented yet another initiative by MA Sepang to tap outsourcing opportunities to enable to focus on its core competencies.



May'06  
3

5 May'06



## Alor Star New Terminal Commenced Operations

The State takes another major step towards the realisation of the Kedah Maju 2010 plan when the new terminal of Sultan Abdul Halim Airport, Alor Star commences operations today. The new terminal has the capacity to receive Airbus 330 operations as the runway was extended from the previous 1,963 meters long and 45 meters wide to 2,745 meters long and 45 meters wide.



May'06  
19

**Eraman Adds More Spice To Its Outlet By Bringing In MANGO**  
Today sees the entry of Spanish fashion line MANGO to KLIA and Eraman is proud to be its partner here as it marks the first time their boutique has been opened at an airport in the Asia Pacific.



June'06  
16

## Double Certifications For Langkawi International Airport

Langkawi 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).

The airport also received the MS ISO 9001:2000 Quality Management System from SIRIM QAS International Sdn. Bhd. during the same event.



June'06  
19

### KLIA Shopping 'Real Value, Real Style' Premier Contest Draw

With an astounding 28,541 entries to the contest, only one lucky shopper at the airport drove home with the luxurious ride. The moment arrived; a winner was named in a draw made by the Minister of Tourism, YB Datuk Seri Tengku Adnan Tengku Mansor today.

### World's Best Airport Celebrates 8 Years Serving The Nation

KLIA today celebrates its 8th anniversary and its 8th years serving the nation, commemorating it with a rousing reception of its 138 millionth passenger (total) and 46 millionth passenger (domestic).

June'06  
30



June'06  
23

### Malaysia Airports Increased Number of Security Personnel

221 aviation security trainees successfully completed the Foundation Course for Flight Security Assistant after passing their six month foundation course. Four months of the course duration was held at the Malaysia Airports Training Centre in Pulau Pinang for basic academic and physical training, while the remaining two months was held at the Security Operations Division in KLIA, Sepang.



July'06  
6



### Fun Charity Visit For Asrama Damai To KLIA

KLIA today hosted a Fun Charity Visit for students from Asrama Damai Rumah Anak-Anak Yatim Kuang, Rawang, in conjunction with KLIA 8th Anniversary Celebrations. 40 students, age 7 to 16 were exposed to all aspects of the airport's operations by visiting the Airport Fire Rescue station, Apron area, Main Terminal Building and Satellite Building of KLIA.

## Jom Makan@KLIA

Food Garden KLIA celebrated their 8th Anniversary themed 'Jom Makan @ KLIA'. The event highlighted Malaysian culinary and International delights at all Eraman Malaysia's F&B outlets at the Main Terminal Building and the Satellite Building.



July'06  
**18**



August'06  
**12**

## Malaysia Airports Technologies Go Kart Endurance Race 2006

Malaysia Airports Technologies Sdn. Bhd. (MA Tech), a subsidiary of Malaysia Airports organised a 'Go Kart Endurance Race 2006' at Go Kart Track, Sepang International Circuit, as part of the customer get together annual event.

August'06  
**8**



## Friends of Visit Malaysia Year 2007

In conjunction with the Visit Malaysia Year 2007, Tourism Malaysia launched the "Friends of Visit Malaysia Year 2007" programme which was held at the KLIA. Malaysia Airports was entrusted to realise the objective of this programme by collaborating with 44 Arabic and Mandarin speaking students from the International Islamic College University of Malaysia and the Lim Kok Wing College University.

## Online Customs Monitoring System Applied at KLIA Free Duty Shops

MA Tech in collaboration with the Royal Malaysian Customs & Excise, implemented the online customs monitoring system application at all free duty shops in KLIA.



August'06  
**22**



September'06  
8-10

### Malaysian MotoGP World Championship

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



September'06  
9  
**Malaysia Airports' Media Relationship  
Further Enhanced Through Treasure Hunt**  
65 cars participated in the "Media Hunt  
2006-Northern Trail", the largest number of  
participation in its four years history as interest  
built up among the media personnel regarding the  
airport operator's annual drive with the media. Men  
in Black, champion of the first Media Hunt in  
2002, won this year's motor hunt.

September'06  
12  
**Wider WIFI Coverage at  
World's Best Airport**

KLIA today launched a wider  
WIFI service that allows its  
community and passengers  
easier Internet access for free.  
The expanded service is  
available at the satellite

building, contact pier, arrival and departure halls.  
The expanded Internet access service was made  
possible with the recent upgrade of the backbone  
network at KLIA by Malaysia Airports making the  
award-winning airport one of the most powerful in the  
world in terms of network infrastructure.



### Malaysia Airports spices up World Route Development Forum 2006

Malaysia Airports participated in the 12th World  
Route Development Forum 2006 (ROUTES) in  
Dubai, from 17-19 September 2006. ROUTES is  
the largest networking event which gathers  
airport and airline network planners from around  
the globe. Malaysia Airports' delegation was led  
by its Chairman, Tan Sri Datuk Dr Aris Othman,  
and its Managing Director, Dato' Seri Bashir  
Ahmad, as well as representatives from the  
Ministry of Transport, Tourism Malaysia, Malaysia  
Airlines, Express Rail Link (ERL) and KL Airport  
Services (KLAS).

September'06  
15

## KLIA Soars at World Routes 2006

KLIA received the 'Highly Commended' award by OAG in the OAG Airport Marketing Awards 2006 in conjunction with the 12th World Route Development Forum in Dubai. Mr Duncan Alexander, the Managing Director of OAG handed over the award to Dato' Seri Bashir Ahmad, Managing Director Malaysia Airports and was witnessed by Tan Sri Datuk Dr. Aris Othman, Chairman Malaysia Airports.



September'06  
**19**



October'06  
**12**

## Malaysia Airports extends Management Agreement with Pan Pacific Hotels and Resorts to manage KL Airport Hotel (Pan Pacific Kuala Lumpur International Airport)

Malaysia Airports extended its contract for another 10 years for Pan Pacific Hotels and Resorts to manage KL Airport Hotel – Pan Pacific Kuala Lumpur International Airport. This is the first renewal of the management agreement with Malaysia Airports marking the continuation of relationship.

November'06  
**1**



## KLIA Welcomes Kuwait Airways

Kuwait Airways made its maiden flight to KLIA today, becoming the seventh airline from the Middle East to operate to KLIA. Kuwait Airways flies twice weekly on the Kuwait-Bangkok-Kuala Lumpur vice versa route, utilising Airbus A340 aircraft.

## Malaysia Airports Introduces KLIA Awards

Malaysia Airports celebrated its 14th anniversary by launching the inaugural annual KLIA Awards in a bid to show its appreciation to all service providers and operators at the World's Best Airport – KLIA.



November'06

# 9

## LCCT-KLIA Named CAPA Low Cost Airport of the Year

The newly opened LCCT-KLIA was named CAPA Low Cost Airport of the Year at the CAPA Aviation Awards for Excellence, barely seven months after it started operations. Malaysia Airports' Managing Director, Dato' Seri Bashir Ahmad, on receiving the Award said that it was rewarding to receive this award as the LCCT-KLIA had just started operations.



November'06

# 11

## Malaysia Airports shared the bliss of Aidilfitri with Orphans

Malaysia Airports treated a group of orphans at the Mesra Aidilfitri feast held at the Pan Pacific Kuala Lumpur International Airport Hotel to share an atmosphere of joy and happiness with the children. They comprised of 109 orphans from the Pertubuhan Anak Yatim Darul Aminan Negeri Sembilan, Yayasan Murad, Jemaah Kebajikan Anak-anak Yatim & Miskin Ulu Gadong and the Pertubuhan Rumah Anak Yatim/Miskin Daerah Kuala Langat.



November'06

# 20

## Malaysia Airports wins bid to host ACI World General Meeting

Malaysia Airports successfully won the bid to host the 19th World and Regional Assemblies 2009 at Kuala Lumpur. This is the third bid won by Malaysia Airports after hosting the first Routes Asia in 2003 and the World Routes Forum to be held in 2008. The news was announced in Cape Town, South Africa during Airport Council International (ACI) 16th World Annual General Assembly, where Malaysia Airports participated.



November'06

# 18

## More than 100 golfers took part in Malaysia Airports Golf Challenge

Malaysia Airports today organised the second annual Malaysia Airports Golf Challenge, held at the Glenmarie Golf & Country Club where more than 100 participants, comprising business partners, airlines, media agencies, clients, private, government agencies and senior officials from Malaysia Airports took part.



## November'06 24-26

### SIC Hosts A1 Grand Prix

SIC hosted its 2nd edition of A1 Grand Prix where drivers from 24 nations worldwide pitted their skills in front of thousands car racing enthusiasts.



December'06

# 6

### Best safety practices for Best Airport

KLIA organised its fifth Apron Safety Campaign in collaboration with the operating agencies at KLIA with the theme, Best Safety Practices for Best Airport. This annual event officiated by Tan Sri Datuk Dr. Aris Othman, Chairman of Malaysia Airports and aimed at promoting safety in the Airside area and to inculcate a safe working culture to the ramp staff.



December'06

# 1

### Cebu Pacific's Inaugural Flight Touches Down At KLIA

Cebu Pacific made its maiden flight to LCCT-KLIA, making it the first fully foreign-owned low cost carrier to utilise the terminal since it opened in March this year. Cebu Pacific operates four times weekly flights on the Manila-Kuala Lumpur-Manila route, utilising their brand-new A319 aircraft with 150 seats configuration.



December'06

# 1

### Malaysia Airports Staff Appreciation Dinner

About 1,000 staff of Malaysia Airports and its subsidiaries gathered at an Appreciation Dinner, where they were entertained by popular artistes and lucky draw prizes were given away to thank all the staff for their hard work, commitment and dedication throughout the year.



## December'06

# 8

### **GMG Airlines Flying To KLIA**

GMG Airlines, a private-owned airline from Bangladesh announced that it will start its operations to Kuala Lumpur on 24 January 2007. GMG operates three flights weekly, with operations on Mondays, Wednesdays and Fridays, flying on the Dhaka – Kuala Lumpur vice versa route utilising MD82 type of aircraft with 153 seating.

## December'06

# 18



### **Malaysia Airports hosted the 18th Auxiliary Police Conference**

50 agencies which represent Members of the Malaysian Auxiliary Police Association met at the 18th Auxiliary Police Chiefs and Senior Royal Malaysian Police Officers Conference organised by Malaysia Airports. The conference was a platform to deliberate current issues related to the management and operations of security with the Royal Malaysian Police Force to streamline the roles and responsibilities of Auxiliary Police agencies throughout Malaysia.



KL International Airport (KLIA) was voted World's Best Airport in the 15-25 million passengers per annum category in the AETRA 2005 Awards.

KLIA also bagged third place for both Best Airport Worldwide and Best Airport in Asia Pacific categories in the AETRA 2005 Awards.



KLIA voted third in Best Airport Worldwide for the Best in Travel Poll 2006, a survey by SmartTravelAsia.Com, the region's only dedicated online travel magazine.

KLIA received the 'Highly Commended' award by OAG in the OAG Airport Marketing Awards 2006 in conjunction with the 12th World Route Development Forum in Dubai.



KLIA voted fourth Best Airport in the World category for the Business Traveller Asia Pacific 2006 Readers' Poll awards.



Eraman Malaysia was selected as the Best Retail Outlet of the Year-Overall (based on sales performance) in the KLIA Awards 2006.

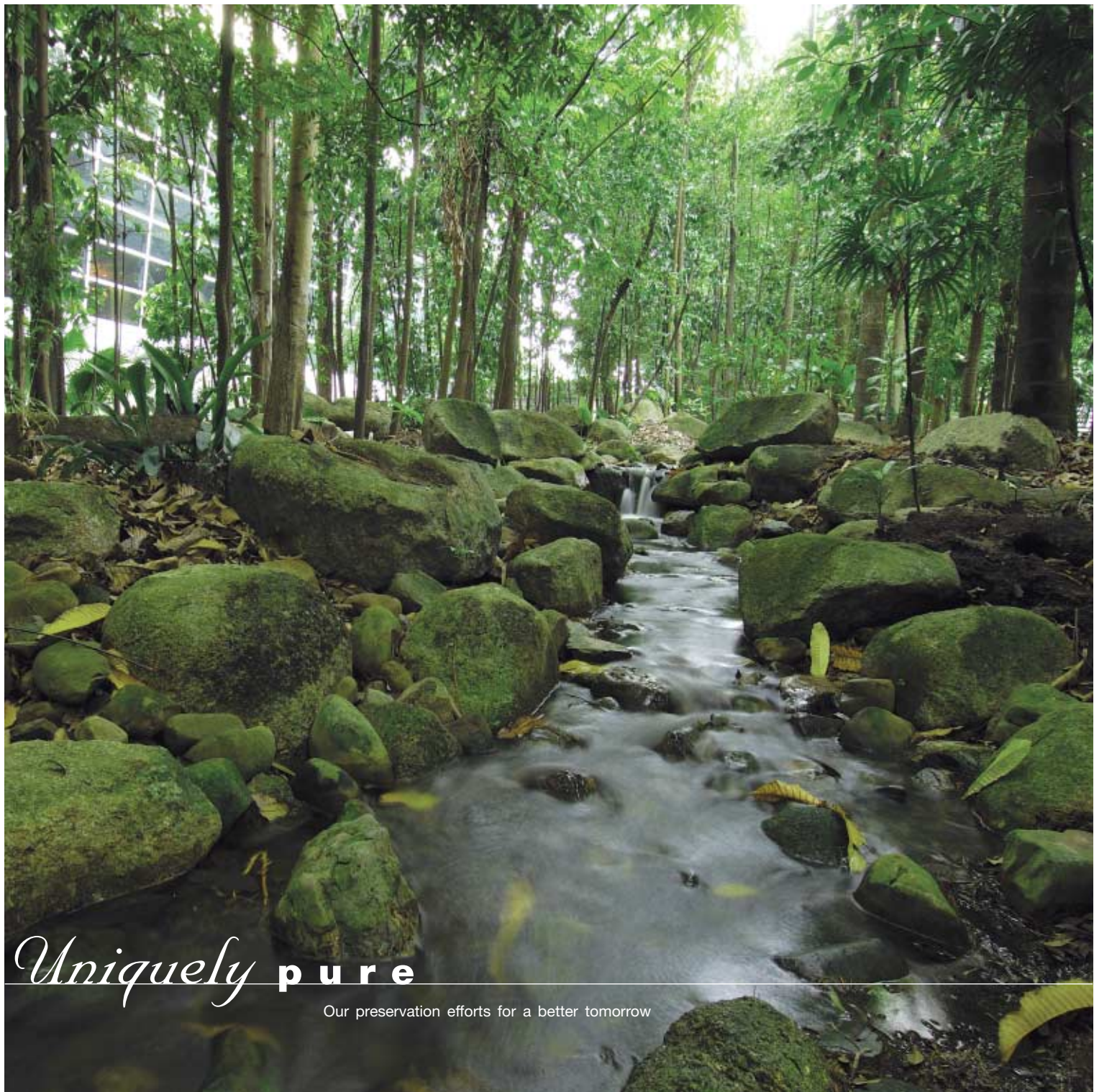
Pan Pacific Kuala Lumpur International Airport received the Outstanding Achievement Award in the KLIA Awards 2006 (for winning Best Airport Hotel in Asia – 2000, 2002, 2003, 2004, 2005 voted by Business Asia Magazine).



Low Cost Carrier Terminal-KLIA (LCCT-KLIA) was named CAPA Low Cost Airport of the Year at the CAPA Aviation Awards for Excellence 2006.

2005 Malaysia Airports Annual Report won the Platinum Award, (1st place) for the 'Best Designed Annual Report' category in the National Annual Corporate Report Awards (NACRA).





*Uniquely* **pure**

Our preservation efforts for a better tomorrow



*Uniquely* meaningful

Our contributions to society surpasses all expectations

The Board regards Corporate Governance as vitally important to the success of the Company's business and is unreservedly committed to ensuring that the following principles of good governance are practised in all of its business dealings to safeguard the interest of its shareholders and relevant stakeholders:



- The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company.
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.
- All Board members are responsible to the Company for achieving a high level of good governance.

## A. THE BOARD OF DIRECTORS

### Principal Responsibilities of the Board

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

### Transformation Programme

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. One of the main policy thrusts under the framework of the Transformation Programme is the need to upgrade the effectiveness of the GLC Board of Directors, from mere compliance with the statutory, regulatory and legal responsibilities to performing beyond the stated legal forms, with the initiation and the adoption of the "Green Book on Enhancing Board Effectiveness" that provides a set of guidelines to be adopted by the GLC Boards. The Putrajaya Committee on High Performance expects the Board to assess its current level of Board effectiveness and subsequently develop

and begin to implement an actionable improvement programme by December 2006 with the Chairman of the Board being responsible for leading the implementation efforts.

Under the Transformation Programme, the Board is required to ensure that the three main components to being an effective Board are in place, that is, structuring a high performing Board, ensuring effective day to day Board operations and interactions, and fulfilling the Board's fundamental roles and responsibilities at best practice levels. The Green Book, with best practice guidelines and a Board Effectiveness Assessment tool, has been structured around these three components. Following the adoption of the Green Book and the Board Effectiveness Assessment with the assistance of a consultant specifically engaged to aid the Group in implementing the Green Book, the Board has identified its area of improvement and subsequently embarked on the recommended improvement programmes ("Improvement Programmes").

Under the Green Book, 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 the performance of the businesses, taking corrective action and reporting it to the Board; reviewing the performance of the Senior Management and delivering meaningful rewards and consequences. The Board on the other hand 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 Board oversees and protects the long-term interests of all the stakeholders and challenges the views of the Management by providing thorough examination of the Group's present and future strategic directions. In this regard, the Board's composition is balanced proportionately with the significant shareholders being adequately represented by the existence of its nominee directors without compromising the interest of the minority shareholders. The independent directors on the Board act as caretaker of the minority shareholders and their views carry significant weight in the Board's decision-making process. However, as a result of the Board Effectiveness Assessment, the current mix of Board members has been reviewed through a skills-experience matrix based on the Company's requirement of both functional and industry experience and the Board has identified the need to enhance its composition by appointing a director with wide commercial knowledge to balance the Board's skills-experience mix and drive the effort to increase the Group's non-aeronautical revenue further. Efforts to identify and appoint a director with wide commercial knowledge have been initiated and are ongoing, at this juncture.

### Chairman and Managing Director

In upholding the spirit of corporate governance and following the Malaysian Code on Corporate Governance, there is a clear demarcation of responsibility and authority between the Chairman and the Managing Director to maintain a balance of power. 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 by encouraging a healthy debate on any issues. 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.

### Size of Non-Executive Participation

The Board currently has ten (10) directors comprising six (6) 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 the combination of the relevant knowledge, experience, skills and mindset required to effectively contribute as members of the Board and to bring an independent judgment on issues of strategy, performance and resources. The directors' relevant background ensures that they have the understanding of the fiduciary duties and responsibilities of the Board of Directors and understand 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 78 to 90 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 Mandatory Accreditation Programme as required by the Listing Requirements of BMSB.

As prescribed by BMSB under the Listing Requirements, the Board of Directors had been required to assume 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 2006. The Board, being cognisant of the Listing Requirements of BMSB, had taken the initiative to organise three in-house training programmes conducted by external consultants, on areas relating to the current changes on the airlines and airports environment and financial reporting. The training programmes attended by the Directors in 2006, are as follows:

- (a) Financial Reporting Standards (FRS) Briefing held on 7 June 2006;
- (b) Air Transport Seminar held on 4 to 6 August 2006 organised by Airline-Consulting Group from United Kingdom; and
- (c) Briefing by Airports Council International held on 4 September 2006.

Apart from the training programmes above, members of the Board had also participated in airport familiarisation visits to other renowned international airports as part of their annual training programme where they were given the overview and briefings of the airports' operation, current and future

development programmes. The visits presented the members of the Board with the opportunity to experience the uniqueness of each airport operations as well as to have a better understanding on the different ways of managing challenges at the respective airports.

For the financial year 2006, three members of the Board had participated in a six-day airport visit to Schiphol International Airport, Amsterdam, Frankfurt International Airport and Frankfurt-Hahn Airport, Germany from 12-17 November 2006. The airport visit programme was also extended to Doha International Airport, Qatar and Dubai International Airport from 3-9 March 2007 and participated by another three members of the Board.

### Board Charter

Under the Improvement Programme, the Board has formulated and adopted a clear and working Board Charter which provides guidance for the Board in the fulfilment of its roles, duties and responsibilities to ensure that they are carried out in accordance with the best practices of good corporate governance.

The Board Charter aims to outline the principles and adoption of best practices on the structures and processes towards achieving the optimal governance framework, which include amongst others, the right composition of the Board, recruitment of new directors, remuneration of directors and the establishment of Board Committees, their mandates and activities.

### Board Structure and Procedures

The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During the financial year 2006, eleven (11) Board Meetings and three (3) Special Board Meetings were held. All the directors proportionately attended more than 50% of the Board Meetings held for the full financial year of 2006, in compliance with the Listing Requirements of BMSB and the Company's Articles of Association.

The record of meeting attendance of each director during the financial year 2006 is detailed as follows:-

Directors	Number of Board Meetings attended/ held (during the Directors' tenure)	Percentage
Tan Sri Datuk Dr. Aris bin Othman	14 out of 14	100%
Dato' Seri Bashir Ahmad bin Abdul Majid	14 out of 14	100%
Dato' Zaharaah binti Shaari	11 out of 14	79%
Eshah binti Meor Suleiman	14 out of 14	100%
Izlan bin Izhah	10 out of 14	71%
Dato' Ahmad Fuaad bin Mohd Dahalan	11 out of 14	79%
Datuk Alias bin Haji Ahmad	13 out of 14	93%
Datuk Siti Maslamah binti Osman	14 out of 14	100%
Ahmad Kamal bin Abdullah Al-Yafii	14 out of 14	100%

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.

#### Quality of Information

Prior to the Board Meetings, all directors receive the agenda on a timely basis, 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. In order to independently judge the merits of proposals from the Group's Management and as part of the Improvement Programme encouraged under the Green Book, the format and structure of the Board Papers have been revised and further enhanced to ensure that the Board is equipped with the right amount of detail for the Board to make

timely and effective decisions and that Board Papers are clear and concise with the objective of communicating the recommendations within the first five minutes of reading. The new format also ensures that the elements which should be taken into account in making the decisions required such as the nature of the decision sought, the specific recommendations put forward for the Board's approval, the rationale or detailed analysis for such proposal and the potential issues and risks that might arise from such proposal, are incorporated in the Board Paper.

In an effort to continuously improve the quality of the information presented to the Board, the Board together with the Company Secretary have also implemented a feedback and rating system for Board Papers whereby Management would be coached on ways to improve the quality of Board Papers thus preventing recurrent substandard submission of Board Papers.

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 Notice 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 date of the Meeting. Furthermore, as part of the Improvement Programme implemented by the Group, the Agenda would be decided based on the consultation with the Managing Director and the Chairman of the Board and is structured and prioritised based on relevancy and importance of the matters with sufficient time allocated for items that require in-depth discussion.

The Minutes of Meetings have also been revised to include summary of Minutes to ensure that decisions, requests and requirements were recorded accurately and could be tracked

and monitored up front for clarity and ease of communication, as well as for the Board's comfort that action items are being followed up. The Board may, if required, refrain from considering last minute agenda items during Board meetings unless the matter is of genuine and exceptional circumstances.

#### **Access to Information and Advice**

The directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs to enable them to discharge their duties. They also have full 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 and advising the Board on matters pertaining to directors' responsibilities under the respective legislations and compliance with the relevant laws, guidelines and regulations.

The Board recognizes the entitlement of the Chairman to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board. The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Group, as well as the current governance practices. The incumbent also advises the members of the Board of their obligations to adhere to matters relating to disclosure of interest in securities, disclosure of any conflict of interest in a transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

Apart from the advisory role to the directors, the duties of the Company Secretary include, amongst others, to attend all Board meetings and to ensure that accurate and sufficient records of the proceedings of Board meetings and decisions made are

properly kept for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements of BMSB or other regulatory requirements, to communicate the decisions of the Board, to ensure all appointments of directors are properly made, 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 Board Nomination 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 is responsible for evaluating 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 the directors in relation to their performance, the effectiveness of the Committees of the Board, and the effectiveness of the Board as a whole. In doing so, the Board Nomination Committee plans to establish a clear nomination criteria and process as well as procedures to assess each director's ability to contribute to the effective decision making of the Board. The process is hoped to make the directors aware that their performance is being reviewed by fellow directors and thus enhance each director's contribution.

The Board Nomination Committee has also been tasked with ensuring the implementation of a sound and orderly succession of Management in the Group as well as ensuring that there are programmes in place to train and develop Management. Under the Improvement Programme as recommended by the Green Book, the Board has increased its effort in overseeing the human capital management which has been delegated to the Management. The Board Nomination Committee in turn has initiated programmes to assist Management in determining the human capital strategy, reviewing the Group's overall performance management philosophy to ensure that it is adequate in attracting, motivating and retaining the right talents and performers, overseeing succession planning for key leadership positions and enhancing leadership and human capital development.

### 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 present the shareholders with the opportunity to review the directors' performance.

The question of which directors should be selected for rotational retirement and re-election would be discussed by the Board Nomination Committee, which then submits its recommendations to the Board for deliberation and approval. 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 delegates certain of its governance responsibilities to the following Board Committees, which operate within clearly defined terms of reference to assist the Board in discharging its responsibilities:-

Board 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 Remuneration Committee ("BRC")	Review, assess and recommend to the Board of Directors, remuneration packages of the Managing Director and revised salary for new appointment of General Managers and above for the Group.
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 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 Committee	Key Functions
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 Procurement Committee ("BPC")	Approve tender for contract value above RM1 million up to RM50 million, review and approve procurement policies and procedures, oversee and monitor the overall implementation of the Red Book on Procurement Guidelines, ensuring efficiency and effectiveness of procurement process, and support of national development objectives.

The terms of reference of all the Board Committees have been reviewed and enhanced under the Improvement Programme to enable the respective Board Committee to focus its roles and responsibilities and to ensure that there are no gaps or overlaps. Suffice to say that the implementation of the Improvement Programme has successfully increased the overall effectiveness of the Board Committees. Prior to the establishment of these Board Committees, their functions were assumed by the Board as a whole. The Chairman of the Board Committee and the members shall be appointed by the Board. As a matter of good practice, the Chairman of the various Board Committees will report the outcome of the Board Committee Meetings to the Board, and such reports would be noted in the minutes of the Board Meetings.

The current membership of each of the Committees and the attendance of Members at Board Committee meetings are summarised as follows:-

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

Note: C: Chairman, M: Member

\* Resigned as member effective from 4 April 2007

\*\* Appointed as member effective from 4 April 2007

### Attendance at the Board Committee Meetings

Director	BAC	BRC	BNC	BF&IC	BRMC	BPC
Tan Sri Datuk Dr. Aris bin Othman				3/3	3/3	7/7
Dato' Seri Bashir Ahmad bin Abdul Majid				3/3	2/3	
Dato' Zaharaah binti Shaari	6/6				3/3	4/7
Eshah binti Meor Suleiman		2/2	4/5	3/3		7/7
Izlan bin Izhah	6/6	2/2	3/5			
Dato' Ahmad Fuaad bin Mohd Dahalan		2/2	4/5		3/3	
Datuk Alias bin Haji Ahmad	5/6	2/2	5/5		3/3	7/7
Datuk Siti Maslamah binti Osman	6/6	2/2	4/5	3/3		
Ahmad Kamal bin Abdullah Al-Yafii	5/6	2/2	5/5			

The salient terms of reference of the Board Committees are as follows:

#### **Board Audit Committee (“Audit Committee”)**

The Audit Committee comprises no fewer than four (4) members, the majority of whom are independent directors. At least one (1) member must be a member of the Malaysian Institute of Accountants, or he/she complies with the requirement of paragraph 15.10 (1)(c)(iii) of the Bursa Malaysia Listing Requirements.

The Audit Committee shall have the following authority as empowered by the Board:

- (a) Have authority to investigate any matter within its terms of reference;
- (b) Have the resources required to perform its duties;
- (c) Have full and unrestricted access to any information, records, properties and personnel within the Company and its group of companies;
- (d) Have direct communication channels with the external auditors and internal auditors;
- (e) Be able to obtain the services of independent professional advisers or other advisers and to engage outsiders with relevant experience and expertise if necessary;
- (f) Be able to convene meetings with the external auditors (excluding the executive members of the Committee), wherever deemed necessary; and
- (g) Be able to meet with Management to ensure that there are specific and effective avenues for whistle blowing.

The Audit Committee meets at least six (6) times during the financial year to carry out its functions. The Audit Committee is also responsible for recommending the person(s) to be nominated to act as the external auditor and the remuneration and terms of engagement of the external auditor. Under the Improvement Programme, the Audit Committee will also review its Terms of Reference at least once in every two years to assess its relevancy and clarity.

### **Board Remuneration Committee (“Remuneration Committee”)**

The Remuneration Committee was established on 30 August 2001 with its membership consisting of at least three (3) members comprising entirely of non-executive directors. The Chairman and members of the Remuneration Committee shall be appointed by the Company's Board of Directors, based on recommendations of the Board Nomination Committee. The Committee's main responsibilities, and such other responsibilities as may be determined by the Board include, amongst others, the following:

- (a) 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 any changes to the policy, as necessary.
- (b) 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.
- (c) 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.
- (d) To establish, review and recommend the scheme of service for employees and the general remuneration policies and practices within the Group.
- (e) 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.

Under the Improvement Programme, the Remuneration Committee will also review its Terms of Reference at least once in every two (2) years to assess its relevancy and clarity.

### **Board Nomination Committee (“Nomination Committee”)**

The Nomination Committee comprises at least three (3) members, all of whom shall be non-executive directors. The Chairman of the Nomination Committee and the members shall be appointed by the Board.

The responsibilities of the Nomination Committee include, amongst others, the following:

- (a) 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;

- (b) 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 the non-executive directors should bring to the Board and other qualities to function effectively and efficiently;
- (c) Propose to the Board the responsibilities of the non-executive directors, including membership and chairmanship of the Board Committees;
- (d) 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;
- (e) 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 relation to their performance, the effectiveness of the Committees of the Board, and the effectiveness of the Board as a whole;
- (f) Review and set policies and procedures on human resources and employee matters (i.e. talent management);
- (g) Review and determine the level and make-up of key management positions; and
- (h) Develop policies and recommend appropriate proposals to facilitate the recruitment and retention of Senior Management, of which approval is required from the Board.

The Nomination Committee will make the following recommendations to the Board:

- (a) In regard to whether the directors who are retiring by rotation should be put forward for re-election;
- (b) In regard to the termination of individual directors in accordance with policies for cause or other appropriate reasons; and
- (c) To review and approve the appointment and promotion of executives, secondment of employees as well as extension of service for retired employees, of which approval is required from the Board.

Under the Improvement Programme, the Nomination Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

***Board Finance and Investment Committee (“Finance and Investment Committee”)***

The Finance and Investment Committee comprises at least four (4) members, the majority of whom are independent directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or fulfil the requirements which are more particularly set out in the Committee's Terms of Reference.

The Chairman of the Company shall be the Chairman of the Finance and Investment Committee. The Finance and Investment Committee will conduct its meeting at least once every quarter or 4 meetings per annum and convene additional meetings as and when necessary.

The functions and duties of the Finance and Investment Committee are to:

- (a) Review the annual business plans and budgets and any supplementary budgets (half-yearly) and recommending them to the Board for approval;
- (b) Review and monitor the financial position and performance of the Company and its group of companies on a quarterly basis;
- (c) Review and monitor the financial investment policy and financial investment portfolios of the Company and its group of companies and report to the Board on a quarterly basis;
- (d) Consider and appoint investment managers to manage the financial investments of the Company and its group of companies; and
- (e) Oversee current and future capital and financial resource requirements.

Under the Improvement Programme, the Finance and Investment Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

### **Board Risk Management Committee (“Risk Management Committee”)**

The Risk Management Committee comprises at least four (4) members, made up of independent non-executive directors and non-independent non-executive directors. The members of the Risk Management Committee are appointed by the Board as recommended by the Nomination Committee.

The responsibilities of the Risk Management Committee are to, inter alia:

- (a) Formulate overall Risk Management Policy and Strategy;
- (b) Oversee Senior Management’s activities in managing risks and ensure that the risk management framework and process are in place and functioning;
- (c) Approve payments of compensation and/or indemnify to third parties and employees and the satisfactory acceptance of compensation and/or indemnity by third parties to the organisation caused by risks in accordance with the Company’s policies;
- (d) Approve major risk financing decisions;
- (e) Review and ensure all risks (strategic, financial and operational) are taken into account for long term business plans and strategies;
- (f) Oversee adequacy of risk management department; and
- (g) Ensure that a risk management statement is included in the Company’s Annual Report and accounts confirming that risks are being identified, evaluated and managed by the Company and its group of companies.

Under the Improvement Programme, the Risk Management Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

### **Board Procurement Committee (“Procurement Committee”)**

The Procurement Committee comprises at least three (3) members, made up of both independent non-executive directors and non-independent non-executive directors. The members of the Procurement Committee are appointed by the Board.

The general functions of the Procurement Committee are to:

- (a) Ensure that the project and tender documents comply with the prescribed procurement policies and procedures;
- (b) Determine the tender evaluation criteria;
- (c) Approve qualified tenderers;
- (d) Appoint sub-committees for technical and commercial evaluations, as and when necessary;
- (e) Recommend to the Board on award of tender above Ringgit Malaysia Fifty (50) Million;
- (f) Approve tenders for amount from Ringgit Malaysia One (1) Million up to Ringgit Malaysia Fifty (50) Million;
- (g) Review and approve procurement policies and procedures, including the anti-corruption policy and codes of conduct; and
- (h) Oversee and monitor the overall implementation of the Red Book on Procurement Guidelines, ensuring efficiency and effectiveness of procurement process, and support of national development objectives.

Under the Improvement Programme, the Procurement Committee will also review its Terms of Reference at least once every two (2) years to assess its relevancy and clarity.

### **B. DIRECTORS’ REMUNERATION**

As illustrated by the Board Remuneration 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 Managers 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 calibre of non-executive directors serving the Company is essential in setting and maintaining the standards of Corporate Governance. The Board has reviewed the current Board remuneration structure by benchmarking the Chairman and the directors’ remuneration against peer companies, locally and regionally and plans to align the remuneration to at least around the 50th percentile of the appropriate peer group. With the alignment, the Board hopes that the remuneration package given to the non-executive directors of the Company would continue to attract and retain directors of such calibre 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 2006 by category are as follows:-

Category	Salary, Bonus and Other emoluments (RM)	Directors' Fees (RM)	Directors' Other emoluments (RM)	Benefits in kind (RM)	Total (RM)
Executive Director*	811,866.00	–	–	17,701.00	829,567.00
Non-Executive Directors	–	174,000.00	249,000.00	16,600.00	439,600.00

\* 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 division, 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 is 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.

Apart from developing and implementing an investor relations programme, the Board has, pursuant to the Board Effectiveness Assessment, identified the action plans to be more proactive in engaging its stakeholders, namely by setting up a stakeholder management committee consisting of 3-4 members of the Board and Senior Management with direct contact with major stakeholders, developing and implementing a plan to proactively engage major stakeholders by gaining understanding of the diverse and conflicting interests of the major stakeholders, discussing and agreeing on a stakeholder engagement plan and monitoring the execution of the plan, and lastly developing tracking database of when key stakeholders were engaged and what was the subject and result of the engagement plan.

## 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.

The Board is fully aware of the changes in the accounting policies with the implementation of 21 new and revised Financial Reporting Standards ("FRS") approved by the Malaysian Accounting Standards Board, of which 13 standards are applicable for the Group's financial year commencing 1 January 2006.

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of the FRSs has changed a number of the Group's accounting policies. The principal effects of the changes in accounting policies resulting from the adoption of the new and revised FRSs are as follows:

**(a) FRS 138: Intangible Assets**

**Intangible assets other than goodwill**

The new FRS 138 requires that the useful lives of intangible assets other than goodwill be assessed at the individual asset level as either having a finite or indefinite life. Intangible assets with indefinite useful lives are not amortised but instead, are tested for impairment annually. Concession rights are considered as intangible assets and have been reclassified commencing from 1 January 2006, with concession rights stated at cost less accumulated amortisation and impairment losses.

**(b) FRS 101: Presentation of Financial Statements**

With the adoption of the revised FRS 101, minority interest is now presented within total equity, in the consolidated balance sheet and as an allocation of net profit or loss for the period, in the consolidated income statement. In addition, total recognised income and expenses for the period, showing separate amounts attributable to equity holders of the parent and to minority interest, are also disclosed on the statement of changes in equity.

**Internal Control**

The Statement of Internal Control set out on pages 142 to 144 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 138 to 139 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 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 151 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 2006.

**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 2006.

**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 2006.

**4. Non-Audit Fees**

The amount of non-audit fees paid to the External Auditors, apart from the audit fees, during the financial year ended 31 December, 2006 is as follows:-

External Auditor	Report	Total Paid (RM)
Ernst & Young	Professional Services and Advisory Work on the Application of the Financial Reporting Standards ("FRS") for MAHB Group of Companies	115,000.00

**5. Profit Guarantee**

There was no profit guarantee given by the Company during the financial year 2006.

**6. Revaluation Policy on Landed Properties**

There was no revaluation of properties of the Company during the financial year 2006.

**7. Share Buy-Back**

There was no share buy-back exercised by the Company during the financial year 2006.

**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 2006.

This Statement on Corporate Governance was duly reviewed and approved by the Board of Directors of MAHB on 9 April 2007.

**RISK** can be defined as an event or action that can potentially affect an organisation's ability to operate, achieve its objectives or deliver on set expectations. Risks can take the form of unrealised opportunities, threats that does not materialise or errors made. Risks threaten the assets, reputation or earnings capacity of an organisation.

**Enterprise Risk Management (ERM)** is the practice of managing the broad spectrum of risks within a holistic framework. It involves (i) the systematic and comprehensive identification, evaluation, economic control and continued monitoring of those risks that threaten an organisation and (ii) the implementation of integrated risk management solutions i.e. the alignment of strategy, people, processes and technology, to maximise value. In short, ERM enables management to effectively deal with uncertainty and associated risk and opportunity, thus enhancing the organisation's capacity to build value for its stakeholders.

#### **MALAYSIA AIRPORTS' ERM FRAMEWORK**

Managing risk is the responsibility of everyone. At Malaysia Airports, we are developing and embedding ERM throughout the length and breadth of our organisation. We believe that good ERM practices should be built into our existing processes, not simply bolted on; they should be an extension of good management practice and should support the existing processes within our organisation.

Malaysia Airports' ERM framework calls for us to focus on all aspects of risk i.e. the financial, operational and strategic aspects, from whatever source. We take into account strategic risks that impact upon the strategic direction of the business including environmental, legal and compliance risks. We keep a sharp eye on the financial risks that may impact the financial structure and management of our business including our treasury, corporate and financial functions. We are also focused on any operational risks that may impact upon our daily operations including technological and information systems risks.

#### **THE BENEFITS OF ERM**

Malaysia Airport's ERM framework helps promote better decision making to protect and enhance the Group's value. It supports our corporate objectives of profitability and growth through enhancing efficiency and savings.

The benefits of implementing good ERM practices at Malaysia Airports are manifold. A solid ERM framework enables more efficient capital allocation and in turn provides Malaysia Airports with a stronger financial position; it generates tangible risk management information, improves risk awareness and enhances decision making; it satisfies corporate governance requirements and enables the achievement of our strategic objectives.

#### **ERM REPORTING STRUCTURE**

Our ERM Reporting Structure involves the Board Risk Management Committee (BRMC) which assist MAHB's Board of Directors in fulfilling the Board's fiduciary responsibilities relating

to the company's risk management practice. The BRMC is authorised by the Board to deal with all matters related to the organisation's risk management. They work with the Management Committee and Risk Management Department who will then cascade the ERM policies and initiatives down to the respective business units.

Malaysia Airports risk management's objective are:-

- (i) to minimise interruptions in the pursuit of our company's objectives through the economic control of frequency and severity of losses.
- (ii) to ensure that there is adequate financial provision in the event of loss to facilitate resumption of our company operations.

The risk management objective cannot be emphasised strongly enough as it directly impacts upon our objective of being able to provide continuous world-class airport services to all our customers.

Throughout 2006, the Risk Management Department initiated the effort to embed ERM throughout Malaysia Airports. Risks associated with safety, security, financial stability, service level, image and reputation were identified as high priority areas. Over time, the fulfillment of good risk management practices will be incorporated into all our employees' KPIs.

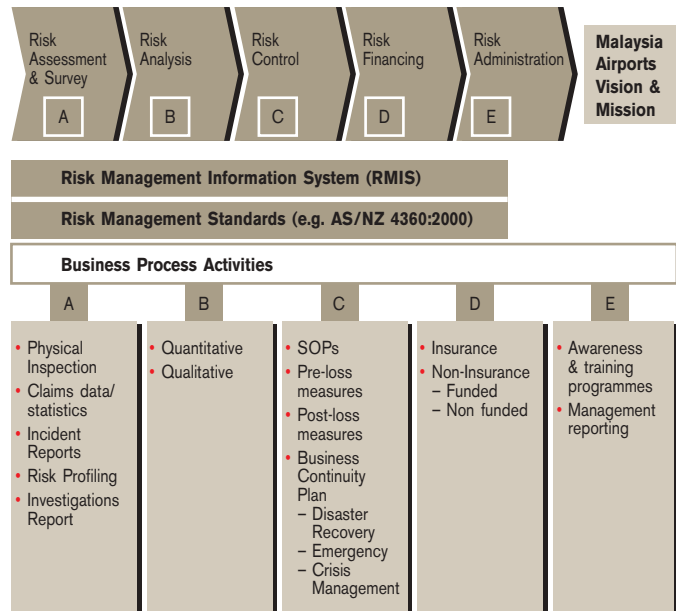
## BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management (BCM) is an operational risk control measure. At Malaysia Airports, a BCM Programme is underway to consolidate and enhance our existing Business Continuity Plans, Disaster Recovery Plans and the Airport Emergency Plan (AEP) into one consistent framework. The Emergency Response Plan component of the BCM will help us fix problems; the Crisis Management Plan will help us deal with issues and the Business Recovery Plan will help us recover the business quickly. We also recognised the importance of involving KLIA's aerodrome partners in our BCM Programme and thus we are actively in communication with them throughout the development and implementation of this programme.

## OUR COMMITMENT TO ERM

Malaysia Airports is committed in ensuring a sound and holistic risk management framework is embedded throughout our organisation. With a holistic risk management process in place, we will be in a position to identify potential threats against our organisation as well as build our resilience and capability for effective response. In the long run, a solid ERM foundation will help us to proactively safeguard the interests of our key stakeholders, reputation, brand and value creation activities in a very tangible manner.

## RISK MANAGEMENT BUSINESS PROCESS VALUE CHAIN



**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

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	6/6
Datuk Alias bin Haji Ahmad	5/6
Ahmad Kamal bin Abdullah Al-Yafii	5/6
Izlan bin Izhab	6/6

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 forty (40) 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 continued the implementation of Self Audits i.e. Internal Control Questionnaire (ICQ) in new areas. 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.

## 1. CONSTITUTION

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

## 2. ESTABLISHMENT OF 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 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.
- (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 External Auditors (excluding the executive members of the committee), whenever deemed necessary.
- (vii) Be able to meet with Management to ensure that there are specific and effective avenues for whistle blowing.

## 5. FUNCTION 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 risks.
- 5.6 Discuss problems and reservations arising from the interim and final audits, and any other 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 Carry out 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.
- 5.15 Annual evaluation of the external auditor's performance to ensure continued independence, objectivity and quality of audits.

## 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 Board Audit Committee, the Head of Internal Audit or the External Auditor, the Chairman of 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 authorized 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.

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:

→ In line with the related initiatives introduced under the GLC transformation programme, the Board has adopted and implemented the Red book (reviewing and revamping procurement practices) and the Green book (enhancing board effectiveness). The Blue book (intensifying performance management practices) has been implemented much earlier with the introduction of Key Performance Indicators (KPIs) in 2004 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. Currently all staff are assessed on KPIs.

During the year MAHB also embarked on other GLC transformation initiatives i.e. Silver book (achieving value through social responsibility), Purple book (optimizing capital management practices) and Yellow book (enhancing operational efficiency and effectiveness).

- Together with the 5 year Business Plan, seven strategic initiatives were identified to address the major GLC transformation initiatives as well as MAHB's key focus areas i.e. profitability, ROE, regional airport development, service levels, efficiency and people development. Reporting to management was made on a periodic basis.
- 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, comprise 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 138 to 139.
- The Risk Management Committee appointed by the Board comprise five non-executive members, continued to oversee the management of risk in the Group. During the year, periodic meetings were held to discuss organization's risk issues. The Risk Management Department ("RMD") continued

embedding risk management practices into business processes which included risk assessment for new ventures covering areas of strategic, financial and operational exposures. In complementing and further enhancing the Airport Emergency Plan (AEP), the Group initiated Business Continuity Planning programme for KLIA. A Risk Management Report is provided on pages 136 to 137.

- To ensure effectiveness of the procurement system, two committees are in place at Group level namely, Management Procurement Committee and Board Procurement 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. Both committees comprise six non-executive members of whom three are independent.
- In January 2006, an Information Communication Technology (ICT) Steering Committee (management) was formed to address the investments, prioritization and governance of all ICT initiatives within the Group.
- A Management Committee is established to assist the Board in ensuring the effectiveness of the Group's operations. The Committee is represented by heads of Subsidiaries and heads of relevant functions at Head Office. The organizational structure is defined with clear lines of responsibility and accountability and reporting structure is aligned according to functional responsibilities.
- Annual Business Plan and Budget are prepared at subsidiary levels and reviewed by the Board Finance and Investment Committee before being tabled to the Board for approval. In addition, the Finance and Investment Committee is also responsible for reviewing and monitoring the financial investment policy and financial investment portfolios of the Group. The business performance of the Company was prepared and submitted to the Board on a monthly basis, facilitating management to focus on areas of concern.
- 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 continued implementation of Self Audits i.e. Internal Control Questionnaire (ICQ) in new areas. The Self Audits 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.
- As one of the initiatives under the GLCs transformation, a centralized procurement function has been established which covers procurement and inventory management for the whole Group. During the year under review, the initiatives resulted in substantial 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.

- Competency based Human Resource processes covering performance, career development and succession planning including hiring and termination of staff and structured training programme were implemented for all staff to ensure staff are competent in carrying out their duties. As part of the cultural transformation process, two major initiatives were embarked on during the year, High Performance culture through the Shared Values programme and Excellent Customer Service culture through the Courtesy Care programme.
- Financial Limits of Authority ("FLOA") approved by the Board are applicable to the whole Group, covering areas of finance/accounts, procurement 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. During the financial year, the Group has adopted all new and revised Financial Reporting Standards (FRSs) which are mandatory for its operations for the years beginning on or after 1 January 2006.
- 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 thirteen domestic airports have been certified to MS ISO 9001:2000 quality management system.
- 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. Three domestic airports have also been certified whereas the rest are awaiting DCA inspection.
- The Group acquired Fire Certificate for KLIA (7 buildings including Pan Pac Hotel) and all terminal buildings at Penang, Langkawi, Kota Bharu, Labuan and Bintulu 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 also 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 2006.

In respect of the preparation of the Financial Statements for the financial year ended 31 December 2006.

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 cash flows 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 2006 set out on pages 153 to 231, 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 9 April 2007.



# Financial Statements

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**DIRECTORS' REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company is investment holding.

The principal activity of the subsidiaries are described in Note 14 to the financial statements.

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

**RESULTS**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	170,867	89,790
<hr/>		
<b>Attributable to:</b>		
Equity holders of the Company	170,330	89,790
Minority interests	537	-
	<hr/>	<hr/>
	170,867	89,790
<hr/>		

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

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

## DIVIDEND

The amount of dividend paid by the Company since 31 December 2005 were as follows:

**RM'000**

In respect of the financial year ended 31 December 2005 as reported in the directors' report of that year:

Final dividend of 4% less 28% taxation, on 1,100,000,000 ordinary shares, declared on 7 June 2006  
and paid on 18 July 2006

31,680

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At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 4% less 27% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM32,120,000 (2.92 sen net per ordinary 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 equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

## DIRECTORS

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

Tan Sri 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

Dato' Ahmad Fuaad bin Mohd Dahalan

Jamilah binti Hashim

(appointed on 1 March 2007)

Long See Wool

(alternate director to Dato' Zaharaah binti Shaari)

Dyg Sadiyah binti Abg Bohan

(alternate director to Eshah binti Meor Suleiman; appointed on 6 February 2007)

Gho Peng Seng

(alternate director to Eshah binti Meor Suleiman; resigned on 21 July 2006)

### **DIRECTORS' BENEFITS**

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full time employee) 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 values 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**OTHER STATUTORY INFORMATION (CONT'D.)**

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

**AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 29 March 2007.

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

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

Kuala Lumpur, Malaysia  
29 March 2007

# Statement By Directors

151

pursuant to Section 169(15) of the Companies Act, 1965

Malaysia Airports Holdings Berhad

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 153 to 231 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 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 dated 29 March 2007.

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

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

Kuala Lumpur, Malaysia  
29 March 2007

# Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

Malaysia Airports Holdings Berhad

I, **Faizal Sham bin Abu Mansor** (MIA Number: 27407), 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 153 to 231 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 Faizal Sham bin Abu Mansor )  
at Kuala Lumpur in the Federal Territory )  
on 29 March 2007. ) **Faizal Sham bin Abu Mansor**

Before me,

*Commissioner for Oaths*

Kuala Lumpur

We have audited the accompanying financial statements set out on pages 153 to 231. 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 have 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 for Entities Other Than Private Entities 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 2006 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of a subsidiary of which we have not acted as auditors, as indicated in Note 14 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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 and did not include any comment required to be made under Section 174(3) of the Act.

**Ernst & Young**

No. AF 0039

*Chartered Accountants*

Kuala Lumpur, Malaysia

29 March 2007

**Nik Rahmat Kamarulzaman bin Nik Ab. Rahman**

No. 1759/02/08 (J)

*Partner*

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Revenue	3	1,146,840	1,112,837	138,889	118,000
Other income	4	73,780	107,089	5,635	3,494
Changes in inventories		3,751	4,635	–	–
Purchases of inventories		(125,469)	(116,916)	–	–
Employee benefits expense	5	(276,114)	(229,401)	(4,415)	(4,120)
Depreciation		(117,455)	(94,300)	(2,047)	(1,013)
Other expenses		(438,961)	(505,447)	(2,758)	(13,050)
<b>Operating profit</b>		<b>266,372</b>	<b>278,497</b>	<b>135,304</b>	<b>103,311</b>
Finance costs	6	(6,505)	(6,658)	(6,494)	(6,658)
Share of profits of associates		3,387	5,302	–	–
<b>Profit before tax</b>	7	<b>263,254</b>	<b>277,141</b>	<b>128,810</b>	<b>96,653</b>
Income tax expense	9	(92,387)	(94,878)	(39,020)	(33,807)
<b>Profit for the year</b>		<b>170,867</b>	<b>182,263</b>	<b>89,790</b>	<b>62,846</b>
<b>Attributable to:</b>					
Equity holders of the Company		170,330	182,263	89,790	62,846
Minority interests		537	–	–	–
		170,867	182,263	89,790	62,846
<b>Earnings per share attributable to equity holders of the Company (sen)</b>					
– Basic, for profit for the year	10	15.48	16.57		

The accompanying notes form an integral part of the financial statements

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	1,721,627	1,634,295	6,289	3,419
Concession rights	13	1,221,128	1,250,202	–	–
Investments in subsidiaries	14	–	–	1,797,716	1,797,716
Investment in associates	15	30,091	33,048	–	–
Other investments	16	133,755	112,697	48,620	19,953
Trade receivables	19	6,073	–	–	–
Staff loans	17	30,345	29,959	–	–
Deferred tax assets	28	748	759	–	–
		3,143,767	3,060,960	1,852,625	1,821,088
<b>Current assets</b>					
Inventories	18	49,014	41,573	–	–
Trade and other receivables	19	357,137	376,331	587,116	597,615
Marketable securities	20	41	88	–	–
Cash and cash equivalents	21	781,782	561,321	132,637	112,198
		1,187,974	979,313	719,753	709,813
<b>TOTAL ASSETS</b>		4,331,741	4,040,273	2,572,378	2,530,901
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	29	1,100,000	1,100,000	1,100,000	1,100,000
Share premium		822,744	822,744	822,744	822,744
Retained earnings	30	872,061	733,411	102,353	44,243
		2,794,805	2,656,155	2,025,097	1,966,987
<b>Minority interests</b>	31	3,213	–	–	–
<b>Total equity</b>		2,798,018	2,656,155	2,025,097	1,966,987

	Note	Group		Company	
		2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>EQUITY AND LIABILITIES (CONT'D.)</b>					
<b>Non-current liabilities</b>					
Retirement benefits	22	55,002	50,931	3,147	2,954
Provisions for pension		34,352	34,352	–	–
Other financial liability	24	16,238	–	–	–
Borrowings	25	9,065	115,000	9,000	115,000
Deferred tax liabilities	28	14,508	6,840	–	–
		129,165	207,123	12,147	117,954
<b>Current liabilities</b>					
Borrowings	25	106,049	6,000	106,000	6,000
Trade and other payables	27	436,523	285,109	429,134	439,545
Concession rights payable	23	826,680	836,680	–	–
Income tax payable		35,306	49,206	–	415
		1,404,558	1,176,995	535,134	445,960
<b>Total liabilities</b>		<b>1,533,723</b>	<b>1,384,118</b>	<b>547,281</b>	<b>563,914</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,331,741</b>	<b>4,040,273</b>	<b>2,572,378</b>	<b>2,530,901</b>

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

Group	Note	Attributable to Equity Holders of the Company					Minority Interests RM'000 (Note 31)	Total Equity RM'000
		Share Capital RM'000 (Note 29)	Non-Distributable Reserves		Retained Earnings RM'000 (Note 30)	Total RM'000		
			Share Premium RM'000					
<b>At 1 January 2005</b>		1,100,000	822,744		574,908	2,497,652	–	2,497,652
Profit for the year, representing total recognised income and expense		–	–		182,263	182,263	–	182,263
Dividends	11	–	–		(23,760)	(23,760)	–	(23,760)
<b>At 31 December 2005</b>		1,100,000	822,744		733,411	2,656,155	–	2,656,155
<b>At 1 January 2006</b>		1,100,000	822,744		733,411	2,656,155	–	2,656,155
Acquisition of a subsidiary	14	–	–		–	–	3,014	3,014
Profit for the year, representing total recognised income and expense		–	–		170,330	170,330	537	170,867
Dividends	11	–	–		(31,680)	(31,680)	–	(31,680)
Dividend paid to minority interests		–	–		–	–	(338)	(338)
<b>At 31 December 2006</b>		1,100,000	822,744		872,061	2,794,805	3,213	2,798,018

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

# Statement Of Changes In Equity

for the year ended 31 December 2006

Malaysia Airports Holdings Berhad

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Company	Note	Share Capital RM'000 (Note 29)	Non-	Distributable	Total Equity RM'000
			Share Premium RM'000	Distributable Retained Earnings RM'000 (Note 30)	
<b>At 1 January 2005</b>		1,100,000	822,744	5,157	1,927,901
Profit for the year		–	–	62,846	62,846
Dividends	11	–	–	(23,760)	(23,760)
<b>At 31 December 2005</b>		1,100,000	822,744	44,243	1,966,987
<b>At 1 January 2006</b>		1,100,000	822,744	44,243	1,966,987
Profit for the year		–	–	89,790	89,790
Dividends	11	–	–	(31,680)	(31,680)
<b>At 31 December 2006</b>		1,100,000	822,744	102,353	2,025,097

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

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	263,254	277,141	128,810	96,653
Adjustments for:				
Interest income	(24,959)	(21,233)	(3,937)	(2,226)
Dividend income	–	–	(138,889)	(118,000)
Interest expense	6,505	6,658	6,494	6,658
Provisions for liabilities	24,775	17,887	311	76
Amortisation of concession rights	29,074	29,074	–	–
Amortisation of premium on investments	353	368	–	–
Adjustment for depreciation on reversal of land premium	–	(11,200)	–	–
Bad debts written off	363	234	–	–
Impairment of property, plant and equipment	–	1,022	–	–
Impairment of investment	–	52	–	–
Impairment loss on subsidiary	–	–	–	9,891
Depreciation of property, plant and equipment	88,381	65,226	2,047	1,013
Gain on disposal of property, plant and equipment	(94)	(209)	(29)	–
Gain on disposal of other investments	(373)	–	–	–
Gain on disposal of associate	–	(9,823)	–	–
Property, plant and equipment written off	122	33	–	–
Inventories written off	124	818	–	–
(Writeback of)/provision for doubtful debts	(32,871)	43,885	–	–
Retirement benefits	3,504	(1,987)	196	(558)
Investment income	(816)	(208)	(816)	–
Excess of Group's interest in net fair value over cost (Note 14(a))	(380)	–	–	–
Share of profit of associates	(3,387)	(5,302)	–	–
Operating profit/(loss) before working capital changes	353,575	392,436	(5,813)	(6,493)
(Increase)/decrease in inventories	(6,426)	3,532	–	–
Decrease/(increase) in receivables	52,904	18,554	(484)	3,597
Increase in payables	128,435	1,517	1,245	5,210
(Increase)/decrease in related company balances	–	–	(424)	137,278
Cash generated from/(used in) operations	528,488	416,039	(5,476)	139,592
Taxes paid	(99,343)	(113,782)	(945)	(441)
Concession rights paid	(10,000)	(20,000)	–	–
Retirement benefits paid	(3,258)	(3,034)	(164)	(320)
Net cash generated from/(used in) operating activities	415,887	279,223	(6,585)	138,831

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant & equipment	(174,851)	(148,199)	(4,927)	(2,715)
Proceeds from disposal of property, plant and equipment	107	228	39	–
Purchase of other investments	(44,430)	(13,543)	(28,667)	(13,293)
Acquisition of subsidiary (Note 14)	2,447	–	–	–
Proceeds from disposal of other investments	23,439	16,666	–	–
Investment income received	816	208	816	–
Interest received	24,959	21,233	3,937	2,226
Dividend received from associated company	432	656	–	–
Dividend received from subsidiary	–	–	100,000	33,000
Net cash (used in)/generated from investing activities	(167,081)	(122,751)	71,198	19,218
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from term loan	–	4,000	–	4,000
Repayment of hire purchase obligations and lease financing	(60)	–	–	–
Repayment of other short term borrowings	(6,000)	(83,000)	(6,000)	(83,000)
Interest paid	(6,505)	(6,658)	(6,494)	(6,658)
Debentures issued by a subsidiary	16,238	–	–	–
Dividends paid to shareholders of the Company	(31,680)	(23,760)	(31,680)	(23,760)
Dividends paid to minority interests	(338)	–	–	–
Net cash used in financing activities	(28,345)	(109,418)	(44,174)	(109,418)
<b>Net increase in cash and cash equivalents</b>	220,461	47,054	20,439	48,631
<b>Cash and cash equivalents at beginning of the year</b>	561,321	514,267	112,198	63,567
<b>Cash and cash equivalents at end of year (Note 21)</b>	781,782	561,321	132,637	112,198

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

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of 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 principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 14. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2007.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia For Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company adopted all new and revised Financial Reporting Standards ("FRSs") which are mandatory for its operations for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical basis, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000), except when otherwise indicated.

### 2.2 Summary of Significant Accounting Policies

#### (a) Subsidiaries and Basis of Consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (a) Subsidiaries and Basis of Consolidation (cont'd.)

##### (ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

#### (b) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (b) Associates (cont'd.)

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### (c) Intangible Assets

##### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (c) Intangible Assets (cont'd.)

##### (ii) Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

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

#### (d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital improvements relate to the upgrading and resurfacing of runway.

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.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (d) Property, Plant and Equipment and Depreciation (cont'd.)

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

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%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

#### (e) Impairment of Non-Financial Assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (e) Impairment of Non-Financial Assets (cont'd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

#### (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.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (i) 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, 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) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

#### (ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries, associates and jointly controlled entities are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

#### (iii) 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 credited or charged to the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is charged or credited to the income statement.

#### (iv) Trade Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

#### (v) Trade 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.

#### (vi) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (i) Financial Instruments (cont'd.)

##### (vii) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

##### (viii) Derivative Financial Instruments

Derivative financial instruments are not recognised in the financial statements.

#### (j) Leases

##### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

##### (ii) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (j) Leases (cont'd.)

##### (iii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

#### (k) Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (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.

Deferred tax is provided for, using the liability method. 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 as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised 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 the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (m) Provisions

Provisions 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, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Provision for restructuring costs is recognised when a detailed and formal restructuring plan has been approved, and the restructuring has either commenced or has been announced publicly. Costs relating to ongoing activities are not provided for.

#### (n) Employee Benefits

##### (i) Short Term Benefits

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

##### (ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

##### (iii) Defined Benefit Plan

The Company operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for all qualifying staff who have been confirmed in service 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 in note 2.2(n)(ii) above.

The Company'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.

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

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

### **2.2 Summary of Significant Accounting Policies (cont'd.)**

#### **(o) Foreign Currencies**

##### **(i) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

##### **(ii) Foreign Currency Transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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

### 2.2 Summary of Significant Accounting Policies (cont'd.)

#### (o) Foreign Currencies (cont'd.)

##### (iii) Foreign Operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

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

	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
United States Dollar (USD)	3.53	3.78
Great Britain Pound (GBP)	6.93	6.49
Singapore Dollar (SGD)	2.30	2.26
Euro (EUR)	4.57	4.49

#### (p) 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.

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

### **2.2 Summary of Significant Accounting Policies (cont'd.)**

#### **(q) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

##### **(i) Dividend Income**

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

##### **(ii) Sale of Goods**

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### **(iii) Revenue from Services**

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

Revenue from contracts are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

##### **(iv) 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.

##### **(vi) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

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

### 2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs

The accounting policies adopted are consistent with those of the previous financial year except that arising from the adoption of new/revised FRS mandatory for its operations for the financial years beginning on or after 1 January 2006. The adoption of the new/revised FRS did not have a significant financial impact on the Group other than as disclosed in Note 2.4.

At the date of authorisation of these financial statements, although the following FRSs, amendments to FRS and Interpretations were in issue, the Group and the Company have chosen not to early adopt as they were not yet effective.

(i) FRS 6	: Exploration for and Evaluation of Mineral Resources
(ii) FRS 117	: Leases
(iii) FRS 124	: Related Party Transactions
(iv) FRS 139	: Financial Instruments: Recognition and Measurement
(v) IC Interpretation 1	: Changes in Existing Decommissioning, Restoration and Similar Liabilities
(vi) IC Interpretation 2	: Members' Shares in Co-operative Entities and Similar Instruments
(vii) IC Interpretation 5	: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
(viii) IC Interpretation 6	: Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
(ix) IC Interpretation 7	: Applying the Restatement Approach under FRS 129 <sub>2004</sub> – Financial Reporting in Hyperinflationary Economies
(x) IC Interpretation 8	: Scope of FRS 2
(xi) Amendment to FRS 119 <sub>2004</sub>	: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosure
(xii) Amendment to FRS 121	: The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation

FRS 6 is not relevant to the Group's and the Company's operations. The amendment to FRS 119<sub>2004</sub> introduces the option of an alternative recognition approach for actuarial gains and losses arising from post employment defined benefit plan. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. As the Group and the Company does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, adoption of this amendment will only impact the format and extent of disclosures presented in the financial statements.

The amendment to FRS 121 requires that where an entity has a monetary item that forms part of its net investment in a foreign operation, the exchange differences arising from such monetary items should always be recognised in equity in the consolidated financial statements and should not be dependent on the currency of the monetary item. Prior to this amendment, exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation are recognised in equity in the consolidated financial statements only when that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation. The Group will apply this amendment from financial periods beginning 1 January 2008. As it is not possible to reasonably estimate the exchange rates applicable to such monetary items for future periods, the directors are therefore unable to determine if the initial adoption of this amendment will have a material impact on the consolidated financial statements for the financial year ending 31 December 2008.

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

### 2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (cont'd.)

The adoption of new/revised FRS did not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

#### (a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

##### (i) Goodwill

Prior to 1 January 2006, goodwill arising on the acquisition of subsidiaries and on the acquisition of associates is written off in the year of acquisition.

The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing writing off of goodwill. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 has no impact on the Group's financial statements as goodwill arising from prior years has been written off.

##### (ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Prior to 1 January 2006, negative goodwill was recognised as negative goodwill in the balance sheet as reserves on consolidation. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. The Group does not have any excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost in prior year.

Because the revised accounting policy has been applied prospectively, excess of Group's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities of RM380,000, arising from the acquisition of subsidiary, as disclosed in Note 14, has been recognised in the income statement during the current financial year.

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

### 2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (cont'd.)

#### (a) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets (cont'd.)

##### (iii) Accounting for acquisitions

Prior to 1 January 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably. In addition, the Group was previously allowed to recognise restructuring provisions in connection with an acquisition regardless of whether the acquiree had recognised such provisions. Upon the adoption of FRS 3, the Group is now permitted to recognise such provisions only when the acquiree has, at the acquisition date, an existing liability for restructuring recognised in accordance with FRS 137 Provisions, Contingent Liabilities and Contingent Assets.

The change did not materially affect the financial statements of the Group and the Company.

##### (iv) Other intangible assets

Prior to 1 January 2006, all intangible assets were considered to have a finite useful life and were stated at cost less accumulated amortisation and impairment losses. The new FRS 138 requires that the useful lives of intangible assets other than goodwill be assessed at the individual asset level as having either a finite or indefinite life. Some of the intangible assets are regarded to have an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. Intangible assets with indefinite useful lives are not amortised but instead, are tested for impairment annually. In accordance with the transitional provisions of FRS 138, the change in the useful life assessment from finite to indefinite is made on a prospective basis.

The Group has applied FRS 138 prospectively in accordance with the transitional provisions. However, as required by FRS 138, certain comparatives of the Group have been re-presented due to the current year's reclassification. The change in presentation have been applied retrospectively and as disclosed in Note 2.3(c)(iii), certain comparatives have been restated. This change has no impact on the Group's presentation as at 31 December 2006.

#### (b) FRS 101: Presentation of Financial Statements

##### (i) Classification of financial liabilities payable on demand

In accordance with the concession agreement entered into with the GoM, a subsidiary has not paid the concession fee according to the specified repayment schedule which resulted in the liability amounting to RM826,680,000 (2005: RM836,680,000) becoming payable on demand. The liability was classified as non-current in the past as the GoM has not demanded payment as a consequence of the non-payment and it was not probable that further non-payment will occur in future. However, upon the adoption of the revised FRS 101, such obligation is now required to be classified as current liabilities. The change in classification resulted in a reclassification of non-current liabilities to current liabilities as disclosed in Note 2.3(c)(iii). The effects on the consolidated balance sheet as at 31 December 2006 are set out in Note 2.3(c)(i). There were no effects on the consolidated income statement for the year ended 31 December 2006.

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

### 2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (cont'd.)

#### (b) FRS 101: Presentation of Financial Statements (cont'd.)

##### (ii) Other presentation

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of taxation of associates accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associates accounted for using the equity method are now included in the respective shares of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have been applied retrospectively and as disclosed in Note 2.3(c)(i), certain comparatives have been restated. The effects on the consolidated income statement for the year ended 31 December 2006 are set out in Note 2.3(c)(ii). These changes in presentation has no impact on the Company's financial statements.

#### (c) Summary of effects and changes arising from adoption of new and revised FRSs

The following tables provide estimates of the extent to which each of the line items in the balance sheets and income statements for the year ended 31 December 2006 is higher or lower than it would have been had the previous policies been applied in the current year:

##### (i) Effects on balance sheet as at 31 December 2006

Description of change	(Decrease)/Increase		
	FRS 101 Note 2.3(b)(i) RM'000	FRS 138 2.3(a)(iv) RM'000	Total RM'000
Intangible assets – concession rights	–	1,221,128	1,221,128
Property, plant and equipment	–	(1,221,128)	(1,221,128)
Concession rights payable – current	826,680	–	826,680
Concession rights payable – non-current	(826,680)	–	(826,680)

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

### 2.3 Changes in Accounting Policies, Effects and Changes in Comparatives Arising from Adoption of New and Revised FRSs (cont'd.)

#### (c) Summary of effects and changes arising from adoption of new and revised FRSs (cont'd.)

##### (ii) Effects on income statements for the year ended 31 December 2006

Description of change	Decrease	
	FRS 101 Note 2.3(b)(ii) RM'000	Total RM'000
Share of profit of associates	(947)	(947)
Profit before taxation	(947)	(947)
Income tax expense	(947)	(947)

##### (iii) Restatement of comparatives

The following comparative amounts have been restated arising from the effects of adopting the new and revised FRSs:

Description of change	Previously stated RM'000	Increase/(Decrease)			Restated RM'000
		FRS 138 Note 2.3(a)(iv) RM'000	FRS 101 Note 2.3(b)(i) RM'000	FRS 101 Note 2.3(b)(ii) RM'000	
<b>At 31 December 2005</b>					
<b>Group</b>					
Property, plant and equipment	2,884,497	(1,250,202)	–	–	1,634,295
Intangible asset – concession rights	–	1,250,202	–	–	1,250,202
Concession rights payable:					
– current liability	–	–	836,680	–	836,680
– non-current liability	836,680	–	(836,680)	–	–
<b>For the year ended 31 December 2005</b>					
<b>Group</b>					
Share of profit of associates	7,194	–	–	(1,892)	5,302
Profit before taxation	279,033	–	–	(1,892)	277,141
Income tax expense	(96,770)	–	–	1,892	(94,878)

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

### 2.4 Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the residual values of certain buildings and the estimated useful lives of certain plant and machineries from thirteen to five years with effect from 1 January 2006. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been increased by RM8,062,000. The class of assets has been reclassified to reflect more precision composition of each class of assets as disclosed in Note 12.

### 2.5 Significant Accounting Estimates and Judgements

#### (a) Critical Judgements Made in Applying Accounting Policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

##### (i) Revenue Recognition

Included in the Group revenue is accrued revenue in respect of certain commercial debtors where the Group has not finalised the definitive terms of agreement with these commercial debtors. The accrued revenue is based on pre-determined rates negotiated upon the operations of the KLIA and the Subang airports. The management estimates that based on their experience with other commercial debtors where definitive terms were finalised, the formalisation of the agreed rates will not be materially different if such rates are being re-negotiated. The accrued revenue in this respect contributed to 1% of the total revenue of the Group and gross profits arising from this source of income contributed 6% of the total net profit for the Group for the financial year ended 31 December 2006.

#### (b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) Concession Agreement

The Group signed a Concession Agreement with the GoM on 18 October 1999 for a period of 45 years to manage, operate and maintain and undertake future development of the K.L. International Airport ("KLIA") in Sepang and other related services. Although certain property, plant and equipment of the Group are constructed on the leased land owned by the GoM, the Group has recognised these assets constructed as their property, plant and equipment in accordance with FRS 116 Property, Plant and Equipment where the Group has the rights to use these assets within the concession period. Estimated useful lives of these assets and the depreciation charges reflect the management's estimate of the concession period where the Group intends to derive future economic benefits from the use of these assets.

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

### 2.5 Significant Accounting Estimates and Judgements (cont'd.)

#### (b) Key Sources of Estimation Uncertainty (cont'd.)

##### (i) Concession Agreement (cont'd.)

As the Group is currently in negotiations with the GoM to restructure the Group's obligations, the concession terms including timing may vary depending on the finalisation of the agreement between the Group and the GoM. Therefore, the estimated useful lives of assets residing on the leased land shall reflect the management's estimate of the concession period and accordingly, future depreciation charges could be revised. In addition, any revision to the concession agreement may also result in changes to the remaining useful life of concession rights and the lease obligations in respect of the concession.

##### (ii) Contracts relating to motor sports events

Contracts relating to motor sports events are significant to the Group in respect of the organising and promoting of motor sports at the Sepang F1 Circuit. The contracts with the relevant motor sports bodies give rights to a subsidiary to organise the major motor sports events with the contracts expiring between 2008 and 2010.

The future economic benefits arising from the use of the racing circuit is significantly dependent on these contracts and accordingly any termination or non extension of these contracts shall result in the management's estimate to assess the impairment of the racing circuit and its related assets. The current depreciation rates of the racing circuit and other related assets are 2% and between 10% to 20% per annum respectively and therefore do not reflect the comparable useful lives of these assets against the existing contracts.

The revenue arising from the motor sports events contributed 5.8% of the Group's total revenue and the carrying amounts of the racing circuit and other related assets are RM328.3 million and RM9.1 million respectively as at 31 December 2006.

##### (iii) Income Taxes

Significant estimation is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (iv) Deferred Taxation

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of the Group was RM24,494,000 (2005: RM26,416,000) and the unrecognised tax losses and capital allowances of the Group was RM43,423,000 (2005: RM52,984,000).

**3. REVENUE**

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sale of goods:-				
– Duty free and non duty free	228,558	211,558	–	–
– Agriculture and horticulture	22,991	14,413	–	–
Rendering of services:-				
– Airport operations	749,905	747,611	–	–
– Hotel operations	53,292	50,854	–	–
– Event management services	67,045	69,116	–	–
– Management and auction services	25,049	19,285	–	–
Dividend income from subsidiaries	–	–	138,889	118,000
	1,146,840	1,112,837	138,889	118,000

**4. OTHER INCOME**

Included in other income are:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest income	24,959	21,233	3,937	2,226
Rental income	4,947	4,522	–	–
Adjustment for depreciation on reversal of land premium (Note 12)	–	11,200	–	–
Gain on disposal of property, plant and equipment	94	209	29	–
Gain on disposal of:				
– marketable securities	9	–	–	–
– other investments	364	9,823	–	–
Net realised foreign exchange gain	1,356	1,259	–	–
Investment income	816	208	816	–

## 5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Wages and salaries	153,465	130,571	13,166	11,260
Bonus	27,493	14,286	2,711	983
Contributions to defined contribution plan	29,607	23,467	2,832	1,864
Social security contributions	2,681	2,196	150	111
Short term accumulating compensated absences	1,118	(173)	311	76
Defined benefit plan (Note 22)	3,504	(1,987)	196	(558)
Other employee benefits	58,246	61,041	12,789	9,015
	276,114	229,401	32,155	22,751
Re-charged to subsidiaries	–	–	(27,740)	(18,631)
	276,114	229,401	4,415	4,120

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM812,000 (2005: RM671,000) and RM812,000 (2005: RM671,000) respectively as further disclosed in Note 8.

## 6. FINANCE COSTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest expense:				
Term loan	6,494	6,658	6,494	6,658
Hire purchase and finance lease liabilities	11	–	–	–
	6,505	6,658	6,494	6,658

## 7. PROFIT BEFORE TAXATION

The following amounts have been included at arriving at profit before taxation:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	462	407	423	372
Auditors' remuneration:				
– statutory	379	317	30	28
– other services	115	–	115	–
Lease rental payable to Government of Malaysia (Note 27)	5,000	5,000	–	–
Rental expense	3,229	2,486	(22)	500
Amortisation of concession rights assets (Note 13)	29,074	29,074	–	–
Impairment of property, plant and equipment (Note 12)	–	1,022	–	–
Depreciation of property, plant and equipment (Note 12)	88,381	65,226	2,047	1,013
Property, plant and equipment written off	122	33	–	–
Write down of inventories	124	818	–	–
(Writeback of)/Provision for doubtful debts				
– trade receivables	(32,763)	43,225	–	–
– other receivables	(108)	660	–	–
Bad debts written off	363	234	–	–
Bad debts recovered	(2,672)	(171)	–	–
Amortisation of premium on investment	353	368	–	–
Provision for impairment in				
– quoted investment	–	52	–	–
– subsidiary	–	–	–	9,891
Utilities cost	176,023	148,505	189	705
Repair and maintenance costs	114,734	122,580	190	189
Event staging, management and promotion costs	44,606	75,788	–	–
Management fee paid to hotel operator	2,253	2,013	–	–

## 8. DIRECTORS' REMUNERATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Executive directors' remuneration (Note 5):				
Fees	–	–	–	–
Other emoluments	812	671	812	671
	812	671	812	671
Non-Executive directors' remuneration (Note 7):				
Fees	174	153	174	153
Other emoluments	288	254	249	219
	462	407	423	372
Total directors' remuneration	1,274	1,078	1,235	1,043
Estimated money value of benefit-in-kind	34	34	34	34
Total directors' remuneration including benefit-in-kind	1,308	1,112	1,269	1,077

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Executive:				
Salaries and other emoluments	511	478	511	478
Bonus	183	95	183	95
Defined contribution plan	118	98	118	98
Estimated money value of benefit-in-kind	17	17	17	17
	829	688	829	688
Non-Executive:				
Fees	174	153	174	153
Allowances	288	254	249	219
Estimated money value of benefit-in-kind	17	17	17	17
	1,308	1,112	1,269	1,077

**8. 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	
	2006	2005
<b>Executive directors:</b>		
RM650,001 – RM700,000	–	1
RM700,001 – RM750,000	–	–
RM750,001 – RM800,000	–	–
RM800,001 – RM850,000	1	–
<b>Non-Executive directors:</b>		
Less than RM50,000	9	9
RM50,001 – RM100,000	–	–
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	1	1

**9. TAXATION**

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysian income tax				
Current income tax	85,390	94,389	39,049	33,808
(Over)/under provision in prior years	(605)	1,457	(29)	(1)
	84,785	95,846	39,020	33,807
Deferred tax (Note 28):				
Relating to origination and reversal of temporary differences	7,315	3,813	–	–
Relating to reduction in tax rates	(510)	–	–	–
Under/(over) provision in prior years	797	(4,781)	–	–
	7,602	(968)	–	–
Total income tax expenses	92,387	94,878	39,020	33,807

## 9. TAXATION (CONT'D.)

Domestic current income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes. Certain subsidiaries qualify for the reduced statutory tax rate of 20% on the first RM500,000 (2005: RM500,000) estimated assessable profit during the year.

Taxation for other jurisdiction calculated at the rate prevailing in that jurisdiction.

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:

	2006 RM'000	2005 RM'000
<b>Group</b>		
Profit before taxation	263,254	277,141
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	73,711	77,599
Effect of different tax rates in the first RM500,000 (2005: RM500,000)	(144)	(120)
Effects of share of results of associates	(947)	(1,892)
Deferred tax recognised at reduced tax rate	(510)	–
Income not subject to tax	–	(3,260)
Expenses not deductible for tax purposes	19,947	18,132
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(3,226)	–
Utilisation of deferred tax assets not recognised	–	(482)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	3,364	8,225
(Over)/under provision of income tax in prior years	(605)	1,457
Under/(over) provision of deferred tax in prior years	797	(4,781)
Income tax expense for the year	92,387	94,878
<b>Company</b>		
Profit before taxation	128,810	96,653
Taxation at Malaysian statutory tax rate of 28% (2005: 28%)	36,067	27,063
Expenses not deductible for tax purposes	2,982	6,745
Overprovision of tax expense in prior years	(29)	(1)
Income tax expense for the year	39,020	33,807

**9. TAXATION (CONT'D.)**

Tax savings during the financial year arising from:

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Utilisation of previously unrecognised tax losses	3,166	1,634
Unutilised tax losses carried forward	32,150	40,229

**10. EARNINGS PER SHARE****(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
Profit attributable to ordinary equity holders of the Company (RM'000)	170,330	182,263
Weighted average number of ordinary shares in issue ('000)	1,100,000	1,100,000

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>sen</b>	<b>sen</b>
Basic earnings per share for:		
Profit for the year	15.48	16.57

There are no shares in issuance which have a dilutive effect to the earnings per share of the Group.

## 11. DIVIDENDS

	Dividends in Respect of Year		Dividends Recognised in Year	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Recognised during the year:</b>				
Final dividend for 2005: 4.0% less 28% taxation, on 1,100,000,000 ordinary shares (2.88 sen per ordinary share)	–	31,680	31,680	–
Final dividend for 2004: 3.0% less 28% taxation on 1,100,000,000 ordinary shares (2.16 sen per ordinary share)	–	–	–	23,760
<b>Proposed for approval at AGM (not recognised as at 31 December):</b>				
Final dividend for 2006: 4.0% less 27% taxation on 1,100,000,000 ordinary shares (2.92 sen per ordinary share)	32,120	–	–	–
	32,120	31,680	31,680	23,760

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2006, of 4.0% less 27% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM32,120,000 (2.92 sen net per ordinary 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 equity as an appropriation of retained earnings in the financial year ending 31 December 2007.

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and buildings* RM'000	Plantations RM'000	Vehicles, office, communications and electronic equipment, furniture and fittings, plant and machinery, crockery, glassware, cutlery and linen** RM'000	Racing circuit, capital improvements and capital work-in- progress*** RM'000	Total RM'000
<b>At 31 December 2006</b>					
<b>Cost</b>					
At 1 January 2006	867,924	73,864	387,476	768,687	2,097,951
Additions	596	–	19,155	155,100	174,851
Disposals	–	–	(631)	–	(631)
Written off	(122)	–	(8,956)	–	(9,078)
Reclassifications (Note iii)	(46,889)	–	46,889	–	–
Transfers	97,114	–	106,490	(203,604)	–
Acquisition of a subsidiary (Note 14)	–	–	997	–	997
At 31 December 2006	918,623	73,864	551,420	720,183	2,264,090
<b>Accumulated depreciation and impairment</b>					
At 1 January 2006	142,145	6,860	211,250	103,401	463,656
Depreciation charge for the year (Note 7)	17,089	2,870	52,991	15,431	88,381
Disposals	–	–	(618)	–	(618)
Written off	(23)	–	(8,933)	–	(8,956)
Reclassifications (Note iii)	(18,548)	–	18,548	–	–
At 31 December 2006	140,663	9,730	273,238	118,832	542,463
<b>Net carrying amount</b>	<b>777,960</b>	<b>64,134</b>	<b>278,182</b>	<b>601,351</b>	<b>1,721,627</b>

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

<b>Group (Cont'd.)</b>	<b>Leasehold land and buildings*</b> RM'000	<b>Plantations</b> RM'000	<b>Vehicles, office, communications and electronic equipment, furniture and fittings, plant and machinery, crockery, glassware, cutlery and linen**</b> RM'000	<b>Racing circuit, capital improvements and capital work-in- progress***</b> RM'000	<b>Total</b> RM'000
<b>At 31 December 2005</b>					
<b>Cost</b>					
At 1 January 2005	958,127	72,439	325,461	690,943	2,046,970
Additions	2,223	1,535	14,713	129,728	148,199
Disposals	–	–	(1,876)	–	(1,876)
Written off	–	–	(730)	–	(730)
Adjustments	(93,332)	(110)	(105)	(1,065)	(94,612)
Transfers	906	–	50,013	(50,919)	–
At 31 December 2005	867,924	73,864	387,476	768,687	2,097,951
<b>Accumulated depreciation and impairment</b>					
At 1 January 2005	136,103	4,416	181,669	88,974	411,162
Depreciation charge for the year	17,242	2,444	31,113	14,427	65,226
Disposals	–	–	(1,857)	–	(1,857)
Impairment losses	–	–	1,022	–	1,022
Adjustment (Note 4)	(11,200)	–	–	–	(11,200)
Written off	–	–	(697)	–	(697)
At 31 December 2005	142,145	6,860	211,250	103,401	463,656
<b>Net carrying amount</b>	<b>725,779</b>	<b>67,004</b>	<b>176,226</b>	<b>665,286</b>	<b>1,634,295</b>

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

## \* Leasehold Land and Buildings of the Group

Group (Cont'd.)	Leasehold land RM'000	Terminal buildings RM'000	Hotel property RM'000	Total RM'000
<b>At 31 December 2006</b>				
<b>Cost</b>				
At 1 January 2006	9,196	691,077	167,651	867,924
Additions	–	596	–	596
Written off	–	(122)	–	(122)
Reclassification (Note iii)	–	–	(46,889)	(46,889)
Transfers	–	97,114	–	97,114
At 31 December 2006	9,196	788,665	120,762	918,623
<b>Accumulated depreciation</b>				
At 1 January 2006	681	113,697	27,767	142,145
Depreciation charge for the year	121	14,553	2,415	17,089
Written off	–	(23)	–	(23)
Reclassification (Note iii)	–	–	(18,548)	(18,548)
At 31 December 2006	802	128,227	11,634	140,663
<b>Net carrying amount</b>	<b>8,394</b>	<b>660,438</b>	<b>109,128</b>	<b>777,960</b>
<b>At 31 December 2005</b>				
<b>Cost</b>				
At 1 January 2005	102,528	687,948	167,651	958,127
Additions	–	2,223	–	2,223
Adjustment ^	(93,332)	–	–	(93,332)
Transfers	–	906	–	906
At 31 December 2005	9,196	691,077	167,651	867,924
<b>Accumulated depreciation</b>				
At 1 January 2005	11,760	99,877	24,466	136,103
Depreciation charge for the year	121	13,820	3,301	17,242
Adjustment ^	(11,200)	–	–	(11,200)
At 31 December 2005	681	113,697	27,767	142,145
<b>Net carrying amount</b>	<b>8,515</b>	<b>577,380</b>	<b>139,884</b>	<b>725,779</b>

^ The adjustment was in respect of reversal of land premium.

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

\*\* Vehicles, Office, Communication and Electronic Equipment, Furniture and Fittings, Plant and Machinery, Crockery, Glassware, Cutlery and Linen

<b>Group (Cont'd.)</b>	<b>Vehicles RM'000</b>	<b>Office, communication and electronic equipment, furniture and fittings RM'000</b>	<b>Plant and machinery, crockery, glassware, cutlery and linen RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2006</b>				
<b>Cost</b>				
At 1 January 2006	68,347	313,855	5,274	387,476
Additions	1,680	17,253	222	19,155
Disposals	(456)	(175)	–	(631)
Written off	(733)	(8,217)	(6)	(8,956)
Reclassification (Note iii)	400	46,489	–	46,889
Transfers	8,434	95,120	2,936	106,490
Acquisition of a subsidiary	411	586	–	997
At 31 December 2006	78,083	464,911	8,426	551,420
<b>Accumulated depreciation and amortisation</b>				
At 1 January 2006	44,731	161,549	4,970	211,250
Depreciation charge for the year	5,205	47,502	284	52,991
Disposals	(446)	(172)	–	(618)
Written off	(731)	(8,196)	(6)	(8,933)
Reclassification (Note iii)	400	18,148	–	18,548
At 31 December 2006	49,159	218,831	5,248	273,238
<b>Net carrying amount</b>	<b>28,924</b>	<b>246,080</b>	<b>3,178</b>	<b>278,182</b>

**12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

**\*\* Vehicles, Office, Communication and Electronic Equipment, Furniture and Fittings, Plant and Machinery, Crockery, Glassware, Cutlery and Linen (Cont'd.)**

<b>Group (Cont'd.)</b>	<b>Vehicles RM'000</b>	<b>Office, communication and electronic equipment, furniture and fittings RM'000</b>	<b>Plant and machinery, crockery, glassware, cutlery and linen RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2005</b>				
<b>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 off	–	(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 and impairment</b>				
At 1 January 2005	42,691	133,955	5,023	181,669
Depreciation charge for the year	3,507	27,579	27	31,113
Disposals	(1,467)	(310)	(80)	(1,857)
Impairment loss	–	1,022	–	1,022
Written off	–	(697)	–	(697)
At 31 December 2005	44,731	161,549	4,970	211,250
<b>Net carrying amount</b>	<b>23,616</b>	<b>152,306</b>	<b>304</b>	<b>176,226</b>

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

### \*\*\* Racing Circuit, Capital Improvements and Capital Work-In-Progress

Group (Cont'd.)	Racing circuit (Note i) RM'000	Capital improvements RM'000	Capital work-in- progress (Note ii) RM'000	Total RM'000
<b>At 31 December 2006</b>				
<b>Cost</b>				
At 1 January 2006	399,828	60,301	308,558	768,687
Additions	–	710	154,390	155,100
Transfers	–	4,671	(208,275)	(203,604)
At 31 December 2006	399,828	65,682	254,673	720,183
<b>Accumulated depreciation</b>				
At 1 January 2006	63,500	39,901	–	103,401
Depreciation charge for the year	7,997	7,434	–	15,431
At 31 December 2006	71,497	47,335	–	118,832
<b>Net carrying amount</b>	<b>328,331</b>	<b>18,347</b>	<b>254,673</b>	<b>601,351</b>
<b>At 31 December 2005</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
<b>Accumulated depreciation</b>				
At 1 January 2005	55,504	33,470	–	88,974
Depreciation charge for the year	7,996	6,431	–	14,427
At 31 December 2005	63,500	39,901	–	103,401
<b>Net carrying amount</b>	<b>336,328</b>	<b>20,400</b>	<b>308,558</b>	<b>665,286</b>

**12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

- (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 Capital work-in-progress of the Group is an amount RM159,635,000 (2005: RM159,635,000) incurred in relation to the proposed development of the National Exhibition and Convention Centre at Subang which have remained suspended.
- (iii) As referred to in Note 2.4, the reclassification is in respect of FRS 116 to better reflect each class of asset.

The Group's negotiations with GoM to restructure its obligations includes both items (i) and (ii) which are pending formalisation between the parties concerned.

<b>Company</b>	<b>Furniture and fittings RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Office equipment RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2006</b>				
<b>Cost</b>				
At 1 January 2006	–	1,187	4,514	5,701
Additions	1,363	602	2,962	4,927
Disposals	–	(102)	–	(102)
At 31 December 2006	1,363	1,687	7,476	10,526
<b>Accumulated depreciation</b>				
At 1 January 2006	–	422	1,860	2,282
Depreciation charge for the year	24	272	1,751	2,047
Disposal	–	(92)	–	(92)
At 31 December 2006	24	602	3,611	4,237
<b>Net carrying amount</b>	1,339	1,085	3,865	6,289

**12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

<b>Company (Cont'd.)</b>	<b>Furniture and fittings RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Office equipment RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2005</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
Depreciation charge for the year	–	166	847	1,013
At 31 December 2005	–	422	1,860	2,282
<b>Net carrying amount</b>	–	765	2,654	3,419

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 RM120,788,000 (2005: RM109,632,000) and RM1,557,000 (2005: RM988,000) respectively.

During the current year, the Group acquired a subsidiary with motor vehicles held under hire purchase arrangements. Net carrying amount of motor vehicles held under hire purchase arrangements is RM136,000.

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Notes 26 and 35.

**13. CONCESSION RIGHTS**

	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cost</b>		
At 1 January/31 December	1,308,350	1,308,350
<b>Accumulated amortisation</b>		
At 1 January	58,148	29,074
Charge for the year	29,074	29,074
At 31 December	87,222	58,148
<b>Net carrying amount</b>	<b>1,221,128</b>	<b>1,250,202</b>

**14. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares at cost	1,807,607	1,807,607
Less: Accumulated impairment losses	(9,891)	(9,891)
	<b>1,797,716</b>	<b>1,797,716</b>

#### 14. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries, all of which are incorporated in Malaysia (except for Malaysia Airports (Mauritius) Private Limited and MAHB (Mauritius) Private Limited, both of which are incorporated in Mauritius), are as follows:

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2006 %	2005 %	
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.
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.

## 14. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2006 %	2005 %	
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.
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) Private Limited*	USD1,000	100	100	Investment holding.

#### 14. INVESTMENTS IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2006 %	2005 %	
MAHB (Mauritius) Private Limited	USD2	100	–	Dormant. Intended principal activity is investment holding.
Malaysia Airports Management & Technical Services (Labuan) Pte Ltd (LL05298)	USD1,000	100	–	Dormant. Intended principal activity is investment holding.
Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)	750,000	75	49	Provision of mechanical, electrical and civil engineering services at KLIA in Sepang.

\* Audited by another firm other than Ernst & Young

##### (a) Acquisition of subsidiaries

On 24 January 2006, Malaysia Airports Management & Technical Services Sdn. Bhd., a wholly owned subsidiary of the Company, completed the acquisition of 195,000 ordinary shares of RM1.00 each in an associate company, Urusan Teknologi Wawasan Sdn. Bhd. ("UTW"); representing an additional 26% equity interest for a cash consideration of RM2,754,000. Following this, the Group's effective interest increased to 75% equity interest and subsequently UTW became a subsidiary of the Group.

On 7 April 2006, the Group incorporated Malaysia Airports Management & Technical Services (Labuan) Pte Ltd by subscription of the shares for a total consideration of USD1,000.

On 1 September 2006, the Group acquired 2 ordinary shares in a subsidiary, MAHB (Mauritius) Private Limited for USD2.

The cost of acquisition comprised the following:

	RM'000
Purchase consideration satisfied by cash for acquisition as:	
– subsidiary	2,754
– associate	368
<hr/>	
Total cost of acquisition	<hr/> 3,122 <hr/>

**14. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(a) Acquisition of subsidiaries (Cont'd.)**

The acquired subsidiaries have contributed the following results to the Group:

	<b>2006 RM'000</b>
Revenue	25,146
Profit for the year	2,141

If the acquisition had occurred on 1 January 2006, the Group's revenue and profit for the year would have been RM1,148,739,000 and RM170,877,000 respectively.

The assets and liabilities arising from the acquisition as at 31 January 2006 are as follows:

	<b>Fair value recognised on acquisition RM'000</b>	<b>Acquiree's carrying amount RM'000</b>
Property, plant and equipment	997	997
Inventories	1,139	1,139
Trade and other receivables	6,849	6,849
Tax recoverable	77	77
Cash and bank balances	5,201	5,201
	<b>14,263</b>	<b>14,263</b>
Trade and other payables	(1,952)	(1,952)
Borrowings	(174)	(174)
Deferred tax liabilities	(77)	(77)
	<b>(2,203)</b>	<b>(2,203)</b>
Fair value of assets	12,060	
Less: Minority interests	(3,014)	
	9,046	
Less: Share of net assets under associated company	(5,544)	
Group's share of net assets	3,502	
Excess of Group's interest in net fair value over cost	(380)	
Total cost of acquisition	<b>3,122</b>	

#### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

##### (a) Acquisition of subsidiaries (Cont'd.)

The cash flow on acquisition is as follows:

	<b>2006 RM'000</b>
Purchase consideration satisfied by cash, representing total cash outflow of the Company	2,754
Cash and cash equivalents of subsidiary acquired	(5,201)
<b>Net cash flow to the Group</b>	<b>(2,447)</b>

#### 15. INVESTMENTS IN ASSOCIATES

	<b>Group</b>	
	<b>2006 RM'000</b>	<b>2005 RM'000</b>
Unquoted shares at cost	18,234	18,602
Share of post-acquisition reserve	11,857	14,446
<b>Total</b>	<b>30,091</b>	<b>33,048</b>

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
			2006 %	2005 %		
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	30 June	Provision of mechanical, electrical and civil engineering services at KLIA in Sepang.

\* As referred to in Note 14, Urusan Teknologi Wawasan Sdn. Bhd. became a subsidiary during the year.

**15. INVESTMENTS IN ASSOCIATES (CONT'D.)**

The associate has a financial year end of 31 March 2007 to conform with its holding company's financial year end. The financial statements of the associate for the 9 months interim period ended 31 December 2006 have been used for the purpose of applying the equity method of accounting.

The summarised financial statements of the associates are as follows:

	2006 RM'000	2005 RM'000
<b>Assets and liabilities</b>		
Current assets	101,022	85,174
Non-current assets	105,609	107,851
<b>Total assets</b>	<b>206,631</b>	<b>193,025</b>
Current liabilities	(35,146)	(30,899)
Non-current liabilities	(21,031)	(26,372)
<b>Total liabilities</b>	<b>(56,177)</b>	<b>(57,271)</b>
<b>Results</b>		
Revenue	43,661	43,356
Profit for the year	16,861	16,683

**16. OTHER INVESTMENTS**

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Bonds in Malaysia – net of amortisation of premium of RM4,506,000 (2005: RM4,153,000)	46,901	70,273	–	–
Unquoted shares, at cost	86,854	42,424	48,620	19,953
	<b>133,755</b>	<b>112,697</b>	<b>48,620</b>	<b>19,953</b>
Market value of bonds	50,849	76,757	–	–

Unquoted shares of RM17,953,000 (2005: RM17,953,000) are pledged as security in respect of certain agreement entered into by the Company.

## 17. STAFF LOANS

	Group	
	2006 RM'000	2005 RM'000
Staff loans	33,238	32,726
Less: Current (Note 19)	(2,893)	(2,767)
Non-current portion	30,345	29,959
Analysed as:		
Current	2,893	2,767
Non-current:		
Later than 1 year but not later than 2 years	2,970	2,893
Later than 2 years but not later than 5 years	13,374	13,971
Later than 5 years	14,001	13,095
	30,345	29,959
	33,238	32,726

The staff loans attract interest rate at 4% (2005: 4% to 6%) per annum.

## 18. INVENTORIES

	Group	
	2006 RM'000	2005 RM'000
<b>Cost</b>		
Spares and consumables	19,344	15,565
Trading goods	29,477	25,762
Food and beverages	193	172
	49,014	41,499
<b>Net realisable value</b>		
Trading goods	-	74
	49,014	41,573

## 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	257,920	345,654	–	–
Accrued revenue	35,258	34,993	–	–
	293,178	380,647	–	–
Less: Provision for doubtful debts				
Third parties	(72,154)	(128,367)	–	–
Trade receivables, net	221,024	252,280	–	–
<b>Other receivables</b>				
Amounts due from subsidiaries	–	–	585,381	596,763
Staff loans (Note 17)	2,893	2,767	–	–
Deposits received	4,070	3,935	16	9
Tax recoverable	884	149	399	–
Prepayment for event management activities	20,012	14,104	–	–
Amounts recoverable arising from event management activities	95,635	95,635	–	–
Other prepayments	3,467	507	–	–
Sundry receivables	10,664	8,574	1,320	843
Other receivables	137,625	125,671	587,116	597,615
Less: Provision for doubtful debts	(1,512)	(1,620)	–	–
Other receivables, net	136,113	124,051	587,116	597,615
<b>Total</b>	<b>357,137</b>	<b>376,331</b>	<b>587,116</b>	<b>597,615</b>
<b>Non-current</b>				
<b>Trade receivables</b>				
Third parties	29,522	–	–	–
Less: Provision for doubtful debts	(23,449)	–	–	–
	6,073	–	–	–

## 19. TRADE AND OTHER RECEIVABLES (CONT'D.)

The movement in provision for doubtful debts is as follows:

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	129,987	198,373
(Write back of)/provision for doubtful debts	(32,871)	43,885
Written off	(1)	(112,271)
At end of year	97,115	129,987

### (a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing. As at balance sheet date, the concentration of credit risk in the form of outstanding balances is mainly due to five (2005: four) customers representing approximately 61% (2005: 63%) of the total trade receivables.

### (b) Amounts due from subsidiaries (Current)

Amounts due from subsidiaries are non-interest bearing and repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

### (c) Trade receivables (Non-current)

During the financial year, the Group negotiated with 2 debtors to extend the settlement of outstanding debts by entering into debts settlement agreements. The non-current amounts consist of overdue balances of these debtors with the term of settlements ranging from 5 to 8 years. The amounts due are non-interest bearing, unsecured and are to be repaid by cash settlement.

Other information on financial risks of other receivables are disclosed in Note 35.

**20. MARKETABLE SECURITIES**

	Group	
	2006 RM'000	2005 RM'000
Shares quoted in Malaysia	163	210
Less: Impairment losses	(122)	(122)
At net realisable value	41	88
Market value of quoted shares	41	88

**21. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash on hand and at banks	73,295	57,911	1,077	868
Deposits with:				
Licensed banks	553,267	350,380	-	-
Licensed finance companies	1,350	3,350	-	-
Licensed discount houses	14,500	15,700	-	-
Money on call with:				
Licensed banks	137,370	118,980	131,560	111,330
Licensed discount houses	2,000	15,000	-	-
Cash and bank balances	781,782	561,321	132,637	112,198

Other information on financial risks of cash and cash equivalents are disclosed in Note 35.

## 22. RETIREMENT BENEFITS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme (“the Scheme”) for all qualifying staff who have been confirmed in service 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 Group’s obligation under the Scheme is determined based on the latest actuarial valuation by an independent valuer dated 7 February 2006. 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 in note 2.2(n)(ii) above. The value of retirement benefits shall be paid on the attainment of retirement age of 55.

The Group’s obligations under the Scheme continued to be 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.

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.

The amounts recognised on the balance sheet are determined as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Present value of unfunded defined benefit obligations	57,628	57,382	3,334	3,302
Analysed as:				
Current (Note 27)	2,626	6,451	187	348
Non-current:				
Later than 1 year but not later than 2 years	2,807	2,626	59	187
Later than 2 years but not later than 5 years	6,723	9,530	517	576
Later than 5 years	45,472	38,775	2,571	2,191
	55,002	50,931	3,147	2,954
	57,628	57,382	3,334	3,302

**22. RETIREMENT BENEFITS (CONT'D.)**

The amounts recognised in the income statement are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest cost	3,504	3,503	196	201
Amortisation of actuarial loss/(gain) during the year	–	1,075	–	(132)
Curtailement or settlement gain	–	(6,565)	–	(627)
<b>Total included in employee benefits expense (Note 5)</b>	<b>3,504</b>	<b>(1,987)</b>	<b>196</b>	<b>(558)</b>

Movements in the net liability in the current year were as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 January	57,382	62,403	3,302	4,180
Recognised in income statement	3,504	(1,987)	196	(558)
Contributions paid	(3,258)	(3,034)	(164)	(320)
<b>At 31 December</b>	<b>57,628</b>	<b>57,382</b>	<b>3,334</b>	<b>3,302</b>

Principal actuarial assumption used:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Discount rate	6.5	6.5	6.5	6.5

### 23. CONCESSION RIGHTS PAYABLE

The Government of Malaysia ("GoM") had in previous years granted an extension of time for the payment of balance of the concession rights fee incurred pursuant to the Concession Agreement dated 18 October 1999 entered into between the GoM and a subsidiary. As referred to in Note 2.3 (b)(i), the adoption of FRS 101: Presentation of Financial Statements has resulted the amount due to GoM to be reclassified as current liability.

Movement for concession rights is as follows:

	<b>RM'000</b>
<b>At 31 December 2006</b>	
At 1 January 2006	836,680
Repayment	(10,000)
	<hr/>
At 31 December 2006	826,680
	<hr/>
<b>At 31 December 2005</b>	
At 1 January 2005	856,680
Repayment	(20,000)
	<hr/>
At 31 December 2005	836,680
	<hr/>

### 24. OTHER FINANCIAL LIABILITY

Other financial liability is in respect of unsecured debentures issued by a foreign subsidiary comprising 4,600,000 fully paid debenture units of USD1.00 each. Interest on the debentures are payable upon the realisation of dividends from other investment held by the foreign subsidiary. The debentures have a 10 year period and the debenture holders have the rights to redeem the debenture at the nominal value and debentures may be converted to ordinary shares issued by the foreign subsidiary.

## 25. BORROWINGS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Short term borrowings</b>				
Unsecured:				
Term loans	106,000	6,000	106,000	6,000
Hire purchase and finance lease liabilities (Note 26)	49	–	–	–
	106,049	6,000	106,000	6,000
<b>Long term borrowings</b>				
Unsecured:				
Term loans	9,000	115,000	9,000	115,000
Hire purchase and finance lease liabilities (Note 26)	65	–	–	–
	9,065	115,000	9,000	115,000
<b>Total borrowings</b>				
Unsecured:				
Term loans	115,000	121,000	115,000	121,000
Hire purchase and finance lease liabilities	114	–	–	–
	115,114	121,000	115,000	121,000

Other information on financial risks of borrowings are disclosed in Note 35.

## 26. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group	
	2006 RM'000	2005 RM'000
<b>Future minimum lease payments:</b>		
Not later than 1 year	114	–
Later than 1 year and not later than 2 years	1	–
Later than 2 years and not later than 5 years	46	–
<hr/>		
Total minimum future lease payments	161	–
Less: Future finance charges	(21)	–
<hr/>		
Present value of finance lease liabilities	140	–

	Group	
	2006 RM'000	2005 RM'000
<b>Analysis of present value of finance lease liabilities</b>		
Not later than 1 year	49	–
Later than 1 year and not later than 2 years	46	–
Later than 2 years and not later than 5 years	19	–
<hr/>		
Less: Amount due within 12 months (Note 25)	114	–
<hr/>		
Amount due after 12 months (Note 25)	65	–

The Group has finance leases and hire purchase contracts for motor vehicles (Note 12). These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Note 35.

## 27. TRADE AND OTHER PAYABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	116,712	87,494	–	–
<b>Other payables</b>				
Amounts due to subsidiaries	–	–	417,472	429,278
Accruals	65,829	81,016	–	–
Provisions for liabilities	65,528	47,619	864	594
Advances received in respect of event management activities	101,350	–	–	–
Sundry payables	68,576	46,072	9,643	6,695
Deposits	15,902	16,457	968	2,630
Retirement benefit obligations (Note 22)	2,626	6,451	187	348
	319,811	197,615	429,134	439,545
	436,523	285,109	429,134	439,545

Movement for provisions for liabilities during the year is as follows:

Group	Short term accumulating absences	Lease rental	Assessment fees	Total
	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2006</b>				
At 1 January 2006	3,426	39,000	5,193	47,619
Acquisition of a subsidiary	238	–	–	238
Additional provision during the year	1,118	18,000	5,657	24,775
Utilised during the year	(104)	(5,000)	(2,000)	(7,104)
At 31 December 2006	4,678	52,000	8,850	65,528

**27. TRADE AND OTHER PAYABLES (CONT'D.)**

Movement for provisions for liabilities during the year is as follows (cont'd.):

<b>Group (Cont'd.)</b>	<b>Short term accumulating absences RM'000</b>	<b>Lease rental RM'000</b>	<b>Assessment fees RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2005</b>				
At 1 January 2005	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 31 December 2005	3,426	39,000	5,193	47,619

<b>Company</b>	<b>Short term accumulating absences RM'000</b>
<b>At 31 December 2006</b>	
At 1 January 2006	594
Additional provision during the year	311
Utilised during the year	(41)
At 31 December 2006	864
<b>At 31 December 2005</b>	
At 1 January 2005	523
Additional provision during the year	76
Utilised during the year	(5)
At 31 December 2005	594

**27. TRADE AND OTHER PAYABLES (CONT'D.)****(a) Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2005: 30 to 90) days.

**(b) Amounts due to subsidiaries**

Amounts due to all related parties are non-interest bearing and are repayable on demand. The amounts are unsecured and are to be settled in cash.

Other information on financial risks of other payables are disclosed in Note 35.

**28. DEFERRED TAXATION**

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	6,081	7,049
Acquisition of a subsidiary	77	–
Recognised in income statement (Note 9)	7,602	(968)
<b>At 31 December</b>	<b>13,760</b>	<b>6,081</b>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(748)	(759)
Deferred tax liabilities	14,508	6,840
	<b>13,760</b>	<b>6,081</b>

**28. DEFERRED TAXATION (CONT'D.)****Deferred Tax Liabilities of the Group:**

	<b>Property, Plant and Equipment RM'000</b>
At 1 January 2006	57,570
Acquisition of a subsidiary	100
Recognised in the income statement	9,648
Deferred tax recognised at reduced tax rate	(1,700)
<hr/>	
At 31 December 2006	65,618
Less: Set-off against deferred tax assets	(51,110)
<hr/>	
	14,508
<hr/>	
At 1 January 2005	51,746
Recognised in the income statement	5,824
<hr/>	
At 31 December 2005	57,570
Less: Set-off against deferred tax assets	(50,730)
<hr/>	
	6,840
<hr/>	

**28. DEFERRED TAXATION (CONT'D.)****Deferred Tax Assets of the Group:**

	<b>Tax Losses and Unabsorbed Capital Allowance RM'000</b>	<b>Receivables RM'000</b>	<b>Retirement Benefit Obligations RM'000</b>	<b>Payables RM'000</b>	<b>Total RM'000</b>
At 1 January 2006	(26,416)	(8,204)	(14,459)	(2,410)	(51,489)
Acquisition of a subsidiary	–	–	–	(23)	(23)
Recognised in the income statement	3,773	(792)	(735)	(3,782)	(1,536)
Deferred tax recognised at reduced tax rate	122	320	184	564	1,190
<b>At 31 December 2006</b>	<b>(22,521)</b>	<b>(8,676)</b>	<b>(15,010)</b>	<b>(5,651)</b>	<b>(51,858)</b>
Less: Set-off against deferred tax liabilities					51,110
					(748)
At 1 January 2005	(28,134)	–	(9,617)	(6,946)	(44,697)
Recognised in the income statement	1,718	(8,204)	(4,842)	4,536	(6,792)
<b>At 31 December 2005</b>	<b>(26,416)</b>	<b>(8,204)</b>	<b>(14,459)</b>	<b>(2,410)</b>	<b>(51,489)</b>
Less: Set-off against deferred tax liabilities					50,730
					(759)

## 28. DEFERRED TAXATION (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2006 RM'000	2005 RM'000
Unused tax losses	32,899	46,028
Unabsorbed capital allowance	10,524	10,808
Other deductible temporary difference	27,608	40,987
	71,031	97,823

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries of the Group are subject to no substantial changes in shareholdings of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

## 29. SHARE CAPITAL

	Number of Shares of RM1 each		Amount	
	2006	2005	2006 RM	2005 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

### Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 29. SHARE CAPITAL (CONT'D.)

### Special Rights Redeemable Preference Share

- (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.

## 30. RETAINED EARNINGS

As at 31 December 2006, the Company has tax-exempt profits available for distribution of approximately RM57,000 (2005: 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 earnings as at 31 December 2006.

## 31. MINORITY INTERESTS

The minority shareholders' share of loss in certain subsidiaries is limited to their share of the paid up capital of these subsidiaries. The balance of the loss will be borne by the Group until such time that these subsidiaries are able to generate profits. The minority shareholders had shared losses up to their share of paid up capital of these subsidiaries of approximately RM2,000 (2005: RM2,000).

The minority shareholders' share of loss during the year and cumulative losses which are borne by the Group are approximately RM5,000 (2005: RM16,000) and RM499,000 (2005: RM494,000) respectively.

### 32. OPERATING LEASE ARRANGEMENTS

The Group has entered into non-cancellable operating lease agreements for the use of certain plant and equipment. These leases have an average life of between 3 and 5 years with no renewal or purchase option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

The Group also leases various plant and machinery under cancellable operating lease agreements. The Group is required to give a period of between one to three months notice for the termination of those agreements.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM'000</b>	<b>RM'000</b>
Future minimum rental payments:		
Not later than 1 year	2,743	887
Later than 1 year and not later than 5 years	7,598	1,240
Later than 5 years	31	–
	10,372	2,127

### 33. COMMITMENTS

<b>31 December 2006</b>	<b>Due</b>	<b>Due year</b>	<b>Due year</b>	<b>Total</b>
	<b>year 2007</b>	<b>2008 to 2011</b>	<b>2012 to 2048</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</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	55,000	80,000
Fixed lease rental payable to the GoM in respect of KLIA (a)	254,790	298,070	6,708,910	7,261,770
Capital expenditure	123,984	–	–	123,984
	383,774	318,070	6,763,910	7,465,754

## 33. COMMITMENTS (CONT'D.)

31 December 2006 (Cont'd.)	Due year 2007 RM'000	Due year 2008 to 2011 RM'000	Due year 2012 to 2048 RM'000	Total RM'000
<b>Group (Cont'd.)</b>				
(ii) Approved but not contracted for: Capital expenditure	383,450	–	–	383,450
	767,224	318,070	6,763,910	7,849,204
<b>Company</b>				
Approved but not contracted for: Capital expenditure	82,946	–	–	82,946

31 December 2005	Due year 2006 RM'000	Due year 2007 to 2010 RM'000	Due year 2011 to 2048 RM'000	Total RM'000
<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

**33. COMMITMENTS (CONT'D.)**

<b>31 December 2005</b>	<b>Due year 2006 RM'000</b>	<b>Due year 2007 to 2010 RM'000</b>	<b>Due year 2011 to 2048 RM'000</b>	<b>Total RM'000</b>
<b>Company</b>				
Approved but not contracted for:				
Capital expenditure	11,346	–	–	11,346

- (a) Lease rental payable to the Government of Malaysia ("GoM") comprises a fixed and a variable payment. The lease rental payable 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 commitment amount of RM254.7 million due in the year 2007 is in relation to the fixed payment amount since the effective commencement year 2004. In addition, as at 31 December 2006, the accumulated variable payment in respect of financial year ended 31 December 2006 amounted to approximately RM130.2 million (2005: RM86.5 million).

The Group is currently in negotiations with the GoM where the GoM has agreed to temporarily suspend the lease rental payable from the financial year ended 2004 until the Group's negotiations with GoM to restructure the Group's obligations are formalised between the parties concerned. Accordingly, the accumulated fixed and accumulated variable amounts have not been provided for and remain unpaid to date.

- (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 amount which is pending formalisation between the parties concerned and accordingly no provisions has been made in the financial statements.
- (c) The Company had entered into an agreement to acquire an 11% equity interest in Hyderabad International Airport Limited ("HIAL"). 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 to date the Company has paid up RM17.9 million (2005: RM17.9 million) as share capital in HIAL and advances which are convertible into shares in HIAL.

### 34. CONTINGENT LIABILITIES

- (a) The GoM has communicated to the Group 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 Group 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. In view of the ongoing negotiations with the GoM, no provision has been made in the financial statements.

Pursuant to the KLIA Land Lease Agreement between The Federal Land Commissioner ("FLC") and Malaysia Airports (Sepang) Sdn. Bhd. ("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.

### 35. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

#### (b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group has minimal exposure to interest rate risk at the balance sheet date.

### 35. FINANCIAL INSTRUMENTS (CONT'D.)

#### (b) Interest Rate Risk (Cont'd.)

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	Total RM'000
<b>At 31 December 2006</b>						
<b>Group</b>						
<b>Fixed rate</b>						
Term loans	25	5.55	106,000	6,000	3,000	115,000
Hire purchase and finance lease liabilities	26	6.00	49	46	19	114
<b>Floating rate</b>						
Cash and bank balances	21	3.23	708,487	–	–	708,487
<b>Company</b>						
<b>Fixed rate</b>						
Term loans	25	5.55	106,000	6,000	3,000	115,000
<b>Floating rate</b>						
Cash and bank balances	21	3.23	131,560	–	–	131,560

**35. FINANCIAL INSTRUMENTS (CONT'D.)****(b) Interest Rate Risk (Cont'd.)**

<b>At 31 December 2005</b>	<b>Note</b>	<b>WAEIR %</b>	<b>Within 1 Year RM'000</b>	<b>1-2 Years RM'000</b>	<b>2-3 Years RM'000</b>	<b>3-4 Years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>							
<b>Fixed rate</b>							
Term loans	25	5.47	6,000	106,000	6,000	3,000	121,000
<b>Floating rate</b>							
Cash and bank balances	21	2.58	503,410	-	-	-	503,410
<b>Company</b>							
<b>Fixed rate</b>							
Term loans	25	5.47	6,000	106,000	6,000	3,000	121,000
<b>Floating rate</b>							
Cash and bank balances	21	3.23	111,330	-	-	-	111,330

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 15 (2005: 17) days. Interest on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

### 35. FINANCIAL INSTRUMENTS (CONT'D.)

#### (c) Foreign Currency Risk

The Group does not operate internationally but is exposed to mainly United States Dollar, Great Britain Pound and Euro. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to a manageable level and short term imbalances are addressed by buying and selling foreign currencies at spot rate.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional Currency of Group Companies	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies			
	US Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Total RM'000
<b>As at 31 December 2006:</b>				
Ringgit Malaysia	(20,582)	(357)	(493)	(21,432)
<b>As at 31 December 2005:</b>				
Ringgit Malaysia	(12,516)	(1,966)	(76)	(14,558)

#### (d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

#### (e) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

**35. FINANCIAL INSTRUMENTS (CONT'D.)****(e) Credit Risk (Cont'd.)**

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

As at balance sheet date, the concentration of credit risk in the form of outstanding balances is mainly due to five (2005: four) customers representing approximately 61% (2005: 63%) of the total trade receivables.

**(f) Fair Values**

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

**(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables**

The carrying amounts of cash and cash equivalents, trade and other receivables/payables approximate their fair values due to the relatively short term maturity of these financial instruments.

**(ii) Amounts Due From/To Subsidiaries**

It is not practicable to estimate the fair values of amount due from/(to) holding subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

**(iii) Marketable Securities**

The carrying amount of marketable securities approximate its fair value as it is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

**(iv) Bonds**

The carrying amount of bonds does not approximate its fair value as the Group does not mark its bonds prices to market, details are as follows:

	<b>Group</b>	
	<b>Carrying Amount RM'000</b>	<b>Fair Value RM'000</b>
<b>At 31 December 2006</b>		
Bonds	46,901	50,849
<b>At 31 December 2005</b>		
Bonds	70,274	76,757

### 36. SEGMENT INFORMATION

#### (a) Reporting Format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (b) Business Segments

The Group comprises the following main business 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.

##### (vi) Project and Repair Maintenance

To provide operations and maintenance of Information and Communication Technology business ventures and provision of mechanical and electrical engineering.

##### (vii) Auction

To carry on business as auctioneers and auction related activities.

Other business segments include investment holding and other activities, none of which are of a sufficient size to be reported separately.

#### (c) Geographical segments

No segmental information is provided on a geographical basis as the results of the overseas subsidiaries company are considered insignificant to the Group.

#### (d) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

### 37. SEGMENTAL REPORTING

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Sale of goods		Services							Eliminations RM'000	Consolidated RM'000
	Duty free & non duty free RM'000	Agriculture & horticulture RM'000	Airport Services RM'000	Hotel RM'000	Events Management RM'000	Project & Repair Maintenance RM'000	Auction RM'000	Others RM'000			
<b>31 December 2006</b>											
<b>Revenue</b>											
External sales	228,558	22,991	749,905	53,292	67,045	11,036	7,923	6,090	-	1,146,840	
Inter-segment sales	347	3,440	87,108	1,809	475	79,638	-	-	(172,817)	-	
Inter-segment dividend	-	-	-	-	-	-	-	138,889	(138,889)	-	
<b>Total revenue</b>	<b>228,905</b>	<b>26,431</b>	<b>837,013</b>	<b>55,101</b>	<b>67,520</b>	<b>90,674</b>	<b>7,923</b>	<b>144,979</b>	<b>(311,706)</b>	<b>1,146,840</b>	
<b>Results</b>											
Segment results/profit from operations	19,090	715	229,244	(1,314)	10,541	11,946	1,233	135,262	(140,345)	266,372	
Finance cost, net	-	-	-	-	-	(12)	-	(6,493)	-	(6,505)	
Share of profits of associates	-	-	3,387	-	-	-	-	-	-	3,387	
<b>Profit before taxation</b>	<b>19,090</b>	<b>715</b>	<b>232,631</b>	<b>(1,314)</b>	<b>10,541</b>	<b>11,934</b>	<b>1,233</b>	<b>128,769</b>	<b>(140,345)</b>	<b>263,254</b>	
Income tax expense	(4,926)	-	(84,174)	(240)	(273)	(3,075)	(124)	(39,020)	39,445	(92,387)	
<b>Net profit for the year</b>	<b>14,164</b>	<b>715</b>	<b>148,457</b>	<b>(1,554)</b>	<b>10,268</b>	<b>8,859</b>	<b>1,109</b>	<b>89,749</b>	<b>(100,900)</b>	<b>170,867</b>	
<b>Assets</b>											
Segment assets	83,681	77,286	5,982,341	145,870	247,172	96,864	17,168	2,764,538	(5,113,270)	4,301,650	
Investment in associates	-	-	18,234	-	-	-	-	11,857	-	30,091	
<b>Total assets</b>	<b>83,681</b>	<b>77,286</b>	<b>6,000,575</b>	<b>145,870</b>	<b>247,172</b>	<b>96,864</b>	<b>17,168</b>	<b>2,776,395</b>	<b>(5,113,270)</b>	<b>4,331,741</b>	

**37. SEGMENTAL REPORTING (CONT'D.)**

	Sale of goods		Services							Eliminations RM'000	Consolidated RM'000
	Duty free & non duty free RM'000	Agriculture & horticulture RM'000	Airport Services RM'000	Hotel RM'000	Events Management RM'000	Project & Repair Maintenance RM'000	Auction RM'000	Others RM'000			
<b>31 December 2006 (Cont'd.)</b>											
<b>Liabilities</b>											
Segment liabilities representing total liabilities	26,168	75,621	3,572,782	47,245	269,203	36,717	14,508	733,342	(3,241,863)	1,533,723	
<b>Other segment information</b>											
Capital expenditure	1,205	1,118	160,051	4,845	1,572	814	319	4,927	-	174,851	
Depreciation	819	3,337	63,902	14,350	2,161	1,379	385	2,048	-	88,381	
Amortisation of concession fees	-	-	29,074	-	-	-	-	-	-	29,074	
Excess of Group's interest in net fair value over cost	-	-	-	-	-	-	-	380	-	380	
Other significant non cash items											
Provision for employee benefits	28	40	3,828	25	56	140	(1)	506	-	4,622	
(Writeback of)/ provision for doubtful debts	(449)	-	(31,192)	(181)	51	10	-	(1,110)	-	(32,871)	

## 37. SEGMENTAL REPORTING (CONT'D.)

	Sale of goods			Services						Eliminations RM'000	Consolidated RM'000
	Duty free & non duty free RM'000	Agriculture & horticulture RM'000	Airport Services RM'000	Hotel RM'000	Events Management RM'000	Project & Repair Maintenance RM'000	Auction RM'000	Others RM'000			
<b>31 December 2005</b>											
<b>Revenue</b>											
External sales	211,558	14,413	747,611	50,854	69,116	10,121	9,164	-	-	1,112,837	
Inter-segment sales	-	3,135	94,303	1,934	770	60,901	-	-	(161,043)	-	
Inter-segment dividend	-	-	-	-	-	-	-	118,000	(118,000)	-	
<b>Total revenue</b>	<b>211,558</b>	<b>17,548</b>	<b>841,914</b>	<b>52,788</b>	<b>69,886</b>	<b>71,022</b>	<b>9,164</b>	<b>118,000</b>	<b>(279,043)</b>	<b>1,112,837</b>	
<b>Results</b>											
Segment results/profit from operations	22,278	(3,262)	253,226	6,724	(14,646)	20,814	1,694	103,149	(111,480)	278,497	
Finance cost, net	-	-	-	-	-	-	-	(6,658)	-	(6,658)	
Share of profits of associates	-	-	2,909	-	-	2,393	-	-	-	5,302	
<b>Profit before taxation</b>	<b>22,278</b>	<b>(3,262)</b>	<b>256,135</b>	<b>6,724</b>	<b>(14,646)</b>	<b>23,207</b>	<b>1,694</b>	<b>96,491</b>	<b>(111,480)</b>	<b>277,141</b>	
Income tax expense	(6,480)	-	(81,640)	(1,964)	-	(2,634)	(89)	(33,380)	31,309	(94,878)	
<b>Net profit for the year</b>	<b>15,798</b>	<b>(3,262)</b>	<b>174,495</b>	<b>4,760</b>	<b>(14,646)</b>	<b>20,573</b>	<b>1,605</b>	<b>63,111</b>	<b>(80,171)</b>	<b>182,263</b>	
<b>Assets</b>											
Segment assets	71,253	73,009	4,160,904	155,602	133,766	70,345	16,211	2,706,788	(3,380,653)	4,007,225	
Investment in associates	-	-	18,234	-	-	368	-	14,446	-	33,048	
<b>Total assets</b>	<b>71,253</b>	<b>73,009</b>	<b>4,179,138</b>	<b>155,602</b>	<b>133,766</b>	<b>70,713</b>	<b>16,211</b>	<b>2,721,234</b>	<b>(3,380,653)</b>	<b>4,040,273</b>	

**37. SEGMENTAL REPORTING (CONT'D.)**

	Sale of goods		Services							Eliminations RM'000	Consolidated RM'000
	Duty free & non duty free RM'000	Agriculture & horticulture RM'000	Airport Services RM'000	Hotel RM'000	Events Management RM'000	Project & Repair Maintenance RM'000	Auction RM'000	Others RM'000			
<b>31 December 2005 (Cont'd.)</b>											
<b>Liabilities</b>											
Segment liabilities representing total liabilities	27,904	72,059	1,796,972	55,423	166,064	29,572	14,661	733,666	(1,512,203)	1,384,118	
<b>Other segment information</b>											
Capital expenditure	1,097	2,632	132,048	7,124	1,418	839	327	2,714	-	148,199	
Depreciation	640	2,889	51,120	5,711	1,966	1,002	886	1,012	-	65,226	
Amortisation of concession fees	-	-	29,074	-	-	-	-	-	-	29,074	
Adjustment for depreciation on reversal of land premium	-	-	11,200	-	-	-	-	-	-	11,200	
Impairment of assets	-	-	1,022	-	-	-	-	-	-	1,022	
Other significant non cash items											
Provision for employee benefits	4	(156)	(876)	24	(121)	(565)	12	(482)	-	(2,160)	
(Writeback of)/ provision for doubtful debts	(3)	-	44,707	170	111	10	-	-	(1,110)	43,885	

No segmental information is provided on a geographical basis as the results of the overseas subsidiaries are considered insignificant to the Group.

## International

### INTERNATIONAL AIRPORTS

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





# STOLports

## 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



**PASSENGER MOVEMENTS**

	2006	2005	+/-
Terminal passengers [international]	17,651,866	16,566,435	6.6%
Terminal passengers [domestic]	23,955,547	23,948,120	0.03%
Transit passengers	860,543	1,056,079	-18.5%
<b>Total passenger movements</b>	<b>42,467,956</b>	<b>41,570,634</b>	<b>2.2%</b>

**AIRCRAFT MOVEMENTS**

	2006	2005	+/-
Commercial aircraft [international]	142,683	136,468	4.6%
Commercial aircraft [domestic]	319,577	333,187	-4.1%
<b>Total commercial aircraft</b>	<b>462,260</b>	<b>469,655</b>	<b>-1.6%</b>
All other aircraft	212,603	158,970	33.7%
<b>Total aircraft movements</b>	<b>674,863</b>	<b>628,625</b>	<b>7.4%</b>

**CARGO MOVEMENTS [KG]**

	2006	2005	+/-
Cargo movements [international]	861,836,478	780,009,189	10.5%
Cargo movements [domestic]	177,571,474	188,345,007	-5.7%
Transit cargo	11,175,601	30,940,885	-63.9%
<b>Total cargo movements</b>	<b>1,050,583,553</b>	<b>999,295,081</b>	<b>5.1%</b>

**MAIL MOVEMENTS [KG]**

	2006	2005	+/-
Mail movements [international]	4,143,695	2,723,363	52.2%
Mail movements [domestic]	12,175,418	20,078,863	-39.4%
Transit mail	566,630	1,409,591	-59.8%
<b>Total mail movements</b>	<b>16,885,742</b>	<b>24,211,817</b>	<b>-30.3%</b>

# Passenger Movements 2006

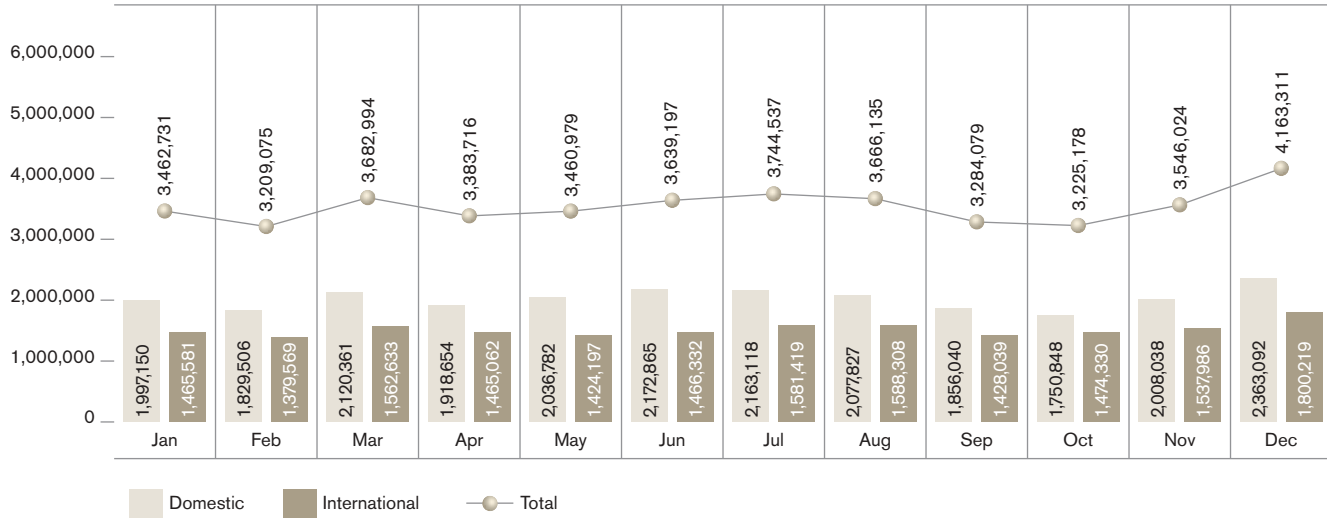
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Malaysia Airports Holdings Berhad

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2006*	2005*	% +/-	Domestic	Int'l	Total
KLIA	4,326,231	4,265,754	8,591,985	7,528,564	7,568,562	15,097,126	24,129,748	23,213,926	3.9%	401	440,236	440,637
Penang	800,393	800,236	1,600,629	738,194	749,902	1,488,096	3,103,772	2,834,545	9.5%	5,350	9,697	15,047
Kota Kinabalu	1,496,397	1,615,554	3,111,951	388,430	358,877	747,307	4,015,221	3,975,136	1.0%	92,704	63,259	155,963
Kuching	1,455,493	1,478,820	2,934,313	84,720	83,950	168,670	3,196,352	3,354,973	-4.7%	84,879	8,490	93,369
Langkawi	418,434	439,102	857,536	39,010	35,548	74,558	934,024	830,334	12.5%	1,930	0	1,930
Kota Bharu	333,439	344,867	678,306	0	0	0	678,306	635,397	6.8%	0	0	0
Ipoh	24,899	26,350	51,249	7,097	6,365	13,462	64,711	74,451	-13.1%	0	0	0
Kuala Terengganu	196,400	201,852	398,252	0	0	0	398,252	419,475	-5.1%	0	0	0
Alor Star	145,668	146,881	292,549	0	0	0	292,549	323,669	-9.6%	0	0	0
Melaka	20	17	37	9,482	8,796	18,278	18,509	27,683	-33.1%	67	127	194
Subang	38,177	38,309	76,486	3,461	3,555	7,016	83,502	83,602	-0.1%	0	0	0
Kuantan	133,444	132,543	265,987	3,369	3,649	7,018	273,005	298,184	-8.4%	0	0	0
Tioman	18,762	19,395	38,157	9,346	10,056	19,402	57,559	54,054	6.5%	0	0	0
Pangkor	4,808	5,058	9,866	0	0	0	9,866	11,193	-11.9%	0	0	0
Redang	10,575	10,559	21,134	3,834	3,960	7,794	28,928	30,650	-5.6%	0	0	0
Labuan	262,598	257,859	520,457	159	20	179	575,684	642,582	-10.4%	55,048	0	55,048
Lahad Datu	54,487	54,210	108,697	0	0	0	108,697	116,973	-7.1%	0	0	0
Sandakan	311,604	316,848	628,452	150	515	665	633,194	621,513	1.9%	4,077	0	4,077
Tawau	325,281	333,836	659,117	688	526	1,214	660,331	680,901	-3.0%	0	0	0
Bintulu	205,760	209,653	415,413	0	9	9	449,673	487,077	-7.7%	34,251	0	34,251
Miri	760,404	758,164	1,518,568	0	0	0	1,559,379	1,594,855	-2.2%	40,811	0	40,811
Sibu	440,648	446,548	887,196	451	621	1,072	898,923	920,930	-2.4%	10,655	0	10,655
Mulu	24,651	24,174	48,825	0	0	0	48,825	52,914	-7.7%	0	0	0
Limbang	43,768	43,688	87,456	0	0	0	89,814	105,652	-15.0%	2,358	0	2,358
STOL Sabah	2,915	2,895	5,810	0	0	0	5,933	6,009	-1.3%	123	0	123
STOL Sarawak	67,179	79,940	147,119	0	0	0	153,199	173,956	-11.9%	6,080	0	6,080
Peninsular Malaysia	6,451,250	6,430,923	12,882,173	8,342,357	8,390,393	16,732,750	30,072,731	28,837,163	4.3%	7,748	450,060	457,808
Sabah	2,453,282	2,581,202	5,034,484	389,427	359,938	749,365	5,999,060	6,043,114	-0.7%	151,952	63,259	215,211
Sarawak	2,997,903	3,040,987	6,038,890	85,171	84,580	169,751	6,396,165	6,690,357	-4.4%	179,034	8,490	187,524
<b>Total 2006</b>	<b>11,902,435</b>	<b>12,053,112</b>	<b>23,955,547</b>	<b>8,816,955</b>	<b>8,834,911</b>	<b>17,651,866</b>	<b>42,467,956</b>	<b>41,570,634</b>	<b>2.2%</b>	<b>338,734</b>	<b>521,809</b>	<b>860,543</b>
Total 2005	11,954,473	11,993,647	23,948,120	8,298,555	8,267,880	16,566,435	41,570,634			450,678	605,401	1,056,079
% change	-0.4%	0.5%	0.03%	6.2%	6.9%	6.6%	2.2%			-24.8%	-13.8%	-18.5%

Note: \*Including transit passengers

## PASSENGER MOVEMENTS AT MAHB AIRPORTS



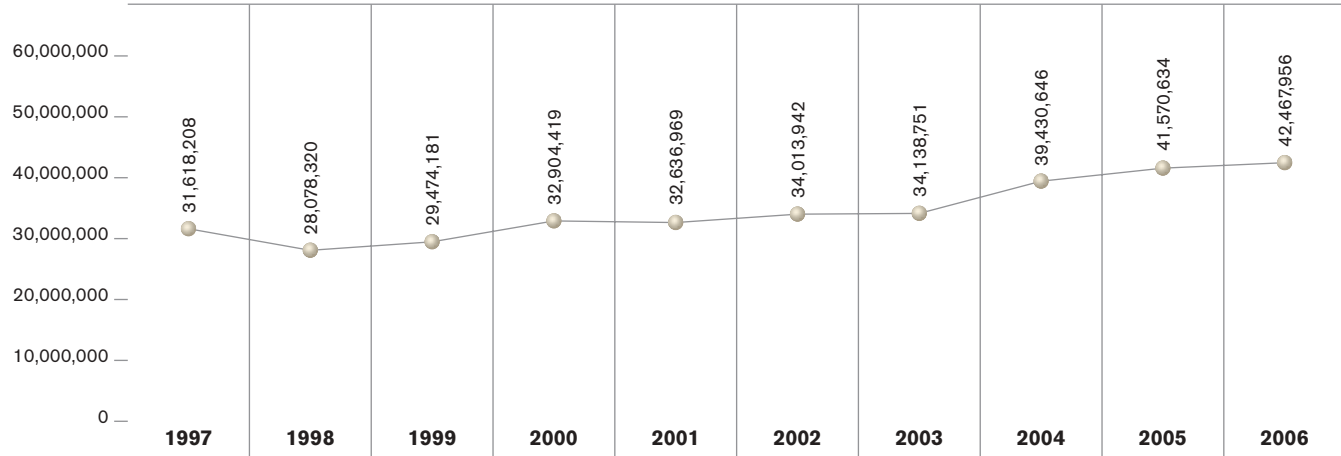
# Passenger Movements (1997-2006)

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Malaysia Airports Holdings Berhad

AIRPORTS	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	%+/-
KLIA	-	6,524,405	13,172,635	14,732,876	14,538,831	16,398,230	17,454,564	21,058,572	23,213,926	24,129,748	3.9%
Penang	2,907,033	2,452,523	2,510,318	2,740,505	2,558,999	2,508,693	2,334,669	2,987,993	2,834,545	3,103,772	9.5%
Kota Kinabalu	2,732,146	2,393,431	2,752,207	3,092,326	3,036,196	3,256,212	3,302,366	3,918,201	3,975,136	4,015,221	1.0%
Kuching	2,257,214	2,022,160	2,234,790	2,545,080	2,693,903	2,935,052	2,923,633	3,317,879	3,354,973	3,196,352	-4.7%
Langkawi	839,064	739,771	802,151	958,066	829,498	712,988	726,817	845,276	830,334	934,024	12.5%
Johor Bahru	1,081,681	866,710	897,851	1,026,729	998,693	874,278	651,352	-	-	-	-
Kota Bharu	602,068	487,541	471,085	512,834	506,632	534,959	589,950	639,871	635,397	678,306	6.8%
Ipoh	196,625	148,565	132,154	148,095	131,730	132,314	115,286	103,123	74,451	64,711	-13.1%
Kuala Terengganu	313,384	272,618	297,271	343,186	355,063	309,202	394,240	435,620	419,475	398,252	-5.1%
Alor Star	343,865	239,797	273,933	311,224	306,514	287,465	353,778	346,502	323,669	292,549	-9.6%
Melaka	6,411	7,190	15,053	13,917	9,171	7,438	31,108	46,692	27,683	18,509	-33.1%
Subang	15,819,863	8,263,930	1,999,302	2,100,727	1,955,688	1,130,169	72,491	90,593	83,602	83,502	-0.1%
Kuantan	512,549	403,489	387,375	419,441	433,270	388,746	351,179	349,375	298,184	273,005	-8.4%
Tioman	82,739	80,959	75,425	74,762	83,358	64,067	56,900	57,957	54,054	57,559	6.5%
Pangkor	-	-	4,453	6,498	8,999	8,811	6,095	10,247	11,193	9,866	-11.9%
Redang	-	-	-	-	-	-	-	20,750	30,650	28,928	-5.6%
Labuan	586,091	412,801	449,216	558,877	619,260	635,458	696,961	686,103	642,582	575,684	-10.4%
Lahad Datu	92,094	79,881	88,632	102,492	104,270	108,151	107,914	117,584	116,973	108,697	-7.1%
Sandakan	424,781	377,843	405,439	452,824	449,679	449,613	497,999	574,213	621,513	633,194	1.9%
Tawau	461,234	391,164	442,503	464,784	472,301	495,462	551,168	620,847	680,901	660,331	-3.0%
Bintulu	335,698	290,370	322,925	352,154	384,201	422,715	427,894	464,576	487,077	449,673	-7.7%
Miri	1,049,253	794,138	892,008	1,049,561	1,159,832	1,292,004	1,377,312	1,509,684	1,594,855	1,559,379	-2.2%
Sibu	631,701	555,483	620,830	657,375	725,449	759,704	817,687	903,108	920,930	898,923	-2.4%
Mulu	38,934	24,762	26,940	31,016	36,601	44,371	41,280	54,767	52,914	48,825	-7.7%
Limbang	105,890	70,292	59,674	71,526	76,642	77,821	83,459	96,209	105,652	89,814	-15.0%
STOL Sabah	9,466	7,702	7,076	6,809	6,850	6,896	6,945	7,099	6,009	5,933	-1.3%
STOL Sarawak	188,424	170,795	132,935	130,735	155,339	173,123	165,704	167,805	173,956	153,199	-11.9%
Peninsular Malaysia	22,705,282	20,487,498	21,039,006	23,388,860	22,716,446	23,357,360	23,138,429	26,992,571	28,837,163	30,072,731	4.3%
Sabah	4,305,812	3,662,822	4,145,073	4,678,112	4,688,556	4,951,792	5,163,353	5,924,047	6,043,114	5,999,060	-0.7%
Sarawak	4,607,114	3,928,000	4,290,102	4,837,447	5,231,967	5,704,790	5,836,969	6,514,028	6,690,357	6,396,165	-4.4%
<b>Grand Total</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>42,467,956</b>	<b>2.2%</b>
% change	5.0%	-11.2%	5.0%	11.6%	-0.8%	4.2%	0.4%	15.5%	5.4%	2.2%	

## PASSENGER MOVEMENTS AT MAHB AIRPORTS (1997-2006)



# International Passenger Movements

## by Sectors at KL International Airport

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Malaysia Airports Holdings Berhad

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>SOUTH EAST ASIA</i>							
Bandar Seri Begawan	64,119	45,088	66,492	47,986	130,611	93,074	40.3%
Balikpapan	3,023	644	3,306	261	6,329	905	599.3%
Bandung	36,306	29,935	42,070	35,073	78,376	65,008	20.6%
Bangkok	615,410	562,059	635,800	555,945	1,251,210	1,118,004	11.9%
Cebu	7,252	7,342	7,327	7,240	14,579	14,582	-0.02%
Chiang Mai	39,210	7,053	40,434	7,579	79,644	14,632	444.3%
Clark Field	44,142	26,026	43,527	26,034	87,669	52,060	68.4%
Denpasar	172,643	172,881	170,526	171,552	343,169	344,433	-0.4%
Hanoi	96,004	59,036	83,307	61,691	179,311	120,727	48.5%
Hat Yai	6,969	21,881	6,091	20,651	13,060	42,532	-69.3%
Ho Chi Minh City	126,503	118,339	110,580	103,330	237,083	221,669	7.0%
Jakarta	464,368	419,481	486,887	420,226	951,255	839,707	13.3%
Manado	0	1	0	12	0	13	-100.0%
Manila	67,300	68,786	62,639	65,907	129,939	134,693	-3.5%
Mataram	0	0	13,500	14,191	13,500	14,191	-4.9%
Medan	143,038	130,381	147,573	129,564	290,611	259,945	11.8%
Padang	38,099	30,848	41,354	32,111	79,453	62,959	26.2%
Palembang	2,571	0	2,271	0	4,842	0	-
Pekan Baru	17,139	2,279	16,720	2,177	33,859	4,456	659.9%
Phnom Penh	71,400	51,683	66,195	45,776	137,595	97,459	41.2%
Phuket	115,120	61,184	112,342	59,945	227,462	121,129	87.8%
Siem Reap	37,629	7,882	39,709	9,476	77,338	17,358	345.5%
Singapore	842,170	863,253	836,549	856,791	1,678,719	1,720,044	-2.4%
Solo City	37,211	632	43,111	660	80,322	1,292	6116.9%
Surabaya	169,236	172,466	181,501	170,981	350,737	343,447	2.1%
Surat Thani	0	0	146	0	146	0	-
Yangon	58,306	43,956	34,004	31,978	92,310	75,934	21.6%
Yogyakarta	5,026	11,474	5,650	15,037	10,676	26,511	-59.7%
<b>Total</b>	<b>3,280,194</b>	<b>2,914,590</b>	<b>3,299,611</b>	<b>2,892,174</b>	<b>6,579,805</b>	<b>5,806,764</b>	<b>13.3%</b>

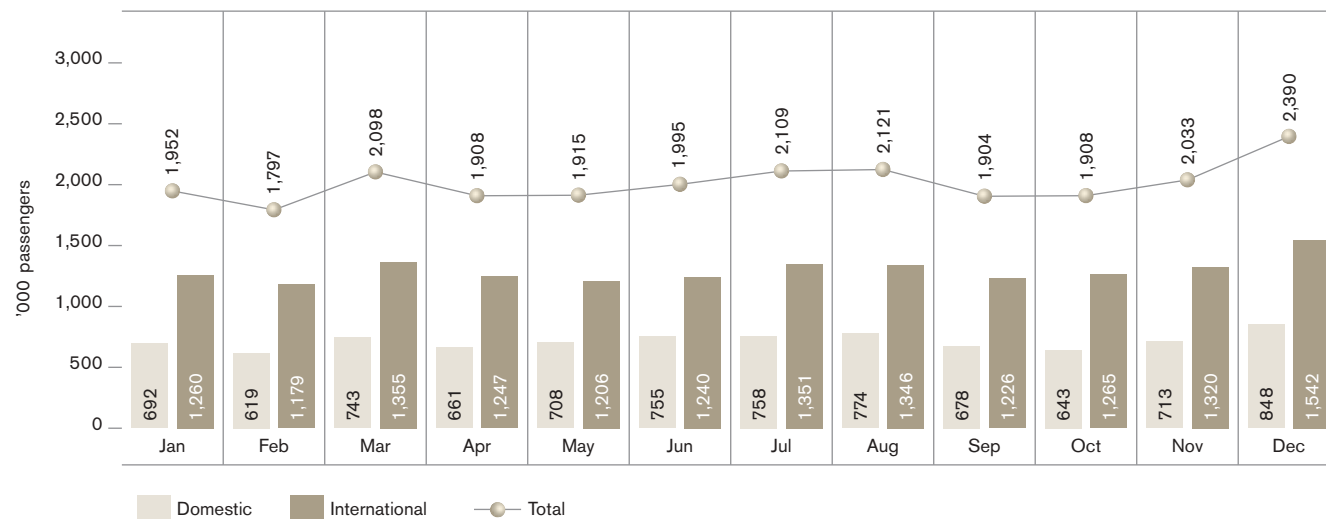
	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>NORTH EAST ASIA</i>							
Beijing	104,575	110,181	105,558	115,379	210,133	225,560	-6.8%
Changsha	0	900	285	836	285	1,736	-83.6%
Chengdu	11,630	19,893	12,519	21,126	24,149	41,019	-41.1%
Chongqing	142	0	783	0	925	0	-
Fukuoka	12,709	16,567	13,519	16,514	26,228	33,081	-20.7%
Fuzhou	23,161	24,026	22,333	23,384	45,494	47,410	-4.0%
Guangzhou	120,041	126,963	115,859	123,413	235,900	250,376	-5.8%
Guilin	3,201	1,630	4,221	1,598	7,422	3,228	129.9%
Haikou	7,802	13,151	8,576	14,215	16,378	27,366	-40.2%
Hangzhou	730	614	981	835	1,711	1,449	18.1%
Harbin	0	517	0	250	0	767	-
Hong Kong	403,332	409,366	441,171	439,034	844,503	848,400	-0.5%
Kaohsiung	26,553	26,601	26,547	25,866	53,100	52,467	1.2%
Kunming	24,813	30,902	27,097	31,786	51,910	62,688	-17.2%
Macau	95,386	39,509	97,494	40,412	192,880	79,921	141.3%
Nagoya	29,639	31,102	29,507	30,414	59,146	61,516	-3.9%
Nanjing	600	305	598	302	1,198	607	97.4%
Nanning	6,665	5,302	6,978	5,544	13,643	10,846	25.8%
Ningbo	578	295	575	304	1,153	599	92.5%
Osaka	69,970	86,349	76,257	86,693	146,227	173,042	-15.5%
Seoul	129,860	130,767	130,850	129,911	260,710	260,678	0.01%
Shanghai Pu Dong	153,893	169,481	152,775	169,374	306,668	338,855	-9.5%
Shenyang	523	0	259	257	782	257	204.3%
Shenzen	31,260	25,256	32,702	25,646	63,962	50,902	25.7%
Taipei	150,682	145,202	152,185	143,115	302,867	288,317	5.0%
Tokyo	188,969	176,863	191,922	176,633	380,891	353,496	7.7%
Wuhan	148	149	481	48	629	197	219.3%
Xi An	4,500	10,199	4,779	10,856	9,279	21,055	-55.9%
Xiamen	59,369	56,206	57,557	54,595	116,926	110,801	5.5%
<b>Total</b>	<b>1,660,731</b>	<b>1,658,296</b>	<b>1,714,368</b>	<b>1,688,340</b>	<b>3,375,099</b>	<b>3,346,636</b>	<b>0.9%</b>

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>SOUTHWEST PACIFIC</i>							
Adelaide	45,508	49,700	46,533	49,853	92,041	99,553	-7.5%
Auckland	74,330	91,516	71,318	92,299	145,648	183,815	-20.8%
Brisbane	65,046	68,456	62,964	66,307	128,010	134,763	-5.0%
Christmas Island	532	0	352	0	884	0	-
Melbourne	170,023	175,855	176,436	178,221	346,459	354,076	-2.2%
Perth	103,142	107,187	102,522	109,692	205,664	216,879	-5.2%
Sydney	175,902	192,586	177,505	193,166	353,407	385,752	-8.4%
<b>Total</b>	<b>634,483</b>	<b>685,300</b>	<b>637,630</b>	<b>689,538</b>	<b>1,272,113</b>	<b>1,374,838</b>	<b>-7.5%</b>
<i>SOUTH ASIA</i>							
Ahmedabad	4,275	16,697	3,086	16,933	7,361	33,630	-78.1%
Bangalore	32,185	30,291	33,833	33,842	66,018	64,133	2.9%
Chennai	186,332	189,098	164,912	152,367	351,244	341,465	2.9%
Colombo	93,154	70,544	90,899	73,595	184,053	144,139	27.7%
Dhaka	108,183	105,684	78,616	80,037	186,799	185,721	0.6%
Hyderabad	24,993	22,259	24,415	23,351	49,408	45,610	8.3%
Islamabad	0	0	1,900	0	1,900	0	-
Jaipur	0	0	80	0	80	0	-
Karachi	31,963	33,941	28,086	28,269	60,049	62,210	-3.5%
Kathmandu	36,595	40,854	29,408	27,701	66,003	68,555	-3.7%
Kolkata	4,360	17,068	3,737	16,511	8,097	33,579	-75.9%
Lahore	199	0	277	0	476	0	-
Male	16,007	11,923	21,901	16,859	37,908	28,782	31.7%
Mumbai	74,494	63,951	68,993	61,547	143,487	125,498	14.3%
New Delhi	107,607	66,198	89,163	62,671	196,770	128,869	52.7%
<b>Total</b>	<b>720,347</b>	<b>668,508</b>	<b>639,306</b>	<b>593,683</b>	<b>1,359,653</b>	<b>1,262,191</b>	<b>7.7%</b>
<i>CENTRAL ASIA</i>							
Tashkent	10,822	8,921	10,455	9,457	21,277	18,378	15.8%
<b>Total</b>	<b>10,822</b>	<b>8,921</b>	<b>10,455</b>	<b>9,457</b>	<b>21,277</b>	<b>18,378</b>	<b>15.8%</b>

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>MIDDLE EAST</i>							
Abu Dhabi	0	7,958	396	8,425	396	16,383	-97.6%
Bahrain	9,158	7,714	18,372	8,569	27,530	16,283	69.1%
Beirut	7,510	13,927	8,774	13,669	16,284	27,596	-41.0%
Cairo	14,620	19,607	15,343	20,085	29,963	39,692	-24.5%
Damascus	1,142	0	194	0	1,336	0	-
Dammam	2,573	0	578	0	3,151	0	-
Doha	68,179	48,394	63,047	44,258	131,226	92,652	41.6%
Dubai	130,384	93,631	133,734	102,118	264,118	195,749	34.9%
Jeddah	72,027	92,299	77,217	93,313	149,244	185,612	-19.6%
Kuwait	3,333	1,527	3,524	1,362	6,857	2,889	137.3%
Madinah	6,785	8,130	21,570	20,974	28,355	29,104	-2.6%
Muscat	21,998	5,877	14,543	5,346	36,541	11,223	225.6%
Riyadh	25,623	23,356	17,183	18,055	42,806	41,411	3.4%
Sanaa	4,296	5,679	5,312	5,713	9,608	11,392	-15.7%
Tehran	27,078	14,791	26,122	14,774	53,200	29,565	79.9%
<b>Total</b>	<b>394,706</b>	<b>342,890</b>	<b>405,909</b>	<b>356,661</b>	<b>800,615</b>	<b>699,551</b>	<b>14.4%</b>
<i>EUROPE</i>							
Amsterdam	177,991	166,763	189,349	172,225	367,340	338,988	8.4%
Ankara	0	0	4	0	4	0	-
Frankfurt	68,022	67,621	73,614	70,784	141,636	138,405	2.3%
Istanbul	15,189	16,315	15,641	17,148	30,830	33,463	-7.9%
London	245,942	245,608	242,329	264,229	488,271	509,837	-4.2%
Manchester	18,523	58,095	21,292	56,104	39,815	114,199	-65.1%
Moscow	173	169	271	151	444	320	38.8%
Munich	1,973	8,718	1,499	9,220	3,472	17,938	-80.6%
Paris	62,686	70,251	63,642	72,372	126,328	142,623	-11.4%
Rome	39,400	37,457	38,467	38,494	77,867	75,951	2.5%
Stockholm	15,559	17,503	15,055	15,408	30,614	32,911	-7.0%
Vienna	32,185	49,753	38,988	52,350	71,173	102,103	-30.3%
Zagreb	0	0	0	158	0	158	-100.0%
Zurich	31,365	33,395	32,689	33,437	64,054	66,832	-4.2%
<b>Total</b>	<b>709,008</b>	<b>771,648</b>	<b>732,840</b>	<b>802,080</b>	<b>1,441,848</b>	<b>1,573,728</b>	<b>-8.4%</b>

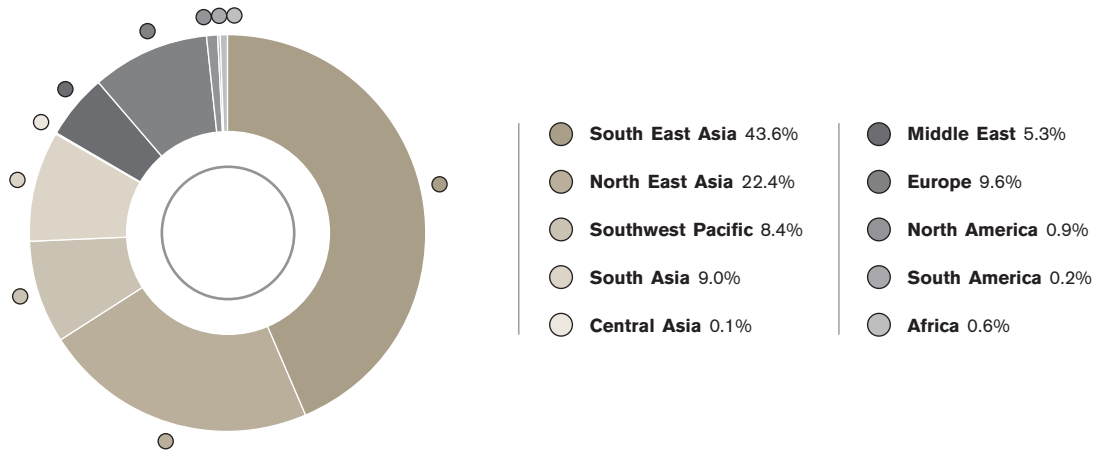
	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>NORTH AMERICA</i>							
Los Angeles	46,979	48,262	48,688	47,297	95,667	95,559	0.1%
New York	18,542	22,990	18,268	21,977	36,810	44,967	-18.1%
<b>Total</b>	<b>65,521</b>	<b>71,252</b>	<b>66,956</b>	<b>69,274</b>	<b>132,477</b>	<b>140,526</b>	<b>-5.7%</b>
<i>SOUTH AMERICA</i>							
Buenos Aires	12,672	12,737	16,472	13,928	29,144	26,665	9.3%
<b>Total</b>	<b>12,672</b>	<b>12,737</b>	<b>16,472</b>	<b>13,928</b>	<b>29,144</b>	<b>26,665</b>	<b>9.3%</b>
<i>AFRICA</i>							
Cape Town	11,319	12,137	13,105	13,761	24,424	25,898	-5.7%
Johannesburg	17,179	19,937	18,379	19,774	35,558	39,711	-10.5%
Mauritius	11,582	12,299	13,531	10,806	25,113	23,105	8.7%
<b>Total</b>	<b>40,080</b>	<b>44,373</b>	<b>45,015</b>	<b>44,341</b>	<b>85,095</b>	<b>88,714</b>	<b>-4.1%</b>
<b>Grand Total</b>	<b>7,528,564</b>	<b>7,178,515</b>	<b>7,568,562</b>	<b>7,159,476</b>	<b>15,097,126</b>	<b>14,337,991</b>	<b>5.3%</b>

### KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS 2006



# by Sectors at KL International Airport

KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS  
INTERNATIONAL MOVEMENTS: 15,097,126



## Airlines with more than 1% International Market Share at KLIA

AIRLINES	PASSENGER MOVEMENTS	MARKET SHARE %
MALAYSIA AIRLINES	7,633,132	49.1%
AIRASIA	2,030,256	13.1%
SINGAPORE AIRLINES	992,133	6.4%
CATHAY PACIFIC	550,617	3.5%
THAI AIRWAYS	507,791	3.3%
KLM ROYAL DUTCH	337,902	2.2%
CHINA AIRLINES	273,979	1.8%
EMIRATES AIRLINES	255,618	1.6%
SRILANKAN AIRLINES	223,286	1.4%
AUSTRIAN AIRLINES	205,995	1.3%
JAPAN AIRLINES	187,277	1.2%
SAUDI ARABIAN	164,539	1.1%

## 10 Highest Growth International Performance at KLIA

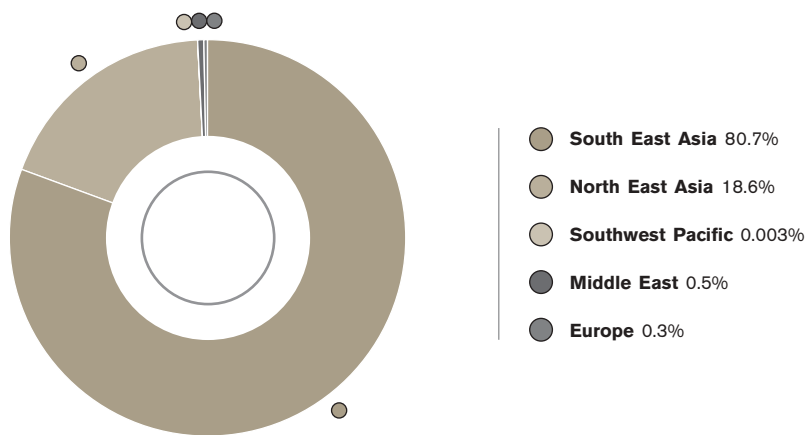
AIRLINES	PASSENGER MOVEMENTS	% CHANGE OVER 2005
INDONESIA AIRASIA	131,703	609.7%
ROYAL NEPAL	66,839	96.0%
PAKISTAN INTERNATIONAL AIRLINES	25,156	82.3%
IRAN AIR	53,200	79.9%
THAI AIRASIA	80,863	77.5%
JET AIRWAYS	76,867	75.9%
AIRASIA	2,030,256	67.4%
BIMAN BANGLADESH	73,476	59.2%
KLM ROYAL DUTCH	337,902	40.9%
TRANSAERO AIRLINES	444	38.8%

## Domestic Traffic at KLIA

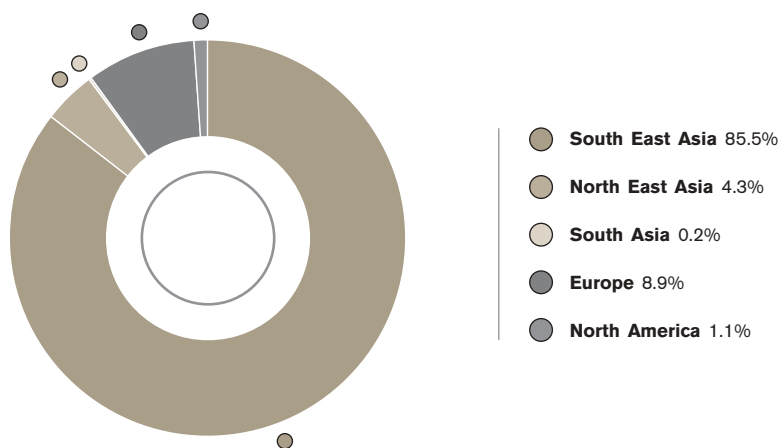
AIRLINES	PASSENGER MOVEMENTS	% CHANGE OVER 2005
MALAYSIA AIRLINES	4,999,263	-10.0%
AIRASIA	3,591,151	27.0%

## by Sectors at KL International Airport

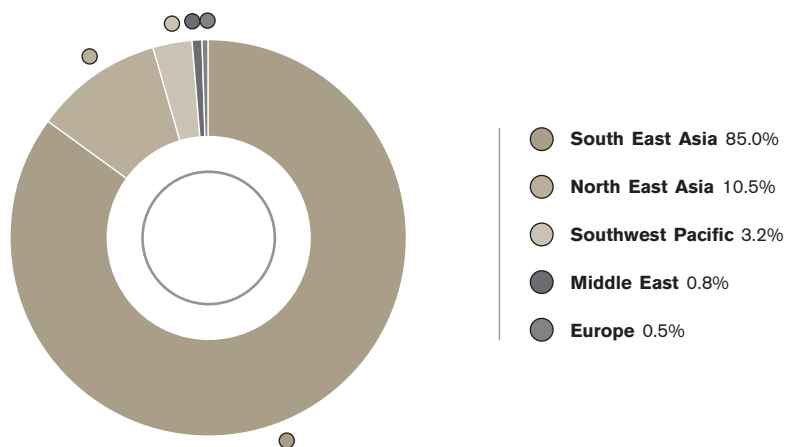
### PENANG INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS INTERNATIONAL MOVEMENTS: 1,488,096



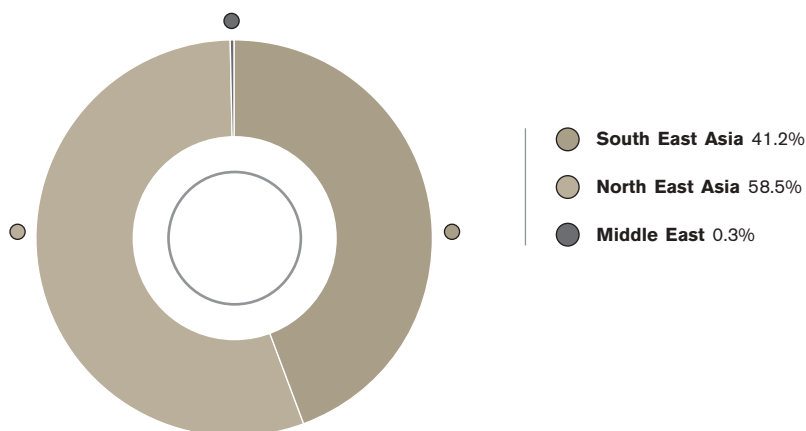
### LANGKAWI INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS INTERNATIONAL MOVEMENTS: 74,558



**KUCHING INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS**  
INTERNATIONAL MOVEMENTS: 168,670

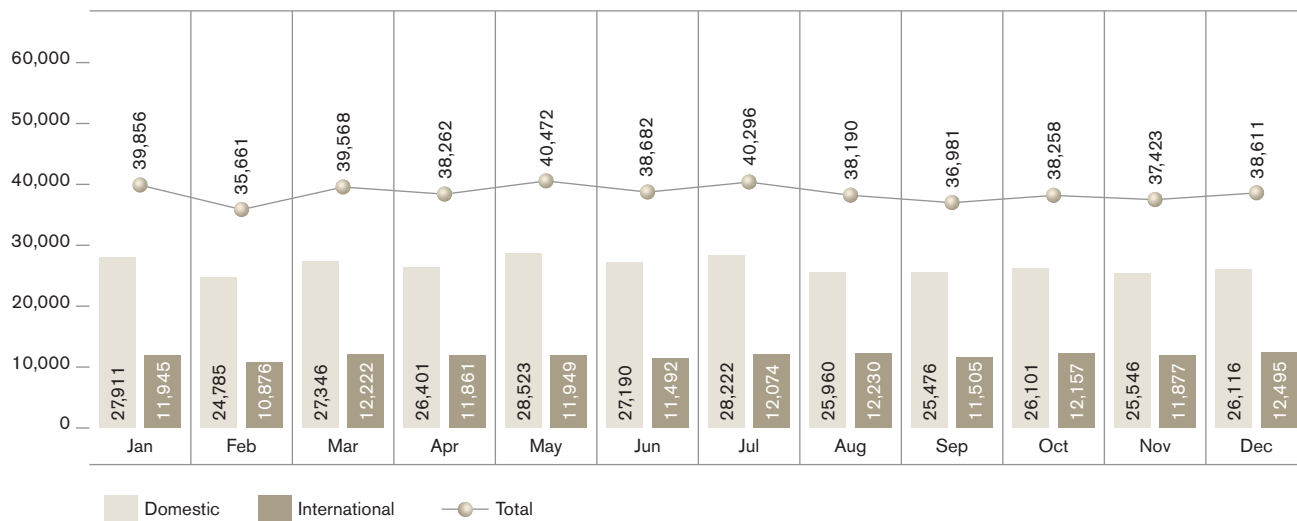


**KOTA KINABALU INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS**  
INTERNATIONAL MOVEMENTS: 747,307



AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2006	2005	%+/-
KLIA	74,527	482	75,009	106,398	1,141	107,539	182,548	181,341	0.7%
Penang	14,655	51	14,706	16,712	30	16,742	31,448	31,173	0.9%
Kota Kinabalu	37,703	4,167	41,870	8,590	134	8,724	50,594	49,680	1.8%
Kuching	30,982	3,427	34,409	2,635	123	2,758	37,167	39,430	-5.7%
Langkawi	7,400	1	7,401	872	14	886	8,287	8,021	3.3%
Kota Bharu	6,163	4,203	10,366	0	2	2	10,368	8,765	18.3%
Ipoh	750	0	750	204	0	204	954	1,145	-16.7%
Kuala Terengganu	3,792	0	3,792	0	0	0	3,792	4,623	-18.0%
Alor Star	2,817	2	2,819	1	0	1	2,820	3,267	-13.7%
Melaka	0	0	0	596	0	596	596	1,328	-55.1%
Subang	4,734	647	5,381	3,750	27	3,777	9,158	8,988	1.9%
Kuantan	2,700	0	2,700	44	4	48	2,748	3,500	-21.5%
Tioman	1,177	0	1,177	659	0	659	1,836	1,668	10.1%
Pangkor	514	0	514	0	0	0	514	530	-3.0%
Redang	659	0	659	275	0	275	934	1,110	-15.9%
Labuan	7,624	1,446	9,070	4	258	262	9,332	9,292	0.4%
Lahad Datu	3,102	101	3,203	0	0	0	3,203	3,010	6.4%
Sandakan	9,204	815	10,019	8	7	15	10,034	10,876	-7.7%
Tawau	7,746	96	7,842	120	43	163	8,005	8,531	-6.2%
Bintulu	10,313	1,065	11,378	0	10	10	11,388	13,146	-13.4%
Miri	30,456	9,006	39,462	0	0	0	39,462	40,302	-2.1%
Sibu	14,006	1,064	15,070	2	20	22	15,092	16,683	-9.5%
Mulu	2,220	0	2,220	0	0	0	2,220	2,620	-15.3%
Limbang	4,242	0	4,242	0	0	0	4,242	5,490	-22.7%
STOL Sabah	800	0	800	0	0	0	800	814	-1.7%
STOL Sarawak	14,718	0	14,718	0	0	0	14,718	14,322	2.8%
Peninsular Malaysia	119,888	5,386	125,274	129,511	1,218	130,729	256,003	255,459	0.2%
Sabah	66,179	6,625	72,804	8,722	442	9,164	81,968	82,203	-0.3%
Sarawak	106,937	14,562	121,499	2,637	153	2,790	124,289	131,993	-5.8%
<b>Total 2006</b>	<b>293,004</b>	<b>26,573</b>	<b>319,577</b>	<b>140,870</b>	<b>1,813</b>	<b>142,683</b>	<b>462,260</b>	<b>469,655</b>	<b>-1.6%</b>
Total 2005	307,642	25,545	333,187	133,887	2,581	136,468	469,655		
% change	-4.8%	4.0%	-4.1%	5.2%	-29.8%	4.6%	-1.6%		

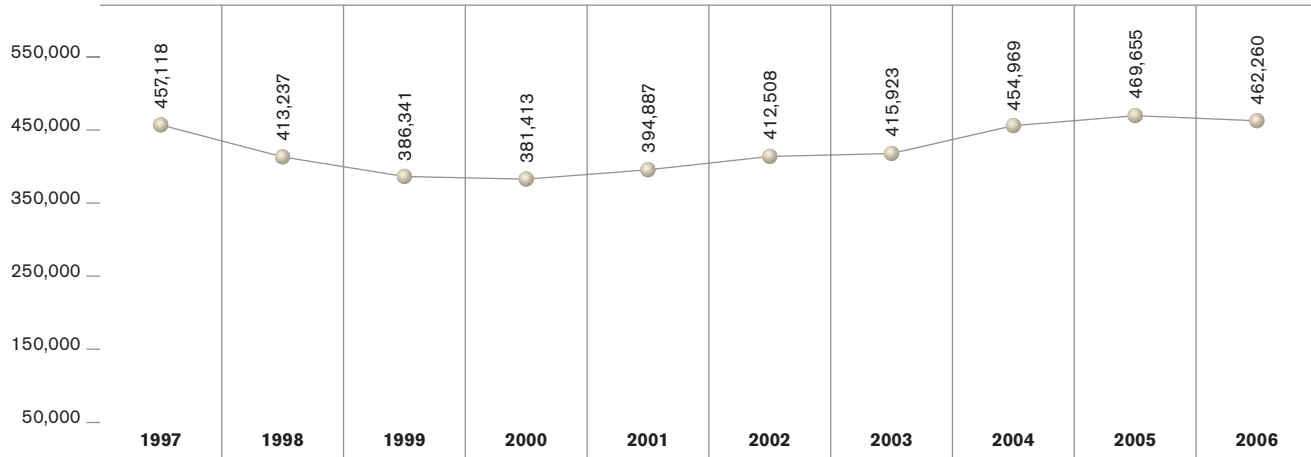
## COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS



# Commercial Aircraft Movements (1997-2006)

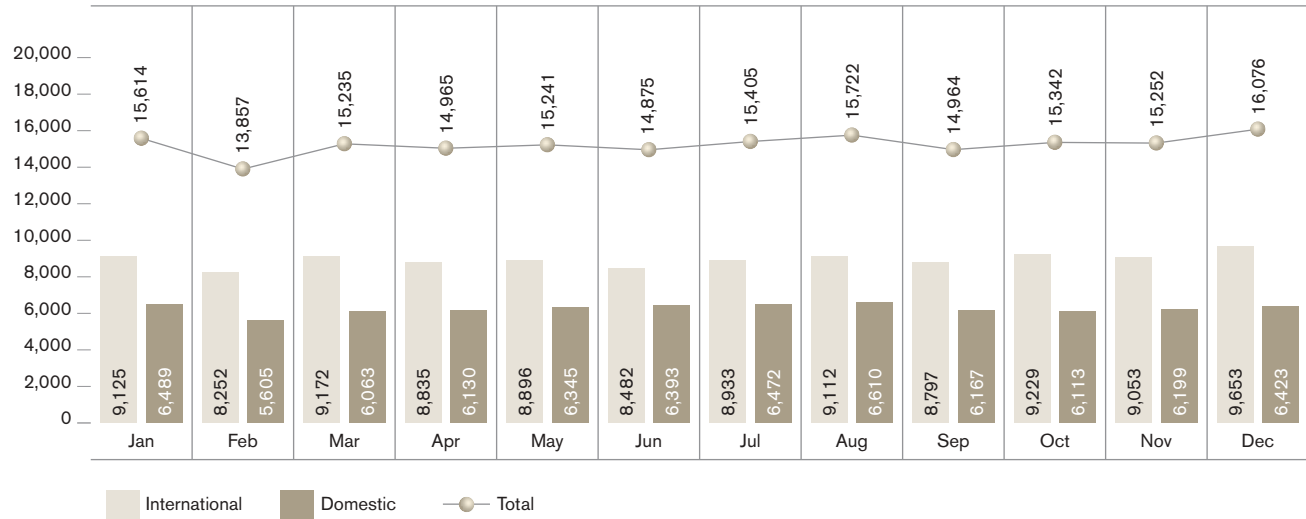
Malaysia Airports Holdings Berhad

AIRPORTS	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	%+/-
KLIA	–	63,513	116,012	109,339	113,147	127,462	139,101	164,483	181,341	<b>182,548</b>	0.7%
Penang	33,253	30,191	27,470	27,672	28,866	28,861	26,516	29,182	31,173	<b>31,448</b>	0.9%
Kota Kinabalu	43,272	37,639	38,049	39,889	38,680	42,177	42,491	50,313	49,680	<b>50,594</b>	1.8%
Kuching	35,770	33,141	31,561	34,551	36,625	39,477	38,676	41,353	39,430	<b>37,167</b>	-5.7%
Langkawi	10,186	8,916	8,306	8,947	9,448	7,910	7,168	7,352	8,021	<b>8,287</b>	3.3%
Johor Bahru	16,022	13,018	10,678	11,432	11,513	9,291	8,848	–	–	–	–
Kota Bharu	9,048	8,452	5,642	4,588	4,808	6,255	7,520	8,888	8,765	<b>10,368</b>	18.3%
Ipoh	4,310	3,782	2,102	2,117	1,946	1,662	1,572	1,402	1,145	<b>954</b>	-16.7%
Kuala Terengganu	4,120	4,198	3,512	3,210	3,366	3,196	4,221	4,776	4,623	<b>3,792</b>	-18.0%
Alor Star	4,256	3,762	3,164	2,968	2,978	2,940	3,646	3,568	3,267	<b>2,820</b>	-13.7%
Melaka	630	430	436	458	278	182	1,102	2,135	1,328	<b>596</b>	-55.1%
Subang	158,013	87,488	23,461	25,423	22,441	14,685	5,140	6,981	8,988	<b>9,158</b>	1.9%
Kuantan	6,316	5,703	4,590	3,782	4,046	3,764	3,743	3,748	3,500	<b>2,748</b>	-21.5%
Tioman	5,490	4,920	3,440	2,000	2,708	2,357	2,173	1,885	1,668	<b>1,836</b>	10.1%
Pangkor	0	0	586	520	652	519	511	534	530	<b>514</b>	-3.0%
Redang	–	–	–	–	–	–	–	741	1,110	<b>934</b>	-15.9%
Labuan	13,376	10,780	8,340	7,261	7,572	8,358	9,661	10,450	9,292	<b>9,332</b>	0.4%
Lahad Datu	2,630	2,268	2,322	2,556	2,694	2,886	2,882	2,948	3,010	<b>3,203</b>	6.4%
Sandakan	9,554	7,998	8,559	9,214	9,325	9,474	9,985	10,184	10,876	<b>10,034</b>	-7.7%
Tawau	7,737	7,085	6,346	6,428	6,547	6,928	7,450	8,019	8,531	<b>8,005</b>	-6.2%
Bintulu	12,203	10,126	10,043	11,642	12,646	14,111	13,288	13,240	13,146	<b>11,388</b>	-13.4%
Miri	32,173	29,486	36,602	32,706	36,010	39,545	40,468	42,306	40,302	<b>39,462</b>	-2.1%
Sibu	17,466	16,574	14,631	15,301	16,589	16,791	16,593	17,162	16,683	<b>15,092</b>	-9.5%
Mulu	4,404	2,984	2,708	2,684	3,484	4,536	3,422	3,066	2,620	<b>2,220</b>	-15.3%
Limbang	7,662	5,374	4,134	4,840	5,130	4,688	4,994	5,625	5,490	<b>4,242</b>	-22.7%
STOL Sabah	1,154	1,144	1,074	905	902	922	936	812	814	<b>800</b>	-1.7%
STOL Sarawak	18,073	14,265	12,573	10,980	12,486	13,531	13,816	13,816	14,322	<b>14,718</b>	2.8%
Peninsular	251,644	234,373	209,399	202,456	206,197	209,084	211,261	235,675	255,459	<b>256,003</b>	0.2%
Sabah	77,723	66,914	64,690	66,253	65,720	70,745	73,405	82,726	82,203	<b>81,968</b>	-0.3%
Sarawak	127,751	111,950	112,252	112,704	122,970	132,679	131,257	136,568	131,993	<b>124,289</b>	-5.8%
<b>Total</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>462,260</b>	<b>-1.6%</b>
% change	-3.3%	-9.6%	-6.5%	-1.3%	3.5%	4.5%	0.8%	9.4%	3.2%	<b>-1.6%</b>	

**COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS (1997-2006)**

AIRPORTS	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	%+/-
KLIA	–	64,123	116,589	109,925	113,590	127,952	139,947	165,115	182,537	<b>183,869</b>	0.7%
Penang	35,446	32,445	29,203	29,788	32,676	32,503	30,558	33,069	34,616	<b>36,259</b>	4.7%
Kota Kinabalu	49,148	38,716	40,634	41,411	40,157	44,528	44,748	52,352	51,824	<b>52,055</b>	0.4%
Kuching	40,872	35,147	34,868	37,203	39,815	42,975	42,138	45,340	43,253	<b>40,292</b>	-6.8%
Langkawi	13,248	10,894	12,050	11,267	12,724	9,686	8,913	8,711	8,964	<b>27,622</b>	208.1%
Johor Bahru	21,418	17,392	15,944	17,780	18,591	28,759	22,253	–	–	–	–
Kota Bharu	9,606	8,692	6,700	5,348	5,668	8,527	10,010	11,869	11,194	<b>38,352</b>	242.6%
Ipoh	8,335	6,085	5,721	5,096	6,330	8,562	8,505	7,075	26,657	<b>30,626</b>	14.9%
Kuala Terengganu	5,092	4,338	3,876	3,668	3,880	4,159	5,508	5,834	5,622	<b>3,792</b>	-32.6%
Alor Star	42,562	33,042	43,560	29,846	36,592	24,539	18,318	14,784	17,632	<b>18,495</b>	4.9%
Melaka	9,788	9,058	11,612	26,132	33,274	40,030	57,636	70,369	77,504	<b>74,888</b>	-3.4%
Subang	162,652	88,882	27,753	38,129	35,691	28,170	19,616	22,757	29,668	<b>36,626</b>	23.5%
Kuantan	6,502	5,859	4,830	4,132	4,294	4,043	4,054	4,088	3,757	<b>2,973</b>	-20.9%
Tioman	5,776	5,086	3,688	2,354	2,994	2,641	2,633	2,447	2,146	<b>2,256</b>	5.1%
Pangkor	0	49	1,113	837	898	764	657	698	752	<b>541</b>	-28.1%
Redang	–	–	–	–	–	–	–	741	1,121	<b>934</b>	-16.7%
Labuan	13,706	10,944	8,550	7,585	7,750	8,871	9,896	10,668	9,510	<b>9,554</b>	0.5%
Lahad Datu	2,726	2,278	2,372	2,674	2,774	2,990	3,035	3,055	3,160	<b>3,376</b>	6.8%
Sandakan	10,542	8,680	9,309	10,395	10,257	10,569	10,588	10,823	11,662	<b>10,776</b>	-7.6%
Tawau	8,410	7,321	7,113	7,669	7,787	8,148	8,368	8,900	9,814	<b>9,215</b>	-6.1%
Bintulu	12,876	10,793	11,050	12,097	12,972	14,485	13,627	13,546	13,619	<b>11,804</b>	-13.3%
Miri	38,291	33,605	39,760	36,250	39,580	42,714	43,460	45,269	42,865	<b>42,680</b>	-0.4%
Sibu	19,551	17,099	16,096	15,743	16,995	17,113	16,885	17,650	17,330	<b>15,638</b>	-9.8%
Mulu	4,404	2,984	2,708	2,684	3,484	4,654	3,524	3,122	2,642	<b>2,220</b>	-16.0%
Limbang	7,662	5,374	4,134	4,840	5,130	4,688	5,046	5,691	5,568	<b>4,366</b>	-21.6%
STOL Sabah	1,154	1,144	1,074	905	902	922	938	812	814	<b>800</b>	-1.7%
STOL Sarawak	18,073	14,265	12,573	10,980	12,486	13,531	13,305	13,838	14,394	<b>14,854</b>	3.2%
Peninsular Malaysia	320,425	285,945	282,639	284,302	307,202	320,335	328,608	347,557	402,170	<b>457,233</b>	13.7%
Sabah	85,686	69,083	69,052	70,639	69,627	76,028	77,573	86,610	86,784	<b>85,776</b>	-1.2%
Sarawak	141,729	119,267	121,189	119,797	130,462	140,160	137,985	144,456	139,671	<b>131,854</b>	-5.6%
<b>Total</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>628,625</b>	<b>674,863</b>	<b>7.4%</b>
% change	-4.5%	-13.4%	-0.3%	0.4%	6.9%	5.8%	1.4%	6.3%	8.6%	<b>7.4%</b>	

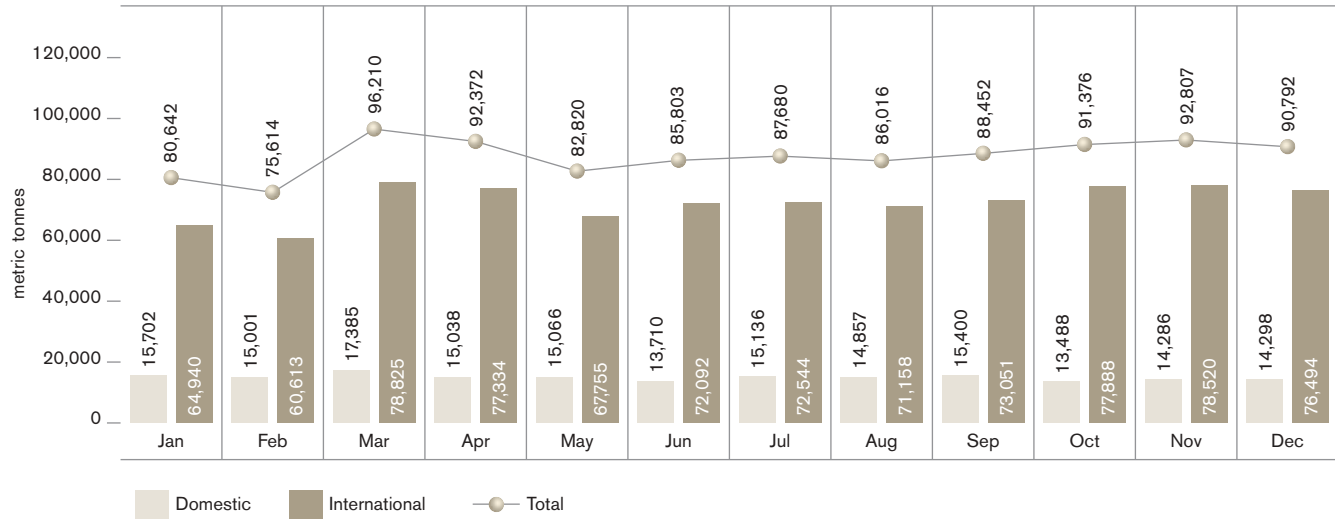
### KL INTERNATIONAL AIRPORT COMMERCIAL AIRCRAFT MOVEMENTS 2006



AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2006*	2005*	%+/-	Domestic	Int'l	Total
KLIA	23,350,070	40,885,818	64,235,888	282,352,400	326,299,507	608,651,907	672,887,795	653,653,772	2.9%	0	0	0
Penang	18,657,691	13,015,520	31,673,211	73,378,451	111,606,204	184,984,656	225,952,476	221,971,388	1.8%	36	9,294,573	9,294,609
Kota Kinabalu	14,636,047	10,419,131	25,055,178	1,381,974	1,918,374	3,300,348	28,355,526	25,472,878	11.3%	0	0	-
Kuching	16,466,675	10,602,062	27,068,737	837,557	645,773	1,483,330	29,715,519	28,406,894	4.6%	1,083,319	80,133	1,163,452
Langkawi	375,473	47,293	422,766	61,298	2,715	64,013	486,779	449,307	8.3%	0	0	-
Kota Bharu	153,696	56,688	210,384	-	-	-	210,384	168,397	24.9%	0	0	-
Ipoh	94,934	77,905	172,839	59,869	124,347	184,216	357,055	436,944	-18.3%	0	0	-
Kuala Terengganu	53,858	15,810	69,668	-	-	-	69,668	93,515	-25.5%	0	0	-
Alor Star	31,504	79,404	110,908	-	-	-	110,908	118,439	-6.4%	0	0	-
Melaka	-	-	-	60,812	80,222	141,034	146,123	370,401	-60.6%	1,481	3,608	5,089
Subang	3,661,540	6,027,886	9,689,425	28,949,968	33,313,812	62,263,780	71,953,205	46,082,150	56.1%	0	0	-
Kuantan	102,767	5,859	108,626	-	-	-	108,626	74,600	45.6%	0	0	-
Tioman	-	-	-	-	-	-	0	-	-	0	0	-
Pangkor	-	-	-	-	-	-	0	-	-	0	0	-
Labuan	1,418,047	351,634	1,769,681	489,869	273,327	763,195	3,207,004	3,076,533	4.2%	674,128	0	674,128
Lahad Datu	157,099	12,795	169,894	-	-	-	169,894	334,059	-49.1%	0	0	-
Sandakan	1,973,047	3,501,650	5,474,697	-	-	-	5,474,737	4,531,206	20.8%	40	0	40
Tawau	654,596	2,375,559	3,030,155	-	-	-	3,030,155	3,885,314	-22.0%	0	0	-
Bintulu	1,473,824	713,024	2,186,847	-	-	-	2,204,958	2,109,983	4.5%	18,111	0	18,111
Miri	2,920,920	1,157,174	4,078,094	-	-	-	4,079,767	5,392,310	-24.3%	1,673	0	1,673
Sibu	783,407	256,587	1,039,994	-	-	-	1,039,994	1,377,095	-24.5%	0	0	-
Mulu	202,862	37,616	240,478	-	-	-	240,478	459,476	-47.7%	0	0	-
Limbang	140,876	238,000	378,876	-	-	-	378,876	289,310	31.0%	0	0	-
STOL Sabah	462	561	1,023	-	-	-	1,023	1,429	-28.4%	0	0	-
STOL Sarawak	181,993	202,111	384,104	-	-	-	402,603	539,681	-25.4%	18,499	0	18,499
Peninsular Malaysia	46,481,533	60,212,183	106,693,715	384,862,798	471,426,807	856,289,605	972,283,018	923,418,913	5.3%	1,517	9,298,181	9,299,698
Sabah	18,839,298	16,661,330	35,500,628	1,871,843	2,191,701	4,063,543	40,238,339	37,301,419	7.9%	674,168	-	674,168
Sarawak	22,170,557	13,206,574	35,377,131	837,557	645,773	1,483,330	38,062,196	38,574,749	-1.3%	1,121,602	80,133	1,201,735
<b>Total 2006</b>	<b>87,491,387</b>	<b>90,080,087</b>	<b>177,571,474</b>	<b>387,572,198</b>	<b>474,264,281</b>	<b>861,836,478</b>	<b>1,050,583,553</b>	<b>999,295,081</b>	<b>5.1%</b>	<b>1,797,287</b>	<b>9,378,314</b>	<b>11,175,601</b>
Total 2005	97,814,061	90,530,946	188,345,008	355,895,228	424,113,961	780,009,189	999,295,081			2,230,494	28,710,391	30,940,885
% change	-10.6%	-0.5%	-5.7%	8.9%	11.8%	10.5%	5.1%			-19.4%	-67.3%	-63.9%

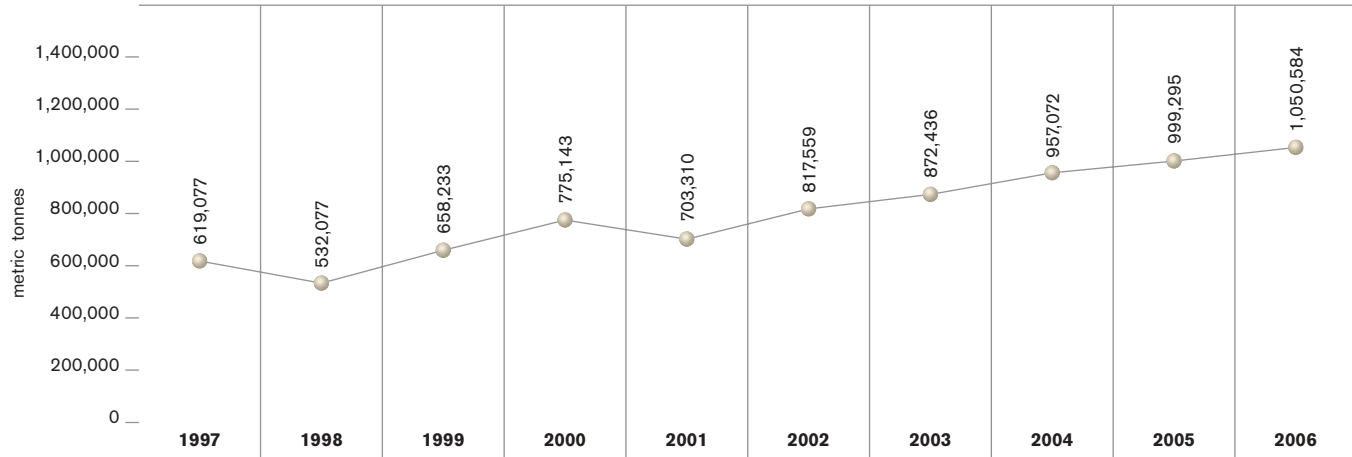
Note: \*Including transit cargo

## CARGO MOVEMENTS AT MAHB AIRPORTS



## AIRPORTS

(Metric Tonnes)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	%+/-
KLIA	–	159,641	417,068	510,594	440,864	527,124	586,195	651,747	653,654	<b>672,888</b>	2.9%
Penang	122,176	137,021	158,654	171,787	176,317	202,044	197,567	212,369	221,971	<b>225,952</b>	1.8%
Kota Kinabalu	37,203	27,942	27,087	27,347	24,887	28,112	25,638	27,191	25,473	<b>28,356</b>	11.3%
Kuching	22,542	17,447	22,055	24,200	22,897	24,835	26,278	26,073	28,407	<b>29,716</b>	4.6%
Langkawi	349	420	244	403	213	210	287	325	449	<b>487</b>	8.3%
Johor Bahru	2,068	1,411	2,072	6,014	4,157	3,849	3,697	–	–	–	–
Kota Bharu	399	346	317	343	407	404	315	235	168	<b>210</b>	24.9%
Ipoh	612	362	371	359	361	388	498	735	437	<b>357</b>	-18.3%
Kuala Terengganu	130	156	146	160	186	151	160	124	94	<b>70</b>	-25.5%
Alor Star	197	165	131	95	54	30	17	67	118	<b>111</b>	-6.4%
Melaka	42	55	83	86	48	49	214	602	370	<b>146</b>	-60.6%
Subang	413,695	166,794	14,069	15,893	14,445	12,261	14,358	18,670	46,082	<b>71,953</b>	56.1%
Kuantan	159	136	110	109	121	96	64	64	75	<b>109</b>	45.6%
Tioman	0	0	0	0	0	0	0	0	0	<b>0</b>	–
Pangkor	0	0	46	2	0	0	0	0	0	<b>0</b>	–
Labuan	2,112	1,629	1,745	2,597	2,946	3,176	2,733	2,653	3,077	<b>3,207</b>	4.2%
Lahad Datu	370	312	345	353	389	469	400	390	334	<b>170</b>	-49.1%
Sandakan	2,718	2,345	2,767	2,527	2,562	2,665	3,713	4,053	4,531	<b>5,475</b>	20.8%
Tawau	4,503	3,188	3,216	3,781	3,935	3,612	2,701	2,968	3,885	<b>3,030</b>	-22.0%
Bintulu	951	740	978	1,167	1,196	1,176	940	1,375	2,110	<b>2,205</b>	4.5%
Miri	5,196	3,158	3,837	4,200	4,096	3,903	3,881	4,721	5,392	<b>4,080</b>	-24.3%
Sibu	1,904	1,499	1,745	1,874	2,006	1,916	1,701	1,567	1,377	<b>1,040</b>	-24.5%
Mulu	0	3	0	0	0	18	4	102	459	<b>240</b>	-47.7%
Limbang	315	4,249	164	217	173	249	226	179	289	<b>379</b>	31.0%
STOL Sabah	6	17	5	34	4	4	2	2	1	<b>1</b>	-28.4%
STOL Sarawak	1,432	3,042	976	1,000	1,046	818	847	862	540	<b>403</b>	-25.4%
Peninsular Malaysia	539,826	466,505	593,311	705,846	637,173	746,607	803,372	884,937	923,419	<b>972,283</b>	5.3%
Sabah	46,913	35,434	35,166	36,639	34,723	38,037	35,187	37,257	37,301	<b>40,238</b>	7.9%
Sarawak	32,338	30,138	29,757	32,658	31,414	32,915	33,876	34,878	38,575	<b>38,062</b>	-1.3%
<b>Grand Total</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>1,050,584</b>	<b>5.1%</b>
% change	14.0%	-14.1%	23.7%	17.8%	-9.3%	16.2%	6.7%	9.7%	4.4%	5.1%	

**CARGO MOVEMENTS AT MAHB AIRPORTS (1997-2006)**

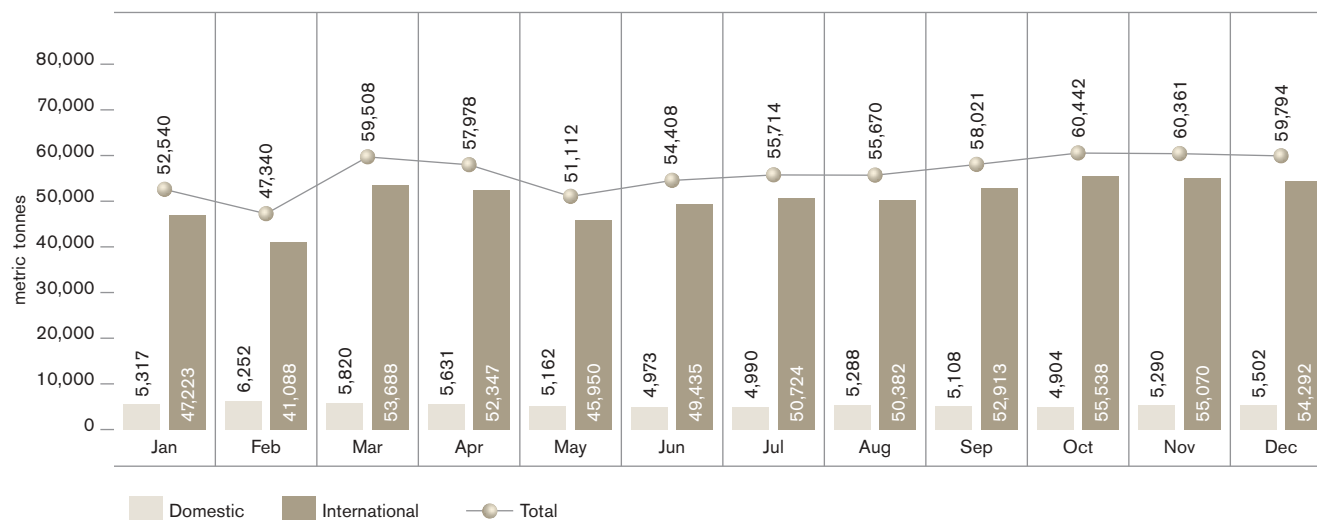
(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>SOUTH EAST ASIA</i>							
Bandar Seri Begawan	146,177	109,111	1,148,038	1,470,888	1,294,215	1,579,999	-18.1%
Bangkok	9,407,913	11,005,066	14,083,489	13,129,026	23,491,402	24,134,092	-2.7%
Cebu	107,359	87,856	142,688	137,080	250,047	224,936	11.2%
Clark Field	1,586,105	1,868,790	2,120,682	2,026,936	3,706,787	3,895,726	-4.8%
Denpasar Bali	545,424	708,450	63,807	88,454	609,231	796,904	-23.6%
Hanoi	446,328	586,747	689,953	589,378	1,136,281	1,176,125	-3.4%
Ho Chi Minh City	1,725,791	1,362,874	1,888,493	1,215,786	3,614,284	2,578,660	40.2%
Jakarta	6,906,967	6,584,353	7,866,984	7,809,108	14,773,951	14,393,461	2.6%
Manila	1,544,604	932,080	2,285,656	1,963,506	3,830,260	2,895,586	32.3%
Medan	834,463	804,832	207,168	254,434	1,041,631	1,059,266	-1.7%
Padang	57,928	42,780	1,052	3,241	58,980	46,021	28.2%
Phnom Penh	514,729	421,360	409,363	471,266	924,092	892,626	3.5%
Phuket	7,688	12,851	13,224	15,884	20,912	28,735	-27.2%
Siem Reap	0	0	45,993	52,409	45,993	52,409	-12.2%
Singapore	23,545,070	20,874,939	28,607,882	25,879,515	52,152,952	46,754,454	11.5%
Subic Bay	7,345,872	6,429,027	2,885,156	2,745,322	10,231,028	9,174,349	11.5%
Surabaya	1,234,352	1,294,308	598,778	288,703	1,833,130	1,583,011	15.8%
Yangon	195,014	174,686	403,593	376,335	598,607	551,021	8.6%
Yogyakarta	2,095	32,479	90	3,872	2,185	36,351	-94.0%
<b>Total</b>	<b>56,153,879</b>	<b>53,332,589</b>	<b>63,462,089</b>	<b>58,521,143</b>	<b>119,615,968</b>	<b>111,853,732</b>	<b>6.9%</b>
<i>NORTH EAST ASIA</i>							
Beijing	5,199,340	5,283,196	3,272,502	2,926,786	8,471,842	8,209,982	3.2%
Chengdu	126,681	229,827	260,076	177,071	386,757	406,898	-4.9%
Fukuoka	997,055	1,598,659	1,292,210	1,816,421	2,289,265	3,415,080	-33.0%
Fuzhou	61,700	144,289	113,419	120,154	175,119	264,443	-33.8%
Guangzhou	6,615,108	6,033,219	3,187,803	2,876,053	9,802,911	8,909,272	10.0%
Haikou	13,836	3,376	0	0	13,836	3,376	309.8%
Hangzhou	2,118,711	2,928,011	26,726	45,762	2,145,437	2,973,773	-27.9%
Hong Kong	27,723,298	28,834,161	24,581,404	20,745,326	52,304,702	49,579,487	5.5%
Kaoshiung	408,902	458,133	211,701	219,671	620,603	677,804	-8.4%
Kunming	647,243	847,789	223,154	106,513	870,397	954,302	-8.8%
Nagoya	2,363,536	2,813,225	2,032,181	2,438,315	4,395,717	5,251,540	-16.3%
Nanning	5,279	500	0	0	5,279	500	955.8%
Osaka	4,970,227	8,310,628	5,657,699	8,088,822	10,627,926	16,399,450	-35.2%
Seoul	17,257,964	17,928,244	17,629,735	17,420,997	34,887,699	35,349,241	-1.3%
Shanghai Hongqiao	0	29,805,278	0	11,932,949	0	41,738,227	-100.0%

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>NORTH EAST ASIA (cont'd.)</i>							
Shanghai Pu Dong	36,284,575	255,301	15,049,517	438,328	51,334,092	693,629	7300.8%
Shenzhen	652,669	607,890	861,423	577,579	1,514,092	1,185,469	27.7%
Taipei	17,002,331	17,918,172	14,657,264	13,269,220	31,659,595	31,187,392	1.5%
Tokyo	10,634,414	12,908,342	16,074,818	19,590,744	26,709,232	32,499,086	-17.8%
Xi An	66,167	414,372	10,127	26,610	76,294	440,982	-82.7%
Xiamen	2,900,111	2,153,589	1,561,211	1,304,308	4,461,322	3,457,897	29.0%
<b>Total</b>	<b>136,049,147</b>	<b>139,476,201</b>	<b>106,702,970</b>	<b>104,121,629</b>	<b>242,752,117</b>	<b>243,597,830</b>	<b>-0.3%</b>
<i>SOUTHWEST PACIFIC</i>							
Adelaide	615,917	896,749	2,139,140	2,063,223	2,755,057	2,959,972	-6.9%
Auckland	1,088,412	1,355,025	3,112,493	3,636,887	4,200,905	4,991,912	-15.8%
Avalon	0	266,375	176,629	446,692	176,629	713,067	-75.2%
Brisbane	3,061,993	940,221	3,155,090	2,544,616	6,217,083	3,484,837	78.4%
Christmas Island	0	0	0	7,382	0	7,382	-100.0%
Melbourne	6,247,711	5,802,204	11,294,933	9,929,663	17,542,644	15,731,867	11.5%
Perth	1,385,619	1,646,709	3,922,625	3,015,089	5,308,244	4,661,798	13.9%
Sydney	3,220,725	2,719,450	21,136,996	16,411,438	24,357,721	19,130,888	27.3%
<b>Total</b>	<b>15,620,377</b>	<b>13,626,733</b>	<b>44,937,906</b>	<b>38,054,990</b>	<b>60,558,283</b>	<b>51,681,723</b>	<b>17.2%</b>
<i>SOUTH ASIA</i>							
Ahmedabad	31,042	529,794	25,625	165,230	56,667	695,024	-91.8%
Bangalore	1,097,510	1,371,558	2,056,120	1,796,076	3,153,630	3,167,634	-0.4%
Chennai	3,242,057	2,792,802	5,076,429	4,421,053	8,318,486	7,213,855	15.3%
Colombo	1,394,965	1,446,908	1,662,290	1,679,175	3,057,255	3,126,083	-2.2%
Dhaka	4,607,307	4,168,493	3,991,148	3,355,083	8,598,455	7,523,576	14.3%
Delhi	1,862,108	2,049,079	2,739,596	1,966,224	4,601,704	4,015,303	14.6%
Hyderabad	746,569	883,357	1,678,742	1,268,898	2,425,311	2,152,255	12.7%
Jaipur	0	0	601	0	601	0	-
Karachi	1,757,961	1,602,485	1,783,194	1,050,950	3,541,155	2,653,435	33.5%
Kathmandu	287,610	165,375	28,726	93,058	316,336	258,433	22.4%
Kolkata	100,417	737,793	62,269	779,146	162,686	1,516,939	-89.3%
Lahore	0	0	192	0	192	0	-
Male	878,299	619,445	2,075,268	1,674,600	2,953,567	2,294,045	28.7%
Mumbai	2,009,437	2,133,251	3,520,890	2,850,863	5,530,327	4,984,114	11.0%
<b>Total</b>	<b>18,015,282</b>	<b>18,500,340</b>	<b>24,701,090</b>	<b>21,100,356</b>	<b>42,716,372</b>	<b>39,600,696</b>	<b>7.9%</b>

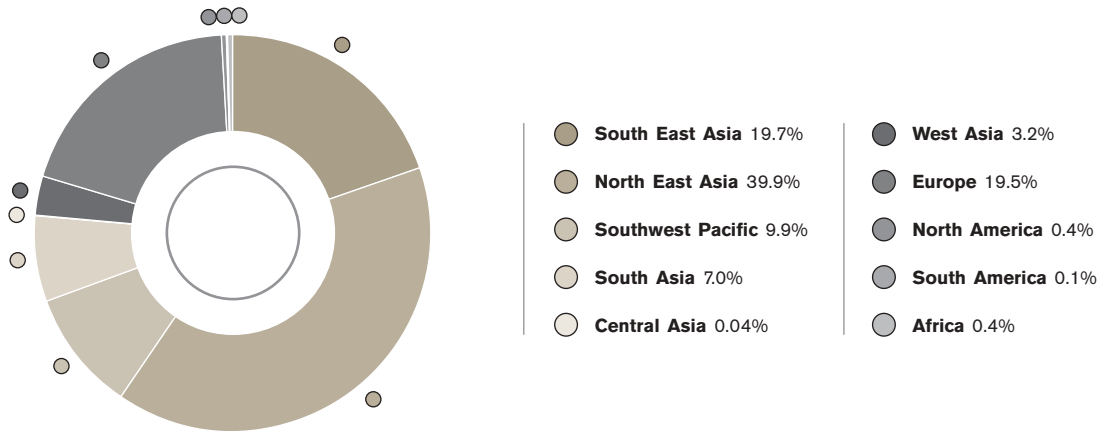
(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>CENTRAL ASIA</i>							
Tashkent	9,458	7,782	238,622	427,725	248,080	435,507	-43.0%
<b>Total</b>	<b>9,458</b>	<b>7,782</b>	<b>238,622</b>	<b>427,725</b>	<b>248,080</b>	<b>435,507</b>	<b>-43.0%</b>
<i>WEST ASIA</i>							
Abu Dhabi	0	54,823	49,764	295,224	49,764	350,047	-85.8%
Bahrain	8,841	24,019	334,148	185,669	342,989	209,688	63.6%
Beirut	23,744	82,887	419,434	684,832	443,178	767,719	-42.3%
Cairo	480,400	558,254	951,652	1,078,092	1,432,052	1,636,346	-12.5%
Damascus	15	0	0	0	15	0	-
Doha	406,466	207,412	1,242,155	1,030,809	1,648,621	1,238,221	33.1%
Dubai	2,081,271	1,879,435	8,001,457	6,426,496	10,082,728	8,305,931	21.4%
Jeddah	920,567	860,023	2,225,453	2,547,159	3,146,020	3,407,182	-7.7%
Kuwait	10,237	0	232,098	182	242,335	182	133051.1%
Madinah	2,127	17,162	273,919	200,310	276,046	217,472	26.9%
Muscat	78,572	18,201	397,274	93,653	475,846	111,854	325.4%
Riyadh	44,008	48,418	292,572	234,304	336,580	282,722	19.0%
Sanaa	9,251	31,682	87,241	59,152	96,492	90,834	6.2%
Tehran	93,989	65,999	571,329	533,351	665,318	599,350	11.0%
<b>Total</b>	<b>4,159,488</b>	<b>3,848,315</b>	<b>15,078,496</b>	<b>13,369,233</b>	<b>19,237,984</b>	<b>17,217,548</b>	<b>11.7%</b>
<i>EUROPE</i>							
Amsterdam	14,378,839	13,001,668	23,452,138	23,703,620	37,830,977	36,705,288	3.1%
Basel	899,750	2,263,308	230,068	0	1,129,818	2,263,308	-50.1%
Frankfurt	15,854,815	15,334,797	15,141,207	15,241,980	30,996,022	30,576,777	1.4%
Istanbul	918,401	908,398	1,170,666	1,183,901	2,089,067	2,092,299	-0.2%
London	5,357,978	5,231,532	10,509,589	9,968,381	15,867,567	15,199,913	4.4%
Luxembourg	2,786,312	2,902,243	4,754,704	4,323,811	7,541,016	7,226,054	4.4%
Maastricht	34,292	14,928	10,639	68,294	44,931	83,222	-46.0%
Manchester	265,818	964,347	794,799	3,896,357	1,060,617	4,860,704	-78.2%
Milan	1,513,588	0	1,136,704	0	2,650,292	0	-
Moscow	0	0	6,676	28,878	6,676	28,878	-76.9%
Munich	222,956	822,221	254,216	1,593,945	477,172	2,416,166	-80.3%
Paris	2,504,789	1,920,089	3,233,588	2,955,728	5,738,377	4,875,817	17.7%
Rome	1,932,838	1,688,115	1,413,282	1,528,383	3,346,120	3,216,498	4.0%
Stockholm	778,345	796,189	1,492,515	1,236,857	2,270,860	2,033,046	11.7%
Turin	0	95,406	0	0	0	95,406	-100.0%
Vienna	638,759	1,226,166	3,000,444	3,773,271	3,639,203	4,999,437	-27.2%
Zurich	2,282,693	1,286,119	1,632,722	1,802,108	3,915,415	3,088,227	26.8%
<b>Total</b>	<b>50,370,173</b>	<b>48,455,526</b>	<b>68,233,957</b>	<b>71,305,514</b>	<b>118,604,130</b>	<b>119,761,040</b>	<b>-1.0%</b>

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>NORTH AMERICA</i>							
Los Angeles	721,182	664,573	1,064,628	1,176,667	1,785,810	1,841,240	-3.0%
New York	281,779	184,943	81,858	163,649	363,637	348,592	4.3%
<b>Total</b>	<b>1,002,961</b>	<b>849,516</b>	<b>1,146,486</b>	<b>1,340,316</b>	<b>2,149,447</b>	<b>2,189,832</b>	<b>-1.8%</b>
<i>SOUTH AMERICA</i>							
Buenos Aires	254,325	296,639	366,437	237,980	620,762	534,619	16.1%
<b>Total</b>	<b>254,325</b>	<b>296,639</b>	<b>366,437</b>	<b>237,980</b>	<b>620,762</b>	<b>534,619</b>	<b>16.1%</b>
<i>AFRICA</i>							
Cape Town	409,615	836,418	371,344	407,811	780,959	1,244,229	-37.2%
Johannesburg	236,039	305,901	779,647	983,267	1,015,686	1,289,168	-21.2%
Mauritius	71,656	111,687	280,463	281,009	352,119	392,696	-10.3%
<b>Total</b>	<b>717,310</b>	<b>1,254,006</b>	<b>1,431,454</b>	<b>1,672,087</b>	<b>2,148,764</b>	<b>2,926,093</b>	<b>-26.6%</b>
<b>Grand Total</b>	<b>282,352,400</b>	<b>279,647,647</b>	<b>326,299,507</b>	<b>310,150,973</b>	<b>608,651,907</b>	<b>589,798,620</b>	<b>3.2%</b>

### KL INTERNATIONAL AIRPORT CARGO MOVEMENTS 2006



**KL INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS**  
**INTERNATIONAL MOVEMENTS: 608,652 METRIC TONNES**



## Airlines with more than 1% International Market Share at KLIA

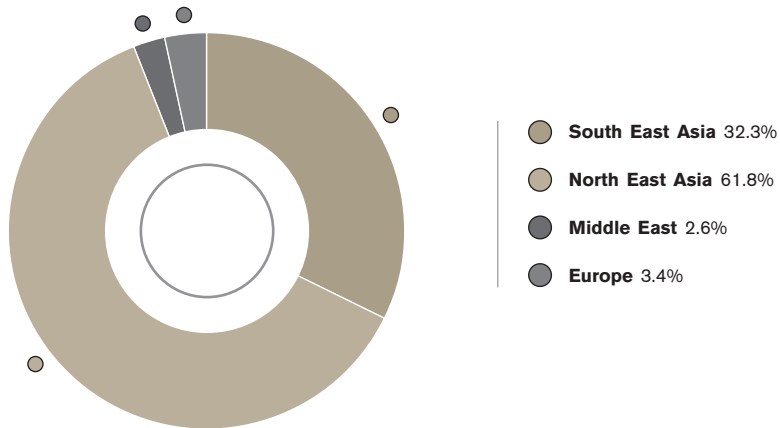
AIRLINES	CARGO (MT)	MARKET SHARE %
MALAYSIA AIRLINES	407,991	67.0%
KOREAN AIR	30,072	4.9%
SINGAPORE AIRLINES	28,952	4.8%
CATHAY PACIFIC	23,385	3.8%
CHINA AIRLINES	15,088	2.5%
THAI AIRWAYS	13,454	2.2%
JAPAN AIRLINES	13,449	2.2%
KLM ROYAL DUTCH	10,746	1.8%
FEDERAL EXPRESS	10,231	1.7%
EVA AIRWAYS	9,104	1.5%
CARGOLUX	7,541	1.2%

## 10 Highest Growth International Performance\* at KLIA

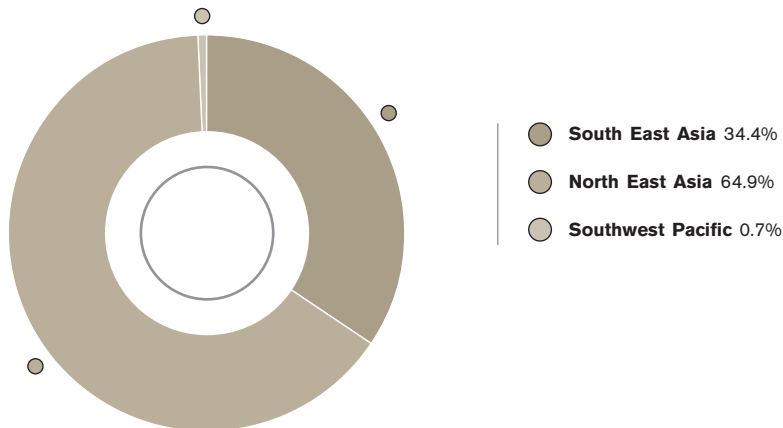
AIRLINES	CARGO (MT)	% CHANGE OVER 2005
CATHAY PACIFIC	23,385	58.2%
KLM ROYAL DUTCH	10,746	51.1%
CHINA SOUTHERN	1,523	40.2%
EMIRATES AIRLINES	6,265	32.0%
QATAR AIRWAYS	1,678	31.9%
SHENZHEN AIRLINES	1,519	28.1%
SRILANKAN AIRLINES	2,509	12.9%
AIR CHINA	1,265	11.6%
FEDERAL EXPRESS	10,231	11.3%
KOREAN AIR	30,072	11.2%

**Note:** \* 1,000 metric tonnes and above

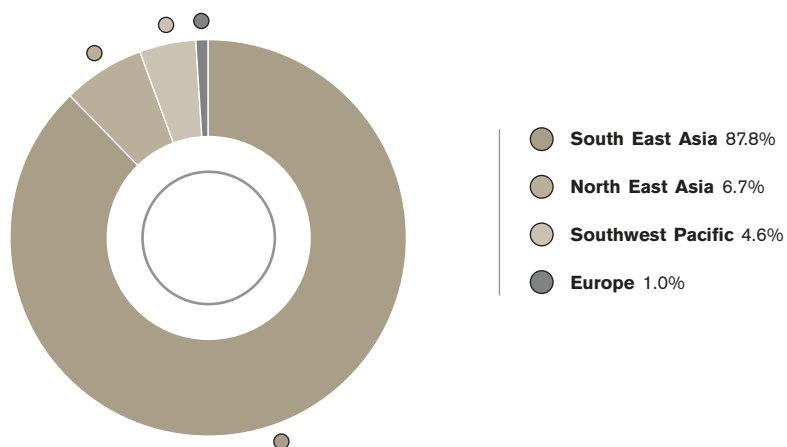
**PENANG INTERNATIONAL CARGO MOVEMENTS BY SECTORS**  
INTERNATIONAL MOVEMENTS: 184,985 METRIC TONNES



**KOTA KINABALU INTERNATIONAL CARGO MOVEMENTS BY SECTORS**  
INTERNATIONAL MOVEMENTS: 3,300 METRIC TONNES



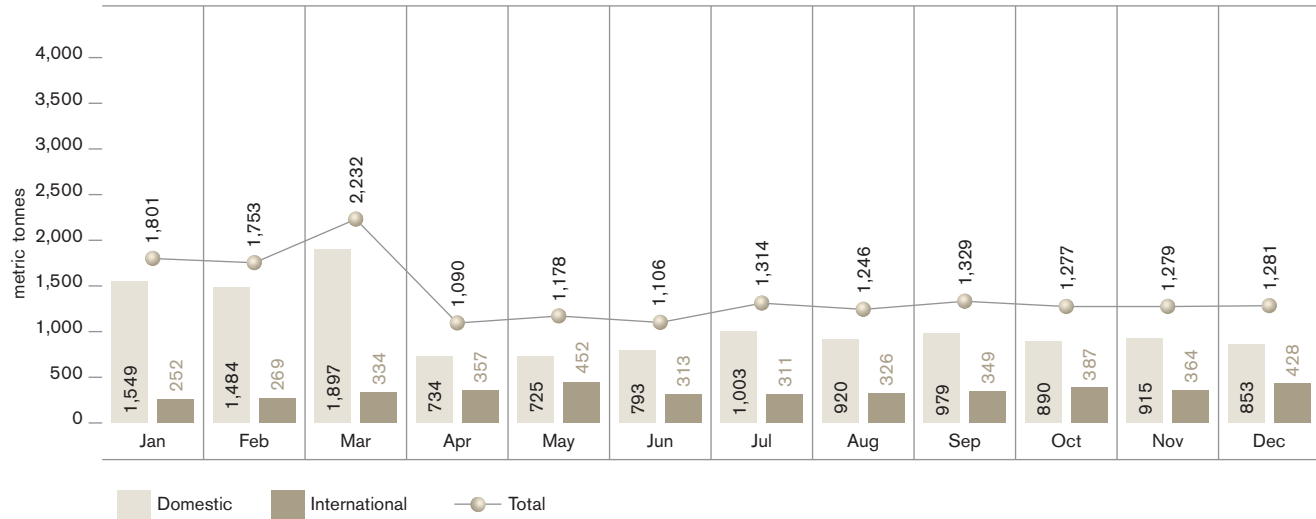
**KUCHING INTERNATIONAL CARGO MOVEMENTS BY SECTORS**  
**INTERNATIONAL MOVEMENTS: 1,483 METRIC TONNES**



AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2006*	2005*	% +/-	Domestic	Int'l	Total
KLIA	49,422	391,420	440,842	2,519,636	1,597,538	4,117,174	4,558,016	2,998,931	52.0%	0	0	0
Penang	261	127	388	1,404	20	1,424	1,812	8,891	-79.6%	0	0	0
Kota Kinabalu	2,728,274	1,044,568	3,772,842	14,386	5	14,391	3,787,233	5,031,817	-24.7%	0	0	0
Kuching	1,675,009	1,251,126	2,926,135	4,200	1,209	5,409	3,467,149	5,085,829	-31.8%	535,605	0	535,605
Langkawi	47,827	10,258	58,085	2	-	2	58,087	45,556	27.5%	0	0	0
Kota Bharu	67,032	103,706	170,738	-	-	-	170,738	226,445	-24.6%	0	0	0
Ipoh	-	-	-	-	-	-	0	-	-	0	0	0
Kuala Terengganu	9,432	174	9,606	-	-	-	9,606	132,258	-92.7%	0	0	0
Alor Star	-	-	-	-	-	-	0	4	-	0	0	0
Melaka	-	-	-	-	-	-	0	-	-	0	0	0
Subang	450,282	1,202,840	1,653,122	-	3,170	3,170	1,656,292	7,006,378	-76.4%	0	0	0
Kuantan	-	-	-	-	-	-	0	2,287	-100.0%	0	0	0
Tioman	-	-	-	-	-	-	0	-	-	0	0	0
Pangkor	-	-	-	-	-	-	0	-	-	0	0	0
Labuan	229,481	59,182	288,663	-	2,125	2,125	290,788	257,357	13.0%	0	0	0
Lahad Datu	197,734	13,965	211,699	-	-	-	211,699	154,046	37.4%	0	0	0
Sandakan	60,218	29,382	89,600	-	-	-	89,600	52,247	71.5%	0	0	0
Tawau	73,324	28,216	101,540	-	-	-	101,540	263,828	-61.5%	0	0	0
Bintulu	206,787	31,249	238,036	-	-	-	239,600	133,624	79.3%	1,564	0	1,564
Miri	1,132,030	296,198	1,428,228	-	-	-	1,438,956	1,632,960	-11.9%	10,729	0	10,729
Sibu	409,613	269,993	679,606	-	-	-	698,338	1,089,224	-35.9%	18,732	0	18,732
Mulu	-	-	-	-	-	-	0	-	-	0	0	0
Limbang	65,254	15,580	80,834	-	-	-	80,834	55,317	46.1%	0	0	0
STOL Sabah	34	22	56	-	-	-	56	47	19.1%	0	0	0
STOL Sarawak	15,551	9,848	25,399	-	-	-	25,399	34,771	-27.0%	0	0	0
Peninsular Malaysia	624,256	1,708,525	2,332,781	2,521,042	1,600,728	4,121,770	6,454,551	10,420,750	-38.1%	-	-	0
Sabah	3,289,065	1,175,335	4,464,400	14,386	2,130	16,516	4,480,916	5,759,342	-22.2%	-	-	0
Sarawak	3,504,244	1,873,993	5,378,238	4,200	1,209	5,409	5,950,276	8,031,725	-25.9%	566,630	-	566,630
<b>Total 2006</b>	<b>7,417,565</b>	<b>4,757,853</b>	<b>12,175,418</b>	<b>2,539,628</b>	<b>1,604,067</b>	<b>4,143,695</b>	<b>16,885,742</b>	<b>24,211,817</b>	<b>-30.3%</b>	<b>566,630</b>	<b>0</b>	<b>566,630</b>
Total 2005	10,107,830	9,971,034	20,078,863	1,748,600	974,763	2,723,363	24,211,817			1,409,591	-	1,409,591
% change	-26.6%	-52.3%	-39.4%	45.2%	64.6%	52.2%	-30.3%			-59.8%	-	-59.8%

Note: \*Including transit mail

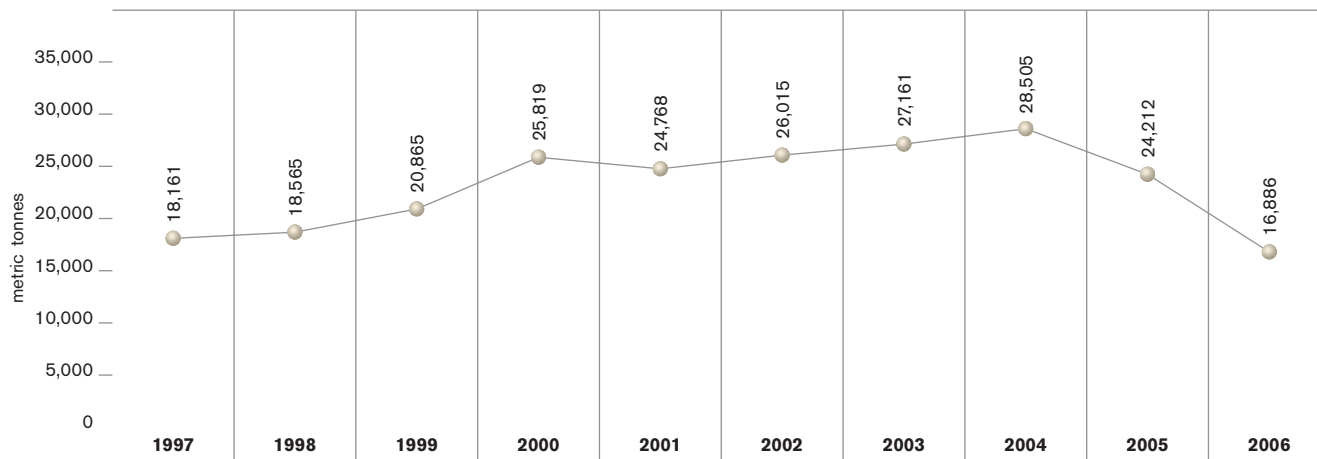
## MAIL MOVEMENTS AT MAHB AIRPORTS



## AIRPORTS

(Metric Tonnes)	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	%+/-
KLIA	–	2,919	3,758	4,618	4,947	4,858	3,787	3,621	2,999	4,558	52.0%
Penang	55	50	54	63	32	1	992	1,563	9	2	-79.6%
Kota Kinabalu	4,458	3,442	4,210	4,795	3,019	5,214	5,737	5,940	5,032	3,787	-24.7%
Kuching	3,498	2,681	2,760	4,575	5,503	5,181	5,131	5,344	5,086	3,467	-31.8%
Langkawi	30	28	27	37	22	25	42	44	46	58	27.5%
Johor Bahru	1	3	0	4	0	0	0	0	0	0	–
Kota Bharu	233	185	206	237	285	287	305	384	226	171	-24.6%
Ipoh	1	0	0	13	0	0	0	0	0	0	–
Kuala Terengganu	119	92	109	119	112	136	164	174	132	10	-92.7%
Alor Star	5	4	1	1	0	0	0	0	0	0	-100.0%
Melaka	0	0	0	9	0	0	0	0	0	0	–
Subang	5,345	5,449	6,780	7,642	7,120	7,142	7,860	8,003	7,006	1,656	-76.4%
Kuantan	2	1	0	6	6	0	9	12	2	0	-100.0%
Tioman	0	0	0	0	0	0	0	0	0	0	–
Pangkor	0	0	0	0	0	0	0	0	0	0	–
Labuan	285	253	270	251	269	288	307	276	257	291	13.0%
Lahad Datu	4	7	152	224	199	201	155	165	154	212	37.4%
Sandakan	531	401	460	493	514	360	216	202	52	90	71.5%
Tawau	866	562	417	510	606	510	453	431	264	102	-61.5%
Bintulu	40	32	110	171	168	151	122	151	134	240	79.3%
Miri	1,413	954	1,001	1,287	1,441	1,118	1,283	1,255	1,633	1,439	-11.9%
Sibu	1,275	1,501	550	763	527	543	598	909	1,089	698	-35.9%
STOL Sabah	0	0	0	0	0	0	0	0.011	0.047	0.06	18.1%
STOL Sarawak	0	0	0	0	0	0	0	32	90	106	17.9%
Peninsular Malaysia	5,791	8,732	10,935	12,749	12,524	12,449	13,160	13,801	10,421	6,455	-38.1%
Sabah	6,144	4,665	5,509	6,274	4,607	6,573	6,868	7,013	5,759	4,481	-22.2%
Sarawak	6,226	5,168	4,421	6,797	7,638	6,993	7,133	7,691	8,032	5,950	-25.9%
<b>Grand Total</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>	<b>16,886</b>	<b>-30.3%</b>
% change	1.2%	2.2%	12.4%	23.7%	-4.1%	5.0%	4.4%	4.9%	-15.1%	-30.3%	

## MAIL MOVEMENTS AT MAHB AIRPORTS (1997-2006)

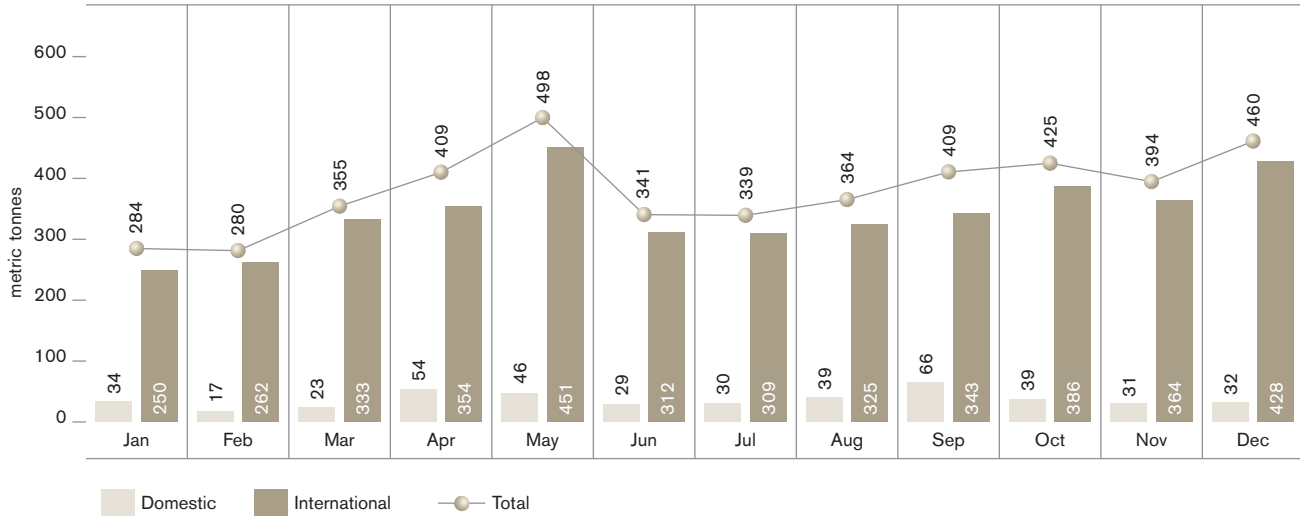


(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>SOUTH EAST ASIA</i>							
Bandar Seri Begawan	2,822	2,539	74,715	102,684	77,537	105,223	-26.3%
Bangkok	381,687	292,534	93,279	133,255	474,966	425,789	11.5%
Denpasar Bali	0	470	39	0	39	470	-91.7%
Hanoi	491	915	232	0	723	915	-21.0%
Ho Chi Minh City	5,170	12,947	13,760	1,130	18,930	14,077	34.5%
Jakarta	66,326	34,048	160,556	84,802	226,882	118,850	90.9%
Manila	26	21	1,146	4,123	1,172	4,144	-71.7%
Medan	4,096	1,817	26,058	10,717	30,154	12,534	140.6%
Phnom Penh	0	0	37,461	30,462	37,461	30,462	23.0%
Phuket	30	0	0	0	30	0	-
Singapore	304,983	272,037	42,559	7,959	347,542	279,996	24.1%
Surabaya	0	3,379	100	160	100	3,539	-97.2%
Yangon	0	0	6,350	1,207	6,350	1,207	426.1%
Yogyakarta	0	168	0	0	0	168	-100.0%
<b>Total</b>	<b>765,631</b>	<b>620,875</b>	<b>456,255</b>	<b>376,499</b>	<b>1,221,886</b>	<b>997,374</b>	<b>22.5%</b>
<i>NORTH EAST ASIA</i>							
Beijing	0	0	8,810	2,359	8,810	2,359	273.5%
Guangzhou	48,610	39,613	66,035	27,724	114,645	67,337	70.3%
Hong Kong	470,126	0	116,376	44,688	586,502	44,688	1212.4%
Nagoya	763	0	0	868	763	868	-12.1%
Osaka	3,510	14,548	1,391	3,645	4,901	18,193	-73.1%
Seoul	106,002	77,291	21,202	10,014	127,204	87,305	45.7%
Shanghai Pu Dong	0	0	13,157	3,994	13,157	3,994	229.4%
Shenzhen	0	0	125	0	125	0	-
Taipei	362,374	298,901	157,031	126,802	519,405	425,703	22.0%
Tokyo	197,270	214,620	88,231	58,234	285,501	272,854	4.6%
<b>Total</b>	<b>1,188,655</b>	<b>644,973</b>	<b>472,358</b>	<b>278,328</b>	<b>1,661,013</b>	<b>923,301</b>	<b>79.9%</b>
<i>SOUTHWEST PACIFIC</i>							
Adelaide	0	0	22	0	22	0	-
Auckland	0	0	30,996	10,524	30,996	10,524	194.5%
Brisbane	0	0	79	0	79	0	-
Melbourne	0	0	72,327	28,357	72,327	28,357	155.1%
Perth	4	0	23,001	10,295	23,005	10,295	123.5%
Sydney	17,705	11,668	86,372	39,593	104,077	51,261	103.0%
<b>Total</b>	<b>17,709</b>	<b>11,668</b>	<b>212,797</b>	<b>88,769</b>	<b>230,506</b>	<b>100,437</b>	<b>129.5%</b>

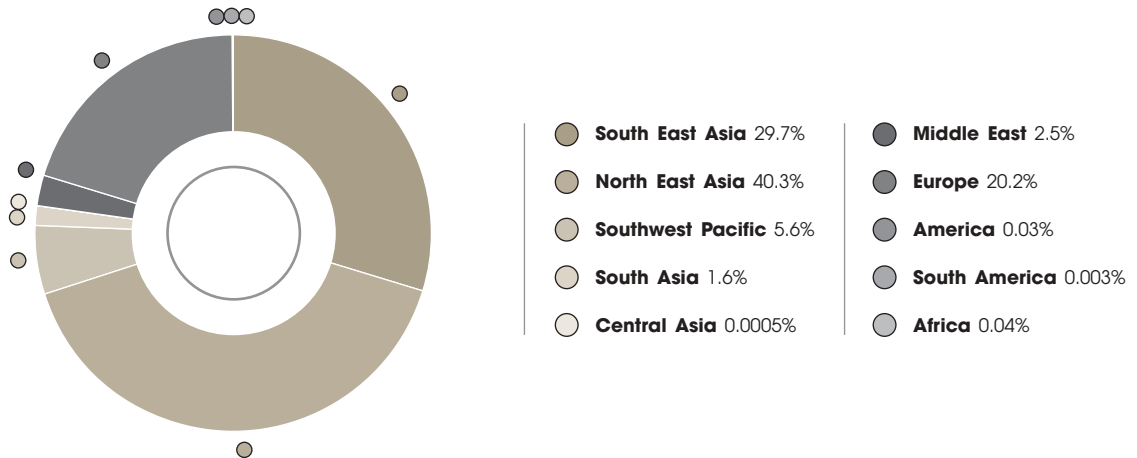
(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>SOUTH ASIA</i>							
Chennai	7,317	22,742	23,147	19,407	30,464	42,149	-27.7%
Colombo	2,825	542	2,927	30	5,752	572	905.6%
Delhi	1,167	0	5,046	367	6,213	367	1592.9%
Dhaka	3,722	3,229	3,234	1,181	6,956	4,410	57.7%
Karachi	33	8	4,646	304	4,679	312	1399.7%
Kathmandu	0	0	86	0	86	0	-
Mumbai	1,822	2,921	8,531	668	10,353	3,589	188.5%
Male	0	165	608	448	608	613	-0.8%
<b>Total</b>	<b>16,886</b>	<b>29,607</b>	<b>48,225</b>	<b>22,405</b>	<b>65,111</b>	<b>52,012</b>	<b>25.2%</b>
<i>MIDDLE EAST</i>							
Bahrain	114	314	1	0	115	314	-63.4%
Cairo	0	0	2,352	1,106	2,352	1,106	112.7%
Dammam	20	0	0	0	20	0	-
Doha	9,802	0	4	0	9,806	0	-
Dubai	55,398	13,817	15,175	15,975	70,573	29,792	136.9%
Jeddah	1,861	2,311	4,686	1,452	6,547	3,763	74.0%
Kuwait	493	0	0	0	493	0	-
Madinah	0	0	383	0	383	0	-
Muscat	289	0	3	0	292	0	-
Riyadh	3,275	933	0	55	3,275	988	231.5%
Sanaa	2,709	123	2,029	622	4,738	745	536.0%
Tehran	3,479	1,624	0	0	3,479	1,624	114.2%
Sharjah	0	0	0	703	0	703	-100.0%
<b>Total</b>	<b>77,440</b>	<b>19,122</b>	<b>24,633</b>	<b>19,913</b>	<b>102,073</b>	<b>39,035</b>	<b>161.5%</b>
<i>CENTRAL ASIA</i>							
Tashkent	20	0	0	0	20	0	-
<b>Total</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>0</b>	<b>-</b>

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2006	2005	2006	2005	2006	2005	
<i>EUROPE</i>							
Amsterdam	426,054	377,315	117,715	59,267	543,769	436,582	24.6%
Frankfurt	4,560	0	14,546	8,834	19,106	8,834	116.3%
Istanbul	13	0	468	0	481	0	-
London	10,872	0	236,131	97,837	247,003	97,837	152.5%
Munich	1,491	638	54	9	1,545	647	138.8%
Paris	0	0	10,116	5,181	10,116	5,181	95.3%
Rome	0	0	0	1,100	0	1,100	-100.0%
Stockholm	0	0	341	187	341	187	82.4%
Vienna	8,441	9,754	1,172	1,225	9,613	10,979	-12.4%
Zurich	0	0	1,722	3,925	1,722	3,925	-56.1%
<b>Total</b>	<b>451,431</b>	<b>387,707</b>	<b>382,265</b>	<b>177,565</b>	<b>833,696</b>	<b>565,272</b>	<b>47.5%</b>
<i>NORTH AMERICA</i>							
Los Angeles	932	0	207	0	1,139	0	-
New York	15	0	0	0	15	0	-
<b>Total</b>	<b>947</b>	<b>0</b>	<b>207</b>	<b>0</b>	<b>1,154</b>	<b>0</b>	<b>-</b>
<i>SOUTH AMERICA</i>							
Buenos Aires	83	0	55	0	138	0	-
<b>Total</b>	<b>83</b>	<b>0</b>	<b>55</b>	<b>0</b>	<b>138</b>	<b>0</b>	<b>-</b>
<i>AFRICA</i>							
Johannesburg	0	0	562	411	562	411	36.7%
Mauritius	834	899	181	6	1,015	905	12.2%
<b>Total</b>	<b>834</b>	<b>899</b>	<b>743</b>	<b>417</b>	<b>1,577</b>	<b>1,316</b>	<b>19.8%</b>
<b>Grand Total</b>	<b>2,519,636</b>	<b>1,714,851</b>	<b>1,597,538</b>	<b>963,896</b>	<b>4,117,174</b>	<b>2,678,747</b>	<b>53.7%</b>

### KL INTERNATIONAL AIRPORT MAIL MOVEMENTS 2006



### KL INTERNATIONAL AIRPORT MAIL MOVEMENTS BY SECTORS INTERNATIONAL MOVEMENTS: 4,117 METRIC TONNES



# Movements At MAHB STOLports

## In Sabah & Sarawak 2006/2005

Malaysia Airports Holdings Berhad

STOLports	Aircraft Movements	% Chg	Passengers	% Chg	Cargo & Mail (kg)	% Chg
<b>SARAWAK REGION</b>						
Bakalalan	464	-10.4%	4,977	-9.6%	13,560	-30.2%
Bario	1,852	16.8%	15,847	12.0%	226,652	-17.3%
Lawas	4,508	-1.4%	51,415	-9.2%	25,252	-36.3%
Long Banga	246	25.5%	2,249	-12.7%	0	–
Long Lellang	256	-19.0%	2,369	-10.2%	306	–
Long Akah	304	33.3%	1,649	-22.9%	0	–
Long Seridan	218	7.9%	1,305	3.9%	9,052	30.9%
Marudi	3,924	4.3%	47,454	-16.9%	153,180	-33.9%
Mukah	2,896	1.8%	25,874	-18.7%	0	-100.0%
Belaga	50	-47.9%	60	-67.6%	0	–
Long Semado	–	–	–	–	–	–
Kapit	–	–	–	–	–	–
<b>Total</b>	<b>14,718</b>	<b>2.8%</b>	<b>153,199</b>	<b>-11.9%</b>	<b>428,002</b>	<b>-25.5%</b>
<b>SABAH REGION</b>						
Kudat	800	-1.7%	5,933	-1.3%	1,023	-30.7%
Long Pasia	–	–	–	–	–	–
Semporna	–	–	–	–	–	–
<b>Total</b>	<b>800</b>	<b>-1.7%</b>	<b>5,933</b>	<b>-1.3%</b>	<b>1,023</b>	<b>-30.7%</b>
<b>Grand Total</b>	<b>15,518</b>	<b>2.5%</b>	<b>159,132</b>	<b>-11.6%</b>	<b>429,025</b>	<b>-25.5%</b>

# Airlines Operating at KL International Airport

2006 (December)

275

Malaysia Airports Holdings Berhad

Weekly flight frequency		Weekly flight frequency		
1	Air China	4	24 KLM-Royal Dutch Airlines	6+1c
2	Air India	6	25 Korean Air	7+6c
3	Air Mauritius	4	26 Lion Airlines	7
4	AirAsia	199 int/309 dom	27 Lufthansa German Airlines	4
5	Austrian	6	28 Malaysia Airlines	423int+20c/408dom
6	Biman Bangladesh Airlines	2	29 Merpati Nusantara Airlines	7
7	Cargolux Airlines International (cargo)	3c	30 Myanmar Airways International	3
8	Cathay Pacific Airways	21	31 Pakistan International Airlines	2
9	China Airlines	14+2c	32 Qatar Airways	7
10	China Eastern Airlines	8	33 Royal Brunei Airlines	7
11	China Southern Airlines	7	34 Royal Nepal Airlines	7
12	Emirates	9	35 Saudi Arabian Airlines	3
13	EVA Airways	5+1c	36 Shenzhen Airlines	7
14	FedEx (cargo)	11c	37 Singapore Airlines	42
15	Gading Sari (cargo)	10c	38 SriLankan Airlines	12
16	Garuda Indonesia	7	39 Thai AirAsia	7
17	Gulf Air	3	40 Thai Airways International	21
18	Hainan Airlines	2 (charter)	41 United Parcel Services (cargo)	5c
19	Indian Airlines	14	42 Uzbekistan Airways	2
20	Indonesia AirAsia	14	43 Vietnam Airlines	11
21	Iran Air	2	44 Xiamen Airlines	8
22	Japan Airlines International	14+3c	45 Yemenia Yemen Airways	2
23	Jet Airways India	7	46 Kuwait Airways	2
			47 Cebu Pacific Air	4

**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 flight number.

**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 operated by Malaysia Airports Holdings Berhad.

## 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 29 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	16	1	477	66	0.00	0.00
100 to 1,000	11,214	22	11,171,750	20,600	1.02	0.00
1,001 to 10,000	8,283	79	30,535,349	397,100	2.78	0.04
10,001 to 100,000	681	33	18,656,800	1,348,268	1.70	0.12
100,001 to 54,999,999 (*)	87	28	147,275,800	90,443,790	13.39	8.22
55,000,000 & above (**)	1	0	800,150,000	0	72.74	0.00
<b>TOTAL</b>	<b>20,282</b>	<b>163</b>	<b>1,007,790,176</b>	<b>92,209,824</b>	<b>91.62</b>	<b>8.38</b>

	No. of Holders	No. of Shares	%
<b>Grand Total</b>	<b>20,445</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 (CONT'D.)

### B. LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 25 APRIL 2007

Name of Shareholders	No. of Shares Held	%
1. Khazanah Nasional Berhad	800,150,000	72.74
2. HSBC Nominees (Asing) Sdn Bhd <i>(Exempt AN For JPMorgan Chase Bank, National Association (Bermuda))</i>	22,037,100	2.00
3. HSBC Nominees (Asing) Sdn Bhd <i>(HSBC-FS For Arisaig Asean Fund Limited)</i>	17,529,500	1.59
4. Employees Provident Fund Board	17,148,900	1.56
5. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>(Skim Amanah Saham Bumiputera)</i>	12,150,000	1.10
6. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>(Amanah Saham Wawasan 2020)</i>	10,357,800	0.94
7. HSBC Nominees (Asing) Sdn Bhd <i>(Exempt AN For Morgan Stanley &amp; Co. International Limited)</i>	7,600,000	0.69
8. HSBC Nominees (Asing) Sdn Bhd <i>(SG Nantes For Socgen International Sicav)</i>	7,352,618	0.67
9. Kumpulan Wang Persaraan (Diperbadankan)	6,800,000	0.62
10. BHR Enterprise Sdn Bhd	6,151,600	0.56
11. HSBC Nominees (Asing) Sdn Bhd <i>(Exempt AN For JPMorgan Chase Bank, National Association (U.K.))</i>	5,628,300	0.51
12. HSBC Nominees (Tempatan) Sdn Bhd <i>(Nomura Asset Mgmt Sg For Employees Provident Fund)</i>	5,559,000	0.51
13. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>(Pheim Asset Management Sdn Bhd For Employees Provident Fund)</i>	5,483,400	0.50
14. Setiausaha Kerajaan Pulau Pinang	5,000,000	0.45
15. Tabung Amanah Warisan Negeri Johor	4,900,000	0.45
16. Chief Minister, State of Sabah	4,500,000	0.41
17. State Financial Secretary Sarawak	4,500,000	0.41
18. Mayban Securities Nominees (Tempatan) Sdn Bhd <i>(Kumpulan Wang Amanah Pencen For Kerajaan Negeri Negeri Sembilan)</i>	4,400,000	0.40
19. Pertubuhan Keselamatan Sosial	4,381,800	0.40
20. UOBM Nominees (Asing) Sdn Bhd <i>(Exempt AN For Natexis Bleichroeder Inc)</i>	4,144,320	0.38
21. State Secretary Kedah Incorporated	4,100,000	0.37
22. Kerajaan Negeri Pahang	4,100,000	0.37
23. Tabung Amanah Melaka	3,958,500	0.36
24. Citigroup Nominees (Tempatan) Sdn Bhd <i>(ING Insurance Berhad (Inv-IL Par))</i>	3,820,500	0.35
25. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>(Public Equity Fund)</i>	3,621,700	0.33

**ANALYSIS OF SHAREHOLDINGS (CONT'D.)****B. LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 25 APRIL 2007 (CONT'D.)**

Name of Shareholders	No. of Shares Held	%
26. HSBC Nominees (Asing) Sdn Bhd <i>(BBH (LUX) SCA For Fidelity Funds – Asia Pacific Growth &amp; Income Fund)</i>	3,500,000	0.32
27. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>(Public Growth Fund)</i>	3,270,300	0.30
28. HSBC Nominees (Asing) Sdn Bhd <i>(BNY Brussels For Arnhold And S. Bleichroeder Advisers Inc. Diversified International Equity Fund LLC)</i>	2,589,104	0.24
29. Mayban Nominees (Asing) Sdn Bhd <i>(HSBC-Fund Services For Manulife Pacific Asia Equity Fund)</i>	2,587,000	0.24
30. Norazmi bin Mohamed Nurdin	2,569,000	0.23

**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 Izhab	–	–	–
Dato' Ahmad Fuaad bin Mohd Dahalan	–	–	–
Hajah Jamilah binti Dato' Hj Hashim	–	–	–
Datuk Alias bin Haji Ahmad	–	–	–
Datuk Siti Maslamah binti Osman	–	–	–
Ahmad Kamal bin Abdullah Al-Yafii	–	–	–
Dato' Long See Wool <i>(Alternate Director to Dato' Zaharaah binti Shaari)</i>	–	–	–
Dyg Sadiah binti Abg Bohan <i>(Alternate Director to Eshah binti Meor Suleiman)</i>	–	–	–

**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 27% 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

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 2006 (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	—	2,038
<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	7	Freehold	—	75	191
<b>Malaysia Airports Sdn. Bhd.</b> Location: No. A-05-03A Genting Permai Park & Resort District of Bentong, Pahang	Apartment	7	Freehold	—	96	257
<b>Malaysia Airports Sdn. Bhd.</b> Location: No. A-3A-10 Genting Permai Park & Resort District of Bentong, Pahang	Apartment	7	Freehold	—	96	246
<b>Malaysia Airports Sdn. Bhd.</b> Location: No. A-3A-02 Genting Permai Park & Resort District of Bentong, Pahang	Apartment	7	Freehold	—	75	196

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 2006 (RM'000)
<b>Malaysia Airports Sdn. Bhd.</b> Location: Telok Dalam, Pulau Pangkor Mukim Lumut, Perak	10 units of apartments	—	Freehold	—	744	1,031
<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	—	285
<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	—	236
<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	8	Freehold	—	3,791	2,720

**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.

**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  
Kuala Lumpur International Airport  
64000 KLIA, Sepang  
Selangor Darul Ehsan  
Tel : 603-8776 2000/603-8777 8888  
Fax : 603-8926 5510/603-8926 5209

**MALAYSIA AIRPORTS (NIAGA)  
SDN. BHD.** (281310-V)*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  
Kuala Lumpur 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  
Kuala Lumpur 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  
Kuala Lumpur 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

Kuala Lumpur 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 : 603-8776 7002

Fax : 603-8787 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 3245  
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 6876/901  
604-714 2994  
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 : 6086-604 505  
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 : 6086-339 163/332 792  
6086-331 958/335 391  
Fax : 6086-337 011

**Miri Airport**

Peti Surat 851  
98008 Miri, Sarawak, Malaysia  
Tel : 6085-615 204/205  
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 IS HEREBY GIVEN THAT** the Eighth 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 Thursday, 31 May 2007 at 11.00 a.m. for the following purposes:

## AGENDA

1. To receive and adopt the Report of the Directors and Audited Financial Statements for the financial year ended 31 December 2006 together with the Report of the Auditors thereon. **(Resolution 1)**
2. To declare and approve the payment of a final dividend of 4 sen per share less income tax of 27% for the financial year ended 31 December 2006. **(Resolution 2)**
3. To approve the payment of Directors' Fee for the financial year ended 31 December 2006. **(Resolution 3)**
4. To approve the increase of Directors' Fee with effect from 1 June 2007 onwards. **(Resolution 4)**
5. To re-elect Hajah Jamilah binti Dato' Hj Hashim who shall retire in accordance with Article 129 of the Company's Articles of Association and who, being eligible, offers herself for re-election. **(Resolution 5)**
6. 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. Datuk Siti Maslamah binti Osman **(Resolution 6)**
  - ii. Ahmad Kamal bin Abdullah Al-Yafii **(Resolution 7)**
  - iii. Eshah binti Meor Suleiman **(Resolution 8)**
7. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

## AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following Special Resolution:-

### Special Resolution

#### - Amendments to the Articles of Association

“That the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in the following manner, be and are hereby approved:-

**(Resolution 10)**

#### (a) Article 8

Article 8 of the Articles of Association be amended by deleting the sentence “*PROVIDED THAT the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time*” on the last third line of the said Article. That the amended Article 8 shall read as follows:-

“The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company or to issue preference capital ranking equally with or in priority to preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.”

(b) **Article 48(2)**

Article 48(2) of the Articles of Association be amended by substituting the words “a date” with “the latest date which is reasonably practicable which shall in any event be” on the third line of the said Article. That the amended Article 48(2) shall read as follows:-

“The Company shall request the Central Depository in accordance with the Rules of the Central Depository, to issue a Record of Depositors, as at *the latest date which is reasonably practicable which shall in any event be* not less than 3 market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”).”

(c) **Article 115(1)(f)**

Article 115(1)(f) of the Articles of Association be amended by deleting in its entirety and Article 115(1)(g) of the Articles of Association be re-numbered as Article 115(1)(f), accordingly.

And that the Directors be and are hereby authorised to take all steps and do all acts and things in any manner as they may deem necessary or expedient in order to implement, finalise and give full effect to the said deletions, alterations, modifications, variations and additions to the Articles of Association of the Company.”

9. To consider and, if thought fit, to pass the following Ordinary Resolution:-

**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 and that the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued.”

**(Resolution 11)**

10. To consider any other business for which due notice has been given.

By Order of the Board

**SABARINA LAILA BINTI MOHD HASHIM**

(LS 0004324)

Company Secretary

Subang

Selangor Darul Ehsan

9 May 2007

## NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that the final dividend of 4 sen per share less income tax of 27% in respect of the financial year ended 31 December 2006, if approved at the Eighth Annual General Meeting, will be paid on 18 July 2007 to Depositors registered in the Records of Depositors on 27 June 2007. 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 27 June 2007, 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.

## EXPLANATORY NOTES ON ORDINARY BUSINESS

### Resolution 4

The Ordinary Resolution proposed under Item 4 of the Agenda, if passed, shall be for the financial year ended 31 December 2007 and each year thereafter until otherwise determined by the Company in a general meeting. Furthermore, it will also enable the Company to increase the annual fee for the Non-Executive Directors of the Company from RM174,000.00 in the financial year ended 31 December 2006 to RM288,000.00 per annum (100% increase) effective from 1 June 2007 onwards.

The proposed increase of Directors' Fee is to reflect the increase in their responsibilities and to align their total remuneration to the other public listed companies. The total Directors' Fee for the financial year ended 31 December 2006 amounted to RM174,000.00.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### Resolution 10

The Special Resolution proposed under Item 8 of the Agenda, if passed, will amend the Company's Articles of Association to be consistent and in compliance with the amendments to the Listing Requirements of the Bursa Malaysia Securities Berhad and at the same time, enhance the administration of the internal affairs of the Company.

### Resolution 11

The Ordinary Resolution proposed under Item 9 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.

## 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 appointor or his duly constituted attorney, or if such appointor is a corporation, under its common seal or the hand 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 Requirement 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 it holds with ordinary shares of the Company standing to the credit of the said securities account.

# Statement Notice Of Annual General Meeting

# Accompanying

Malaysia Airports Holdings Berhad

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Statement Accompanying Notice of Annual General Meeting Made Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad.

Details of Directors who are standing for re-election/re-appointment at the Eighth Annual General Meeting:

Name	<b>Hajah Jamilah binti Dato' Hj Hashim</b>
Age	49
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>- Master of Science in Physical Chemistry, University of Denver, Colorado, USA</li> <li>- Bachelor of Arts Degree in Chemistry, California State University, USA</li> </ul>
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	1 March 2007
Membership of MAHB Board Committees	- Nil
Working Experience	<ul style="list-style-type: none"> <li>- Director of Corporate Support &amp; Services, Khazanah Nasional Berhad (February 2007-current)</li> <li>- Director, Transformation Management Office, Khazanah Nasional Berhad (October 2006-January 2007)</li> <li>- Director of Continuous Improvement, Goodyear Asia Pacific Region (April 2005-September 2006)</li> <li>- President of Women In Leadership, Goodyear Asia Pacific Region (November 2003-September 2006)</li> <li>- Manufacturing Director and a member of Board of Directors, Goodyear Malaysia Berhad (April 2002-March 2005)</li> <li>- Production Manager, Goodyear Malaysia Berhad (1999-March 2002)</li> <li>- Regional Environmental, Health &amp; Safety Manager, Goodyear Asia Region (1998)</li> <li>- Regional Industrial Engineer, Goodyear Asia Region (September 1997-December 1997)</li> <li>- Business Centre Manager, Curing &amp; Final Finishing, Goodyear Malaysia Berhad (1997)</li> <li>- Business Centre Manager, Mixing &amp; Component Preparation, Goodyear Malaysia Berhad (1995-1996)</li> <li>- Special Projects Manager, Mixing &amp; Component Preparation, Goodyear Malaysia Berhad (1994)</li> <li>- Chief Chemist, Goodyear Malaysia Berhad (1990-1993)</li> <li>- Compounder, Goodyear Malaysia Berhad (October 1985-1990)</li> <li>- Technical Executive, Malaysia Oil Palm Growers Council (1984)</li> <li>- Research Chemist, Solar Energy Research Institute (1982-1984)</li> </ul>
Occupation	Director of Corporate Support & Services, Khazanah Nasional Berhad
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	Nil

Name	<b>Datuk Siti Maslamah binti Osman</b>
Age	59
Nationality	Malaysian
Qualification	Fellow Member of The Chartered Institute of Management Accountants (United Kingdom)
Position on the MAHB Board	Independent Non-Executive
Date first appointed to the MAHB Board	1 December 2003
Membership of MAHB Board Committees	<ul style="list-style-type: none"> <li>- Board Audit Committee (Chairman)</li> <li>- Board Remuneration Committee</li> <li>- Board Nomination Committee</li> <li>- Board Finance &amp; Investment Committee</li> </ul>
Working Experience	<ul style="list-style-type: none"> <li>- Accountant General (2000-2003)</li> <li>- Deputy Accountant General (Operation) (2000)</li> <li>- Deputy Accountant General (Management) (1996-2000)</li> <li>- Director, Information Technology Services, Accountant General Department (1992-1995)</li> <li>- Assistant Project Manager, Unit Permodenan Perakaunan, Accountant General Department (1984-1992)</li> <li>- Finance Manager, Bank Simpanan Nasional (1981-1984)</li> <li>- Senior Treasury Accountant, Accountant General Department (1975-1981)</li> <li>- Treasury Accountant, Jabatan Telekom Malaysia (1972-1975)</li> </ul>
Occupation	Company Director
Any other directorships in public companies	Island & Peninsular 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	14 out of 14

Name	<b>Ahmad Kamal bin Abdullah Al-Yafii</b>
Age	69
Nationality	Malaysian
Qualification	Fellow Member of The Institute of Chartered Accountants (England & Wales)
Position on the MAHB Board	Independent Non-Executive
Date first appointed to the MAHB Board	1 December 2003
Membership of MAHB Board Committees	<ul style="list-style-type: none"> <li>- Board Nomination Committee (Chairman)</li> <li>- Board Audit Committee</li> <li>- Board Remuneration Committee</li> </ul>
Working Experience	<ul style="list-style-type: none"> <li>- Partner, Hanafiah Raslan &amp; Mohamad (1970-1999)</li> <li>- Financial Controller, Malayawata Steel Bhd (1968-1970)</li> <li>- Tutor in Accounting, University of Malaya (1966-1967)</li> <li>- Chief Accountant, Federal Agricultural Marketing Authority (1966-1967)</li> </ul>
Occupation	Company Director
Any other directorships in public companies	Chase Perdana Berhad, Keramat Tin Dredging Berhad, Malaysia Smelting Corporation Berhad, Negara Properties (M) Berhad, Mentakab Rubber Company (Malaya) Berhad, Sitt Tatt Berhad, Pjbumi 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	14 out of 14

# Accompanying

## Notice Of Annual General Meeting

Name	<b>Eshah binti Meor Suleiman</b>
Age	52
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>- Masters in Business Administration (Finance), Oklahoma City University, USA</li> <li>- Bachelor of Economics (Hons.) Degree, University of Malaya</li> </ul>
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	29 January 2004
Membership of MAHB Board Committees	<ul style="list-style-type: none"> <li>- Board Nomination Committee</li> <li>- Board Remuneration Committee</li> <li>- Board Finance &amp; Investment Committee</li> <li>- Board Procurement Committee</li> </ul>
Working Experience	<ul style="list-style-type: none"> <li>- Under Secretary MKD Division, Ministry of Finance (September, 2006-current)</li> <li>- Deputy Under Secretary MKD Division, Ministry of Finance (August, 2003-August, 2006)</li> <li>- Principal Assistant Secretary, Finance Division, Ministry of Finance (1995-July, 2003)</li> <li>- Assistant Secretary Public Service Department (1993-1994)</li> <li>- Assistant Secretary, Government Procurement Management Division, Ministry of Finance (middle 1991-1992)</li> <li>- Assistant Director, Macro Economic Section, Economic Planning Unit, Prime Minister's Department (1981-middle 1991)</li> </ul>
Occupation	Under Secretary MKD Division, Ministry of Finance
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

# Proxy Form

Malaysia Airports Holdings Berhad (487092-W)  
Incorporated In Malaysia

No. of Shares Held:

I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_ of  
[FULL NAME IN CAPITAL LETTERS]

\_\_\_\_\_  
[FULL ADDRESS]

being a Member(s) of MALAYSIA AIRPORTS HOLDINGS BERHAD, hereby appoint \_\_\_\_\_

\_\_\_\_\_  
[FULL NAME IN CAPITAL LETTERS]

NRIC No. \_\_\_\_\_

of \_\_\_\_\_  
[FULL ADDRESS]

or failing him/her \_\_\_\_\_ NRIC No. \_\_\_\_\_  
[FULL NAME IN CAPITAL LETTERS]

of \_\_\_\_\_  
[FULL ADDRESS]

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eighth 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 Thursday, 31 May 2007 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
Resolution 1	Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2006.		
Resolution 2	Declaration and approval for the payment of a final dividend of 4 sen less income tax of 27% for the financial year ended 31 December 2006.		
Resolution 3	Approval for the payment of Directors' Fee for the financial year ended 31 December 2006.		
Resolution 4	Approval for the increase of Directors' Fee from 1 June 2007 onwards.		
Resolution 5	Re-election of Hajah Jamilah binti Dato' Hj Hashim.		
Resolution 6	Re-election of Datuk Siti Maslamah binti Osman as Director.		
Resolution 7	Re-election of Ahmad Kamal bin Abdullah Al-Yafii as Director.		
Resolution 8	Re-election of Eshah binti Meor Suleiman as Director.		
Resolution 9	Re-appointment of Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
Resolution 10	Amendments to the Articles of Association.		
Resolution 11	Authority under Section 132D of the Companies Act, 1965 for Directors to issue shares.		

As witness my/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2007.



\_\_\_\_\_  
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 printing 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