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What lies within our vision is the will to improve and achieve what the mission demands and that achievement is earned through sheer hard work and dedication from everyone within the group and from those who have supported us.



001 Preface

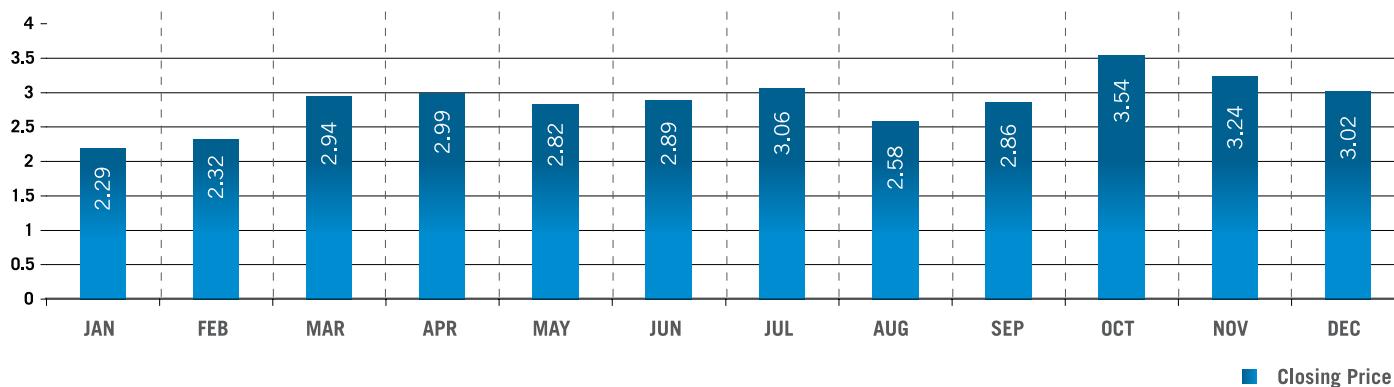
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Financial Calendar & Key Financial Data

2007 Monthly Trading Volume & Highest-Lowest Share Price

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Volume	253,804	147,169	307,932	174,563	142,230	121,754	170,831	99,232	40,222	194,436	95,728	31,670
Highest	2.41	2.60	2.95	3.04	3.04	2.98	3.24	3.04	2.86	3.62	3.56	3.42
Lowest	2.18	2.10	2.05	2.89	2.82	2.84	2.88	2.44	2.58	2.84	3.14	3.00
Closing Price	2.29	2.32	2.94	2.99	2.82	2.89	3.06	2.58	2.86	3.54	3.24	3.02

SHARE PRICE MOVEMENT



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 final dividend and Annual Report for the financial year ended 31 December 2006.

31 May 2007

8th Annual General Meeting of the Company and the announcement of the unaudited consolidated 1st quarter results for the three months ended 31 March 2007

27 June 2007

Book Closure of determining the entitlement of the final dividend of 4% less income tax of 27% on 1,100,000,000 ordinary shares (2.92 sen per share) for the financial year ended 31 December 2006.

18 July 2007

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

30 August 2007

Announcement of the unaudited consolidated 2nd quarter 2007 results for the six months ended 30 June 2007.

4 September 2007

Announcement of the Headline Key Performance Indicators for the financial year ended 31 December 2007.

21 September 2007

Announcement of the Economic Profit for the 2nd quarter ended 30 June 2007.

26 November 2007

Announcement of the unaudited consolidated 3rd quarter results for the ninth months ended 30 September 2007, announcement of the adoption for a dividend payout ratio of at least 50% of the consolidated annual net profit with effective from the financial year 31 December 2007 subject to availability of distributable reserves, and issuance of Notice of Book Closure for payment of interim dividend.

14 December 2007

Book Closure for determining the entitlement of the interim dividend of 4% less income tax of 27% on 1,100,000,000 ordinary shares (2.92 sen net per share) for the financial year ended 31 December 2007.

28 December 2007

Date of payment of the interim dividend for the financial year ended 31 December 2007.

28 February 2008

Announcement of the unaudited consolidated 4th quarter results for the twelve months ended 31 December 2007.

Letter From The Chairman



Dear Shareholder,

I am pleased to enclose herewith a copy of the Annual Report and Audited Financial Statements of Malaysia Airports Holdings Berhad (“the Company” or “MAHB”) for the year ended 31 December 2007. The Annual Report also contains the Notice of Annual General Meeting and a map showing the location of the Meeting. The Ninth Annual General Meeting (“the AGM”) will once again be held at Gateway Ballroom, Level 1, The Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 29 May, 2008 at 11.00 a.m.

The Annual Report and Audited Financial Statements provide comprehensive statement of our strategic direction, latest undertakings, achievements and awards, updates on corporate restructuring exercise, governance-initiatives, as well as the Company’s financial disclosures for the shareholders’ attention and review. These documents can also be accessed at our corporate website at www.malaysiaairports.com.my.

For the year 2008, 9 resolutions are proposed for consideration at the AGM. The purpose and reasons for each of the resolutions are explained under the Explanatory Notes of the Notice of AGM. I hope that you will find the brief explanations helpful in order to make a better decision.

In line with the Company’s dividend policy to distribute a dividend payout ratio of at least 50% of the consolidated annual net profit after taxation and minority interest annually, subject to availability of distributable reserves, the Board is recommending for the payment of a final dividend of 13.80 sen per share less income tax of 26% for the financial year ended 31 December 2007, subject to the shareholders’ approval at the AGM, which will be paid on 27 June 2008 to the respective ordinary shareholders who are registered in the Records of Depositors on 13 June 2008.

During the year, the Board has initiated efforts to identify and appoint a director with wide commercial knowledge to drive and expand the Group’s non-aeronautical revenue further, which have since been completed with the appointment of Encik Jeremy

bin Nasrulhaq, who joined the Board on 15 August 2007. The appointment of Encik Jeremy had further strengthened the expertise and independence of the Board, and it is hoped that his commercial experience and financial expertise would effectively assist the Group's aims towards broadening the non-aeronautical revenue.

At the 9th AGM, the Board is recommending the re-election of four Directors who are due for retirement, namely, myself, Y. Bhg. Dato' Zaharaah binti Shaari, Encik Izlan bin Izhah and Encik Jeremy bin Nasrulhaq, and being eligible, we offer ourselves for re-election. Our biographical details are enclosed under the "Statement Accompanying Notice of AGM" for your ease of reference.

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

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

Shareholders who are unable to attend the AGM, would still be able to exercise their rights to vote, by completing the Proxy Form as enclosed in the Annual Report, according to the instructions as provided in the Form and submit it to 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.

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

Yours sincerely,



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

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Malaysia Airports Holdings Berhad (“MAHB” or “the Company”) will be held at Gateway Ballroom, Level 1, The Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan on Thursday, 29 May 2008 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

Resolution 1

To receive and adopt the Report of the Directors and Audited Financial Statements for the financial year ended 31 December 2007 together with the Report of the Auditors thereon.

Explanatory Note:-

Pursuant to Section 169 (1) of the Companies Act, 1965, it is the duty of the Board to present to the shareholders the Report of the Directors and Audited Financial Statements for the financial year ended 31 December 2007 together with the Report of the Auditors for your information.

Resolution 2

To declare and approve the payment of a final dividend of 13.80 sen per share less income tax of 26% for the financial year ended 31 December 2007.

Explanatory Note:-

In accordance with Article 154 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of the final dividend. Should the above resolution be passed, the final dividend of 13.80 sen per share less income tax of 26% will be paid on 27 June 2008 to the respective ordinary shareholders who are registered in the Records of Depositors on 13 June 2008.

Resolution 3

To approve the payment of Directors' Fee for the financial year ended 31 December 2007.

Explanatory Note:-

In accordance with Article 112 of the Company's Articles of Association, the Board is recommending that the shareholders approve the payment of Directors' Fee for the financial year ended 31 December 2007 at a total amount of RM212,500.00.

Resolution 4

To re-elect Jeremy bin Nasrulhaq who shall retire in accordance with Article 129 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

Explanatory Note:-

Article 129 stipulates that any new Director who has been appointed as a member of the Board of Directors of MAHB during the year, may only be permitted to hold office until the next Annual General Meeting ("AGM"), and at that juncture he/she shall be compulsorily due for retirement and re-election at the said AGM thereof.

Resolution 5

To re-elect Tan Sri Datuk Dr. Aris bin Othman who shall retire in accordance with Article 131 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

Resolution 6

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

Resolution 7

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

Explanatory Note for Resolutions 5 to 7:-

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

Resolution 8

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

Explanatory Note:-

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

Notice Of Annual General Meeting

As Special Business

To consider and, if thought fit, to pass the following Ordinary Resolution:-

Resolution 9

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.”

Explanatory Note:-

The Ordinary Resolution proposed above, if passed, will empower the Board 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.

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

7 May 2008



NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that the final dividend of 13.80 sen per share less income tax of 26% in respect of the financial year ended 31 December 2007, if approved at the forthcoming Annual General Meeting, will be paid on 27 June 2008 to Depositors registered in the Records of Depositors on 13 June 2008. 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 13 June 2008, in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Notes to the Notice of Annual General Meeting

1. All resolutions at the Meeting will be decided on a show of hands, unless otherwise instructed.
2. A member of the Company entitled to attend and vote at the Meeting, but who is unable to attend 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.
3. The instrument appointing a proxy shall be in print or writing under the hand of the appointer or his duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand seal of its attorney.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 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.
5. Please note that in order to attend and vote at the Meeting, a member must be registered in the Record Of Depositors at 4.00 p.m. on 23 May 2008 in accordance with Article 48(2) of the Company's Articles of Association. Any changes in the entries on the Record of Depositors after the above mentioned date and time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
6. Please be reminded that the AGM is a private meeting between the directors, shareholders, proxies, duly authorised representatives and the auditors. As such, non-shareholders are barred from entering the Meeting. However, any disabled shareholder may be allowed to enter the Meeting accompanied by a person who is not a shareholder.
7. Shareholders' attention is hereby drawn to the 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.

Location of The AGM Venue

Location of the AGM Venue

Gateway Ballroom, Level 1
The Pan Pacific Kuala Lumpur International Airport
Kuala Lumpur International Airport
Jalan CTA 4B, 64000 KLIA, Sepang
Selangor Darul Ehsan

Tel No.: 03-8787 3333
Fax No.: 03-8787 5555
Website: www.panpacific.com/KLairport/Overview.html

How to get there?

By Car

The Pan Pacific KLIA is 80 km drive from the Kuala Lumpur City Centre, 40 km drive from Petaling Jaya, and 30 km drive from Putrajaya/ Cyberjaya via the North-South Expressway Central Link (ELITE). The signposts are visibly placed with direction to the right location. Ample parking spaces are available at the Hotel and at the short term car park, KLIA.

By Express Rail Link

The Express Rail service can be boarded at the KL Sentral Station.

Additional Information:-

Mobile Phones

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

Refreshment

A light breakfast shall be served at the reception area before the proceedings of the Meeting.

Registration

Please register your attendance at the registration desks which are clearly located at the front entrance of the Meeting hall.



Statement Accompanying Notice Of Annual General Meeting

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 Annual General Meeting

Name	Jeremy bin Nasrulhaq
Age	55
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> Fellow Member of the Chartered Institute of Management Accountants, United Kingdom Registered Chartered Accountant Member of the Malaysian Institute of Accountants Bachelor of Science Degree in Agribusiness, Universiti Putra Malaysia
Position on the MAHB Board	Independent Non-Executive
Date first appointed to the MAHB Board	15 August 2007
Membership of MAHB Board Committees	<ul style="list-style-type: none"> Board Audit Committee Board Nomination Committee
Working Experience	<ul style="list-style-type: none"> Advisor to the Board, Sweetet Development Ltd, Hong Kong (<i>current</i>) Supply Chain Director, Unilever Malaysia and Singapore (<i>January 2006-April 2007</i>) Commercial Director-cum-National Finance Director, Unilever Malaysia (<i>July 2003-December 2005</i>) Supply Chain Director, Unilever Malaysia (<i>August 2002-June 2003</i>) Regional Finance Officer, Unilever Asia Foods (<i>August 2001-July 2002</i>) Finance, Legal, IT and Supply Chain, Unilever Malaysia (<i>1978-1991 and 1997-August 2001</i>) General Manager, Operations, Boustead Trading Sdn Bhd (<i>1991-1997</i>)
Occupation	Company Director
Any other directorships in public companies	Nil
Securities holdings in MAHB and subsidiaries	Nil
Any family relationship with Director and/or Major Shareholder of MAHB or any companies that have entered into any transactions with MAHB or its subsidiaries	Nil
List of convictions for offences within the past 10 years other than traffic offences, if any	Nil
Number of MAHB Board Meetings attended in the financial year	4 out of 5

Statement Accompanying Notice Of Annual General Meeting

Name	Tan Sri Datuk Dr. Aris bin Othman
Age	63
Nationality	Malaysian
Qualification	-PhD. in Development Economics, Boston University, Boston, USA -Master in Political Economy, Boston University, Boston, USA -Master in Development Economics, Williams College, Williamstown, Massachusetts, USA -Bachelor (Hons) in Analytical Economics, University of Malaya
Position on the MAHB Board	Chairman (Non-Independent Non-Executive)
Date first appointed to the MAHB Board	7 June 2003
Membership of MAHB Board Committees	<ul style="list-style-type: none"> • Board Risk Management Committee (Chairman) • Board Procurement Committee (Chairman) • Board Finance & Investment Committee (Chairman)
Working Experience	<ul style="list-style-type: none"> • Managing Director/Chief Executive Officer, Bank Pembangunan dan Infrastruktur Malaysia Berhad (7 June 2001-6 June 2003) • Executive Chairman, Bank Pembangunan dan Infrastruktur Malaysia Berhad (7 June 1999-6 June 2001) • Secretary-General, Ministry of Finance ("MOF") (1998-1999) • Deputy Secretary-General (Policy), MOF (1994-1997) • Executive Director (South-East Asia Group), The World Bank, Washington DC (1991-1994) • Deputy Secretary-General II, MOF (1989-1991) • Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resources) Bank Bumiputra Malaysia Berhad (now known as "Bumiputra-Commerce Bank Berhad") (1986-1989) • Deputy Director-General (Macro), Economic Planning Unit ("EPU") (1985-1986) • Senior Director (Macro-Economics), EPU (1983-1985) • Director (Distribution and Macro-Economics), EPU (1978-1981) • Principal Assistant Director (Racial Balance, National Development Planning Committee Secretariat and Administration), EPU (1970-1974) • Assistant Secretary (Macro-Economics), EPU (1966-1969)
Occupation	Chairman
Any other directorships in public companies	AMMB Holdings Berhad, AmlInvestment Group Berhad, AmlInvestment Bank Berhad and YTL Power International 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	15 out of 16



Name	Dato' Zaharaah binti Shaari
Age	58
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Master of Science in Transport Planning & Management, Polytechnic of Central London, United Kingdom • Bachelor of Arts Degree (Hons), University of Malaya
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	23 December 1999
Membership of MAHB Board Committees	<ul style="list-style-type: none"> • Board Audit Committee • Board Risk Management Committee • Board Procurement Committee
Working Experience	<ul style="list-style-type: none"> • Special Transport Advisor, Ministry of Transport ("MOT") (2005-current) • Secretary-General, MOT (1999-2005) • Director of Budget, Ministry of Finance ("MOF") (1996-1999) • Deputy Director of Budget, MOF (1989-1996) • Under-Secretary of Aviation, MOT (1983-1989) • Director, Air Transport and International Affairs Division, MOT (1974) • Principal Assistant Secretary, Civil Aviation Development, Air Transport and International Affairs Division, MOT (1976-1982) • Assistant Secretary, Civil Aviation Division, MOT (1971)
Occupation	Special Transport Advisor, Ministry of Transport
Any other directorships in public companies	Malaysian Airline System 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	10 out of 16

Statement Accompanying Notice Of Annual General Meeting

Name	Izlan bin Izhab
Age	62
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> • Bachelor of Laws, University of London • Advanced Management Program, University of Hawaii
Position on the MAHB Board	Non-Independent Non-Executive
Date first appointed to the MAHB Board	1 June 2005
Membership of MAHB Board Committees	<ul style="list-style-type: none"> • Board Audit Committee • Board Remuneration Committee • Board Finance & Investment Committee
Working Experience	<ul style="list-style-type: none"> • Executive Vice President, Corporate & Legal Affairs, Kuala Lumpur Stock Exchange (now known as "Bursa Malaysia Securities Berhad") (<i>January 1985-December 2000</i>) • Company Secretary, Permodalan Nasional Berhad (<i>August 1978-December 1984</i>) • Company Secretary, Kompleks Kewangan Malaysia Berhad (<i>April 1975-July 1978</i>) • Assistant Legal Officer, Majlis Amanah Rakyat (<i>September 1973-March 1975</i>)
Occupation	Company Director
Any other directorships in public companies	Apex Equity Holdings Berhad, N2N Connect Berhad, OSK-UOB Unit Trust Management Berhad, Commerce International Group Berhad, CIMB Aviva Assurance Berhad (formerly known as Commerce Life Assurance Berhad), Box-Pak (Malaysia) Berhad, O&G Equities Berhad, CIMB Aviva Takaful Berhad (formerly known as Commerce Takaful Berhad) and Kenanga Investment Bank 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	13 out of 16



Our business performance is strongly linked to values that have earned respect from the people, communities and environment.



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Performance Review

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Key Financial Highlights

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	2007 RM Million	2006 RM Million	% Change
Revenue	1,384.7	1,146.8	20.7
Operating Profit	403.4	266.4	51.4
Financing Costs	(3.3)	(6.5)	(49.2)
Share of results of Associated Companies	3.6	3.4	5.9
Profit before taxation	403.6	263.3	53.3
Taxation	(114.3)	(92.4)	23.8
Profit for the Year	289.3	170.9	69.3
Attributable to:			
Equity holders of the Company	288.9	170.3	69.6
Minority interests	0.4	0.6	(33.3)
	289.3	170.9	69.3
*Earnings per share(sen)	26.3	15.5	69.7

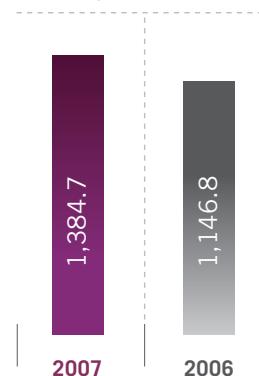
*Attributable to equity holders of the Company

CONSOLIDATED BALANCE SHEET

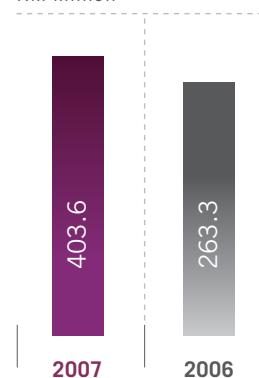
As At 31 December

	2007 RM Million	2006 RM Million	% Change
ASSETS			
Property, Plant and Equipment	1,849.5	1,721.6	7.4
Investments	132.2	163.8	(19.3)
Other Non - Current Assets	1,233.8	1,258.3	(1.9)
Current Assets	1,239.5	1,188.0	4.3
TOTAL ASSETS	4,455.0	4,331.7	2.8
EQUITY AND LIABILITIES			
Share Capital	1,100.0	1,100.0	-
Share Premium	822.7	822.7	-
Retained earnings	1,096.7	872.1	25.8
	3,019.4	2,794.8	8.0
Minority Interest	3.6	3.2	12.5
TOTAL EQUITY	3,023.0	2,798.0	8.0
Non - Current Liabilities	101.0	129.2	(21.8)
Current Liabilities	1,331.0	1,404.5	(5.2)
TOTAL LIABILITIES	1,432.0	1,533.7	(6.6)
TOTAL EQUITY AND LIABILITIES	4,455.0	4,331.7	2.8
Net Tangible Assets Per Share (RM)	2.7	2.5	8.0

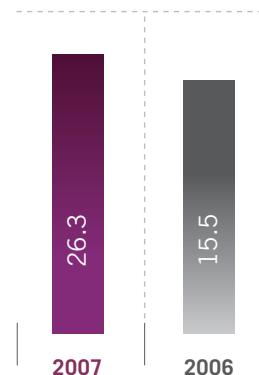
Revenue RM Million



Profit Before Taxation RM Million

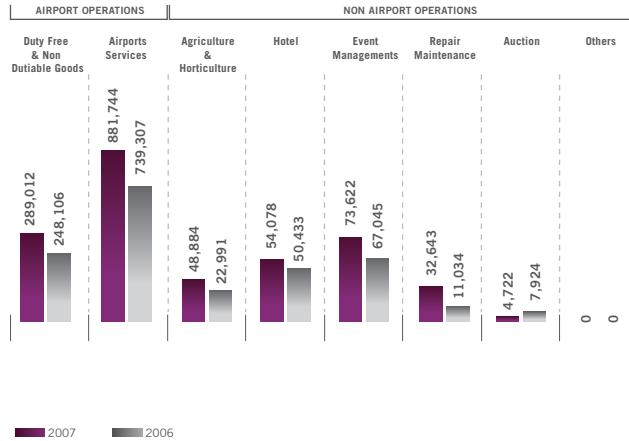


Earnings Per Share RM Million

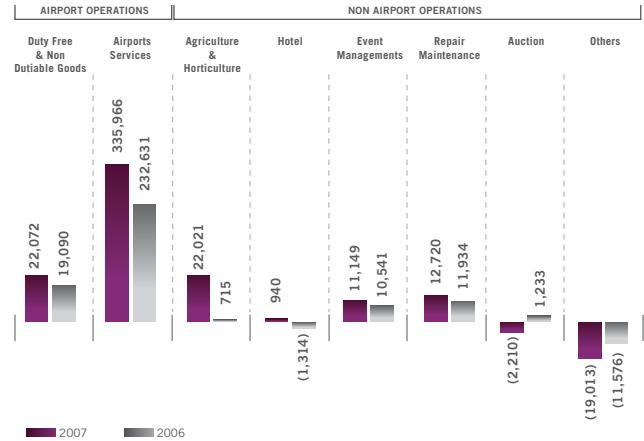


Group Segmental Analysis

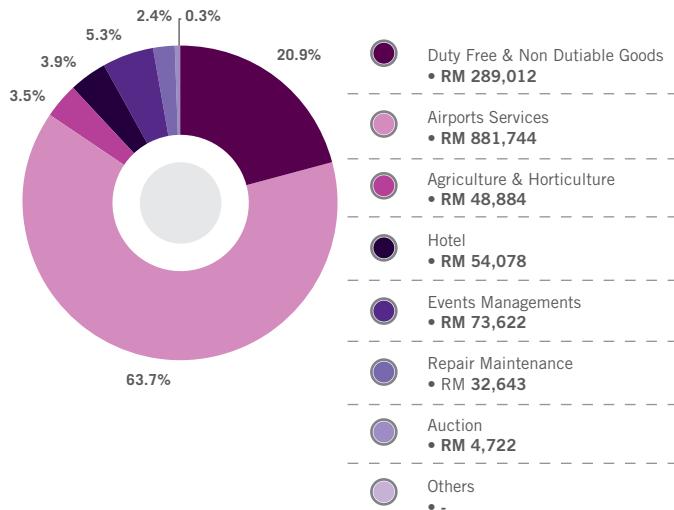
REVENUE • RM '000



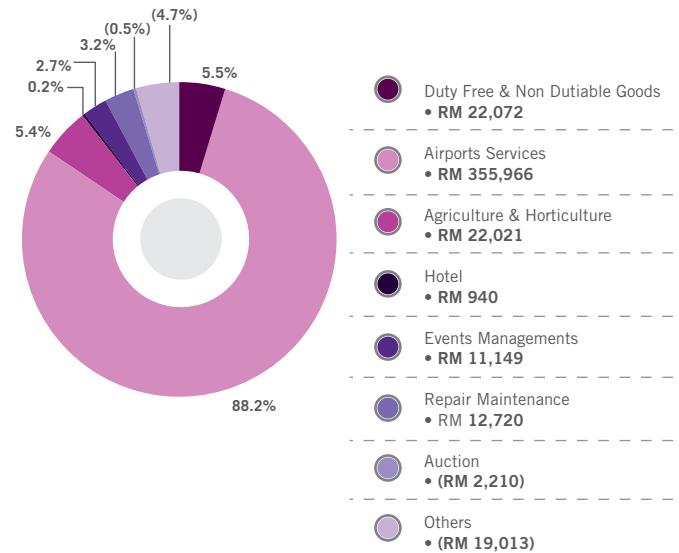
PROFIT BEFORE TAXATION • RM '000



REVENUE 2007
1,384,705



PROFIT BEFORE TAXATION 2007
403,645



Group Financial Performance Review

2007 HEADLINE KPIS

	Headline KPI		Achievement
	Financial Year 2006	Financial Year 2007	Financial Year 2007
EBITDA	RM 384 Million	RM 441 million	RM 547 million
ROE (%)	6.30	6.80	9.94
ASQ Awards	#3 Worldwide	Top 3	#2 Worldwide

GROUP REVENUE

For the financial year ended 31 December 2007 (FY2007), revenue grew 20.7% to RM1,384.7 million in comparison with RM1,146.8 million reported in FY2006. The increase in financial year-to-date revenue was attributed to 18.6% growth in revenue generated from airport operations and 34.2% growth in revenue generated from non-airport operations. The growth in revenue generated from airport operations were mainly due to 17.4% increase in aeronautical revenue coming from the newly imposed Passenger Security Service Charges (PSSC) and a strong growth of 10.47% in international passenger movements.

The Group has recorded revenue increases in almost every segment and this was mainly contributed by improved yields from airport operations and agriculture segment.

TYPES OF REVENUE: AERONAUTICAL AND NON-AERONAUTICAL REVENUE

The Group's revenue base is divided into aeronautical revenue and non-aeronautical revenue. Aeronautical revenue is mainly from passenger service charges, passenger security 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 free and non-duty free outlets, management of food and beverage

outlets, management and operation of parking facilities, the Airside Transit Hotel, the Free Commercial Zone at KLIA and the lease of commercial spaces.

Non-aeronautical revenue also derives from hotel operation, agriculture and horticulture activities, events management and other activities as described in the financial statements of the Group.

The non-aeronautical business continued to outperform the aeronautical business by contributing 54.3%, or RM751.5 million, to group revenue and this is in line with Group long term plan to further grow this branch of business.

BUSINESS SEGMENTS

The Group's business segment is divided into 2 sub-groups i.e. Airport Operations and Non-Airport Operations. Airport Operations comprise of Airport Services and Duty free and Non-dutiable goods business segments. Airport Services income consists of aeronautical revenue and non-aeronautical revenue. The Non-Airport Operations comprises of Agriculture, Hotel, Event Management, Project Repair Maintenance and Auction. All Non-Airport Operations income is Non-Aeronautical revenue.



	Actual 2007 RM'000	Actual 2006 RM'000	Var %
Airport Operations	1,170,756	987,413	18.57%
Airport Services			
- Aeronautical	633,239	539,429	17.39%
- Non-Aeronautical	248,505	199,878	24.33%
Duty Free and Non-Dutiable Goods			
- Non-Aeronautical	289,012	248,106	16.49%
Non Airport Operations	213,949	159,427	34.20%
Non-Aeronautical:			
Agriculture and Horticulture	48,884	22,991	112.62%
Hotel	54,078	50,433	7.23%
Event Management	73,622	67,045	9.81%
Project and repair maintenance	32,643	11,034	195.84%
Auction	4,722	7,924	-40.41%
Total Revenue	1,384,705	1,146,840	20.74%

SEGMENTAL REVENUE

Airport Operations

1. Airport Operations

a) Airport Services: This business segment is tasked with operating, managing and maintaining designated airports in Malaysia and providing airport related activities. The Airport Services segment's revenue increased by RM142.4 million or 19.3% mainly due to the increase in aeronautical revenue coming from the newly imposed Passenger Security Service Charges (PSSC) and a strong growth of 10.47% in international passenger movements.

b) Duty Free & 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 RM40.9 million or 16.5% contributed by new opened outlets, full year operations of outlets in LCCT-KLIA and higher passenger numbers.

2. Non Airport Operations

a) Agriculture: Agriculture business segment activities include the cultivation and sale of oil palm and other agriculture products. The agriculture segment recorded RM25.9 million, 112.6% increase in revenue mainly due to the increase in the average Fresh Fruit Bunch (FFB) price and total crop harvested.

b) Hotel: The Hotel segment manages and operates the Pan Pacific Hotel KLIA. This segment registered an increase in revenue of RM3.6 million or 7.2% as a result of higher room rates in 2007.

c) Event Management: The events management business manages and operates the Sepang F1 Circuit and organizes and promotes motor sports and entertainment events. FY2007 saw an increase of revenue by RM6.6 million or 9.81% mainly generated from F1 ticket sales.

GROUP PROFITABILITY

The Group registered a consolidated profit before tax (PBT) of RM403.64 million in FY 2007 which is the highest level of pre tax profits posted since the Group was listed on Bursa Malaysia in 1999. The Group performance improved by RM140.3 million or 53.3% from RM263.3 million reported in FY2006. The improvement was mainly due to the overall higher revenue and better cost management as well as from a one-off write back in the provision for pension fund amounting to RM34.4 million.

Earnings before tax, interest, depreciation and amortisation (EBITDA) improved by 42.55% or RM163.0 million compared to FY2006.

Group Financial Performance Review

SEGMENTAL PROFITABILITY

1. Airport Operations

a) Airport Services: PBT for Airport Services segment is higher by RM123.3 million or 53.0% mainly due to the increase in revenue and write back in the provision for pension fund amounting to RM34.4 million.

b) Duty Free & Non-Duty Free: PBT for Duty Free and Non-Duty Free segment is higher by RM3.0 million in FY2007 or 15.6% as compared to FY2006 mainly due to the increase in revenue.

2. Non Airport Operations

Major Contributors are :

a) Agriculture: The agriculture business recorded PBT of RM22.0 million in FY2007 as compared to RM715 thousand in FY2006. The significant increase is due to the higher revenue coupled with lower costs to maintain the mature oil palm.

b) Hotel: The hotel business recorded PBT of RM940 thousand in FY2007 as compared to loss of RM1.3 million in FY2006. FY2006 loss was due to the higher depreciation as a result from adoption of FRS116.

c) Event Management: PBT for event management segment increased by RM608 thousand in FY2007 or 5.8% as compared to FY2006 mainly due to the increase in revenue and offset by higher promotional costs.

ECONOMIC PROFIT

Economic Profit (EP) is used as a yardstick to measure shareholder value. EP is a measure of value created by a business during a single period reflecting how much return a business makes over its cost of capital, that is, the difference between the Company's rate of return and cost of capital.

The Group recorded an economic profit of RM71.3 million for FY2007 as compared to the economic loss of RM8.3 million in FY2006. The increase is attributed to the higher Net Operating Profit Less Adjusted Taxes (NOPLAT) from better performance.

DIVIDENDS

Following the Group improved financial performance; MAHB had declared and paid an interim dividend of 4.0% less 27% taxation per ordinary share in December 2007 amounting to RM32.1 million. The Board of Directors also proposed a final dividend of 13.80% less 26% taxation on RM1.1 billion ordinary shares, amounting to a dividend payable of RM112.3 million subject to shareholders approval.

The total dividend payment of RM144.4 million corresponds to the Group dividend policy of at least 50% of MAHB's after tax profit and minority interest, subject to availability of distributable reserves.

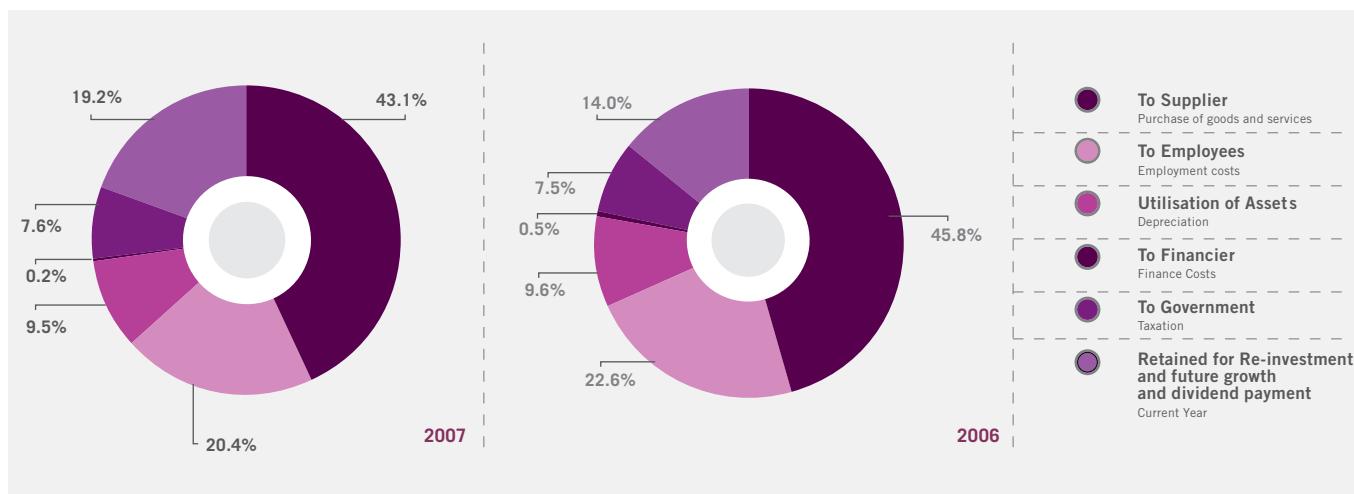
EARNING PER SHARE AND RETURN ON SHAREHOLDERS' EQUITY

The **Earning per share (EPS)** stood at 26.3 sen for FY2007, a 69.7% higher than 15.5 sen in FY2006. Accordingly, return on shareholders' equity (ROE) also increased from 6.3% in 2006 to 9.9% in 2007.



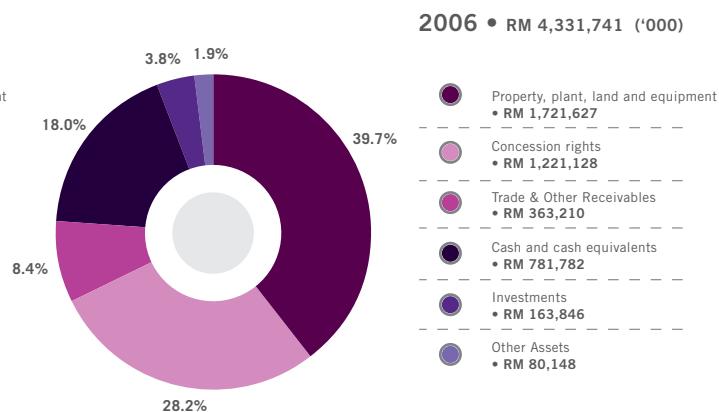
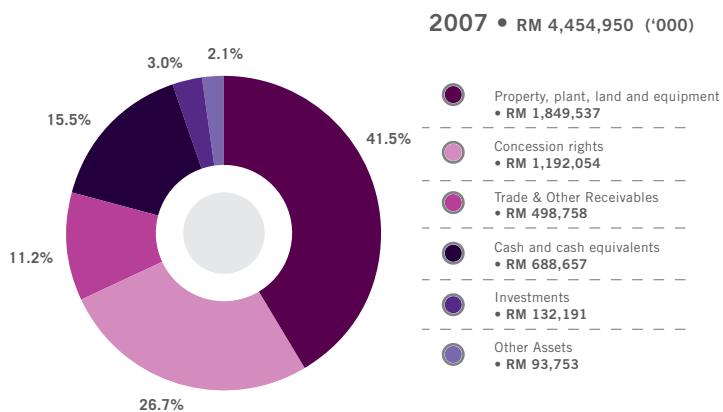
Statement Of Distribution

	2007 RM Million	%	2006 RM Million	%
Current income available for distribution	1,508.3		1,224.0	
To supplier <i>Purchase of goods and services</i>	650.0	43.1	560.7	45.8
To employees <i>Employment costs</i>	307.6	20.4	276.1	22.6
Utilisation of assets <i>Depreciation</i>	143.8	9.5	117.4	9.6
To Financier <i>Finance Costs</i>	3.3	0.2	6.5	0.5
To government <i>Taxation</i>	114.3	7.6	92.4	7.5
Retained for re-investment and future growth and dividend payment <i>Current Year</i>	289.3	19.2	170.9	14.0
	1,508.3	100.0	1,224.0	100.0

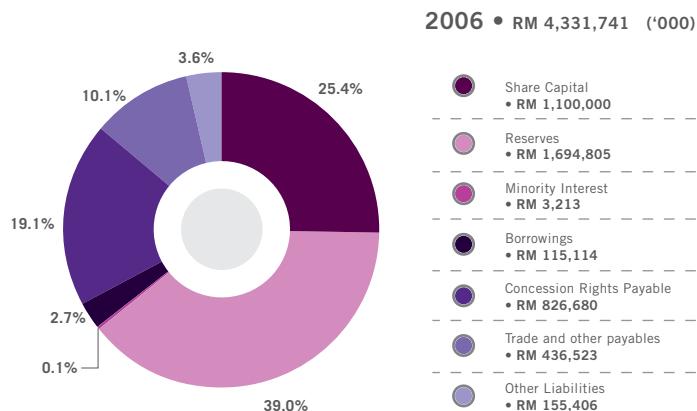
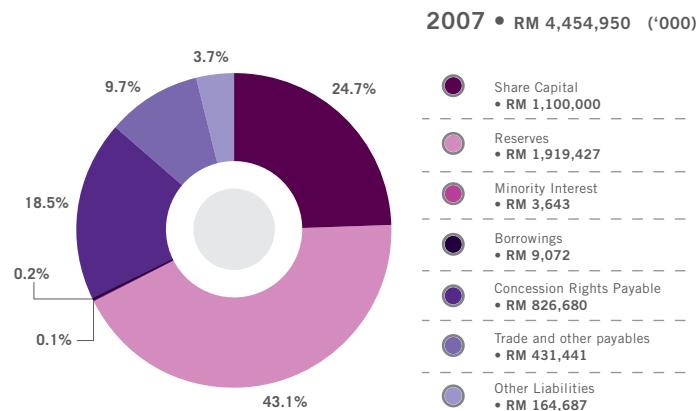


Simplified Group Balance Sheets

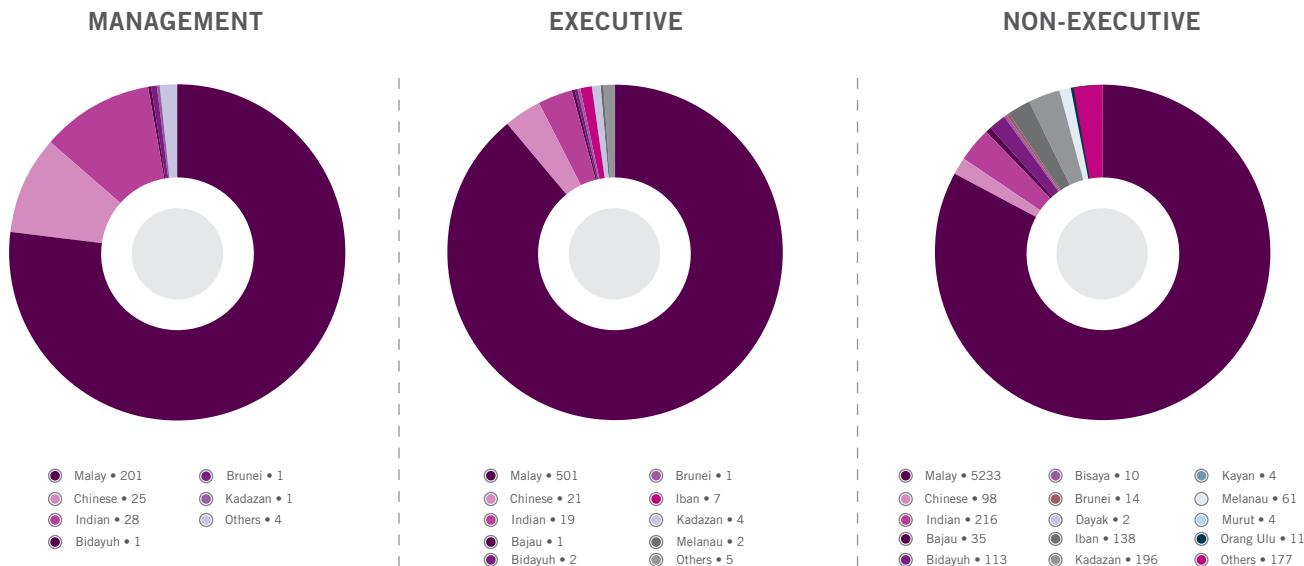
TOTAL ASSETS



TOTAL EQUITY AND LIABILITIES



Statement Of Workforce



Group Quarterly Performance

In RM Million	2007				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2007
FINANCIAL PERFORMANCE					
Operating Revenue	332.0	341.7	351.0	360.0	1,384.7
Profit before tax	94.1	81.4	88.1	140.0	403.6
Profit After tax	71.3	56.0	55.7	106.3	289.3
Earnings per share (sen)	6.5	5.1	5.1	9.56	26.26
In RM Million	2006				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2006
FINANCIAL PERFORMANCE					
Operating Revenue	313.8	286.0	255.6	291.4	1,146.8
Profit before tax	83.2	52.0	51.8	76.3	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

Group 5-Year Summary

CONSOLIDATED INCOME STATEMENT

Year ended 31 December

	2007	2006	2005	2004	2003
	RM Million				
Revenue	1,384.7	1,146.8	1,112.8	1,024.70	894.0
Profit before taxation	403.6	263.3	277.1	195.6	151.6
Taxation	(114.3)	(92.4)	(94.8)	(70.4)	(66.9)
Profit for the Year	289.3	170.9	182.3	125.2	84.7
Attributable to:					
Equity holders of the Company	288.9	170.3	182.3	125.2	84.7
Minority interests	0.4	0.6	-	-	-
	289.3	170.9	182.3	125.2	84.7
*Earnings per share(sen)	26.3	15.5	16.6	11.4	7.7

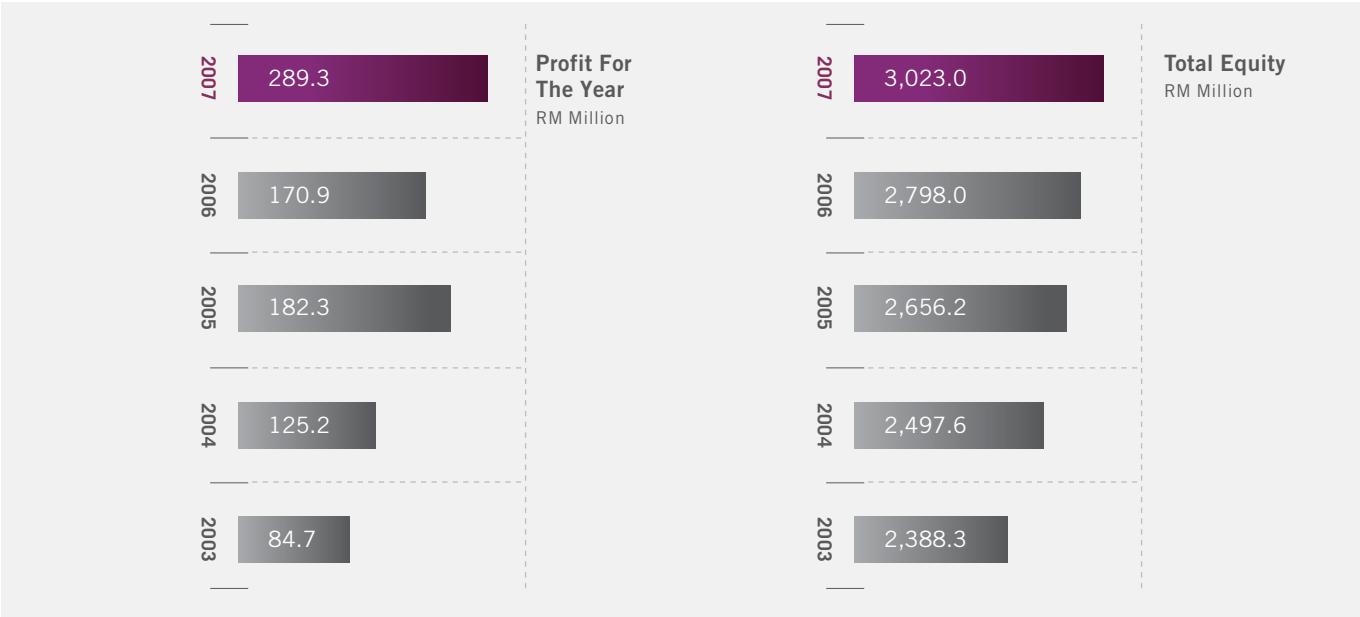
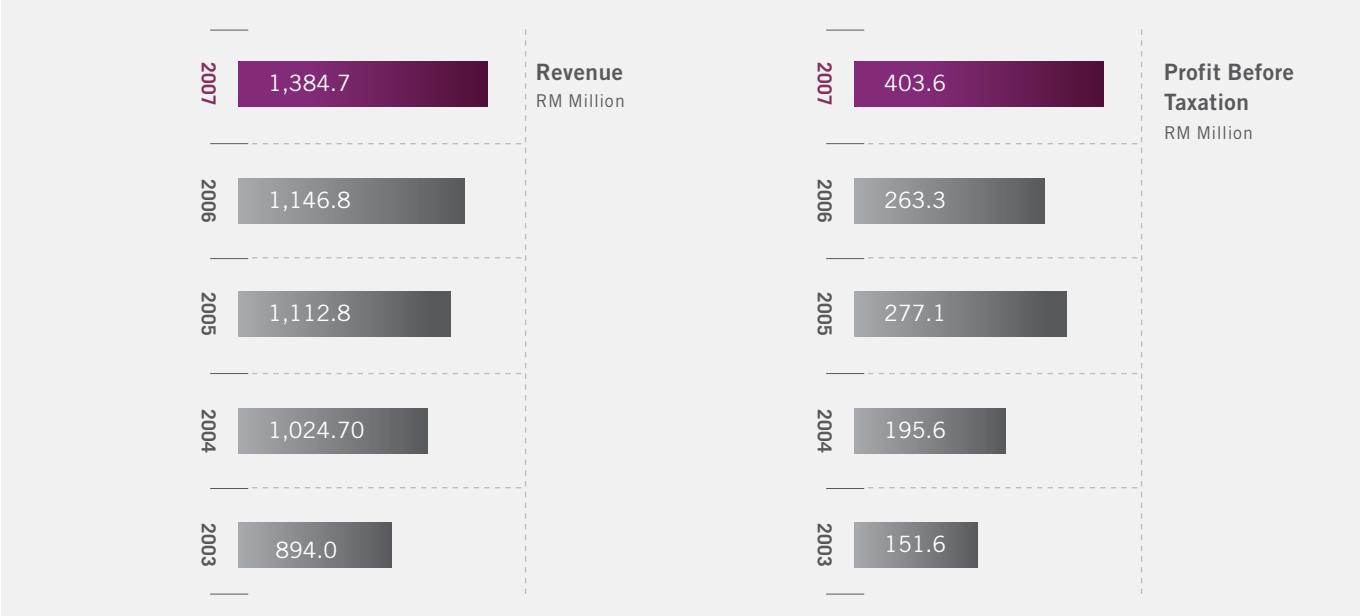
*Attributable to equity holders of the Company

CONSOLIDATED BALANCE SHEET

As At 31 December

	2007	2006	2005	2004	2003
	RM Million				
ASSETS					
Other Non - Current Assets	3,215.5	3,143.7	3,061.0	3,078.2	2,845.7
Current Assets	1,239.5	1,188.0	979.3	1,000.9	708.9
TOTAL ASSETS	4,455.0	4,331.7	4,040.3	4,079.1	3,554.6
EQUITY AND LIABILITIES					
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	1,096.7	872.1	733.5	574.9	465.6
	3,019.4	2,794.8	2,656.2	2,497.6	2,388.3
Minority Interest	3.6	3.2	-	-	-
TOTAL EQUITY	3,023.0	2,798.0	2,656.2	2,497.6	2,388.3
Non - Current Liabilities	101.0	129.2	207.1	1,076.7	813.6
Current Liabilities	1,331.0	1,404.5	1,177.0	504.8	352.7
TOTAL LIABILITIES	1,432.0	1,533.7	1,384.1	1,581.5	1,166.3
TOTAL EQUITY AND LIABILITIES	4,455.0	4,331.7	4,040.3	4,079.1	3,554.6
Net Tangible Assets Per Share (RM)	2.7	2.5	2.4	2.3	2.2

5-Year Financial Highlights



Airport Performance Benchmark

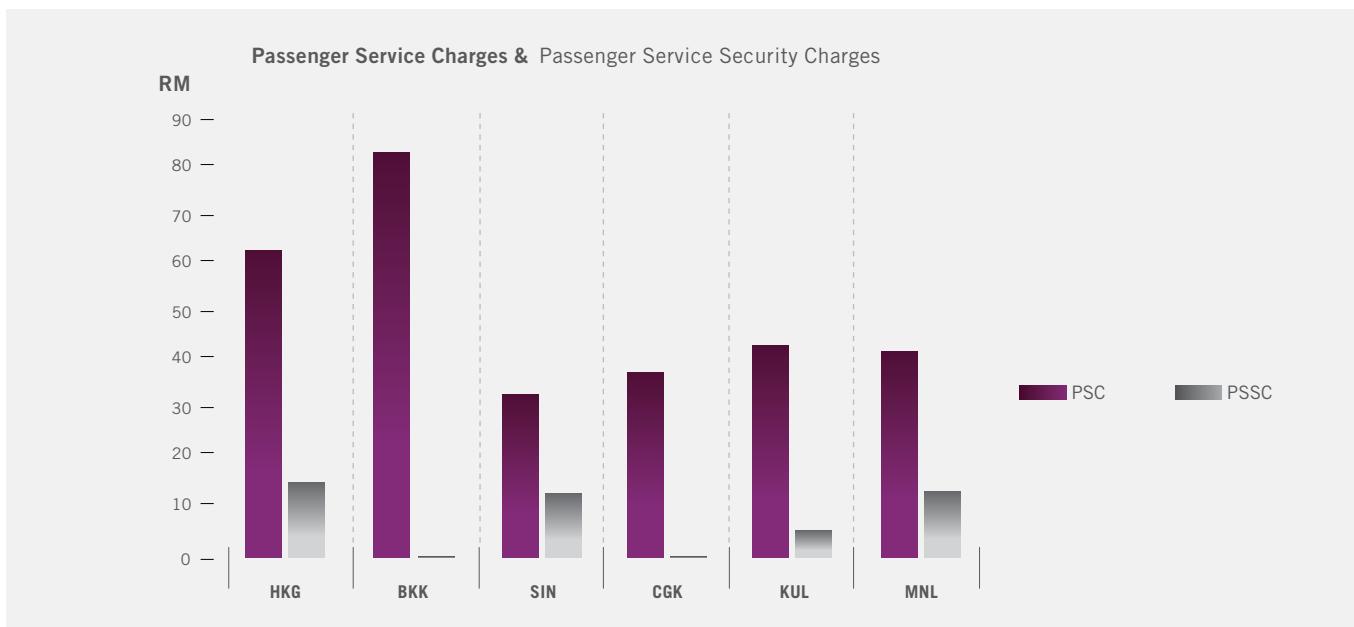
Common airport benchmarks mainly relate to capacity, traffic and service levels. The main ones for service include service level benchmark done by Airports Council International (ACI). In respect to the ACI benchmark known as Airport Service Quality (ASQ), KLIA emerged as the top airport in its class.

On the passenger traffic side, preliminary traffic data released by ACI provides optimism, considering KLIA, which registered one of the highest growth in the region in 2007. KLIA grew by 9.6% year-on-year while most of the larger competing airports in the region grew at a lower rate. In terms of ACI's total passenger rankings KLIA is expected to climb from the 45th position in 2006 to 41st position in 2007. The traffic performance of the related airports is as follows:

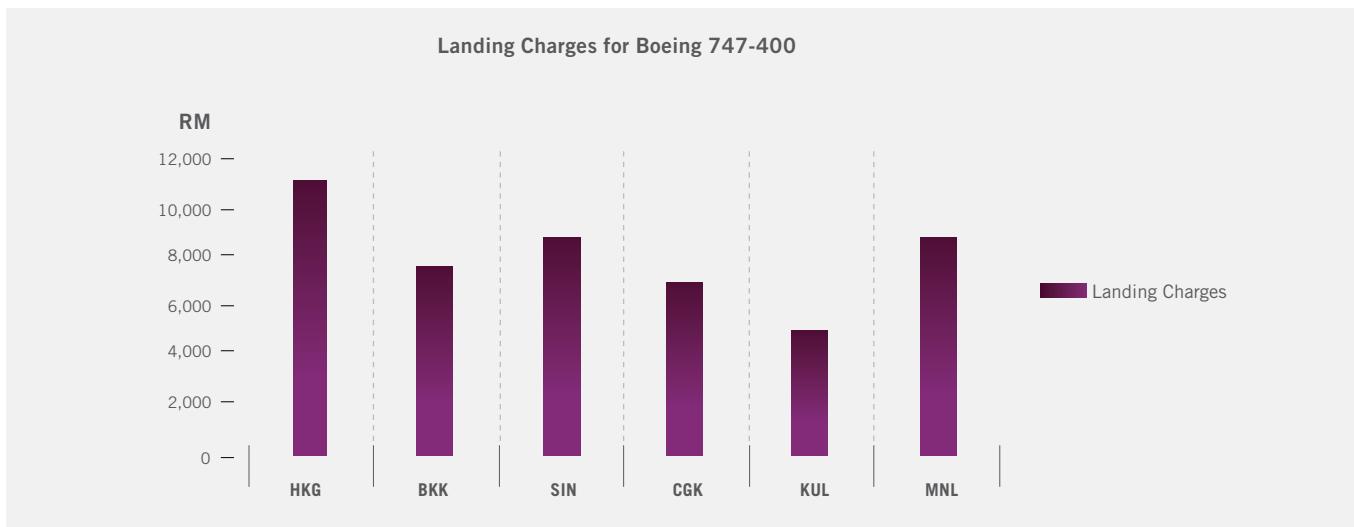
Airport	2007	%Change
Hong Kong International Airport Hong Kong (HKG)	47.0 million	▲ 7.15
Suvarnabhumi Airport Bangkok (BKK)	41.2 million	▼ 3.71
Changi Airport Singapore (SIN)	36.7 million	▲ 4.76
Ninoy Aquino International Airport Manila (MNL)	20.5 million	▲ 14.1
Soekarno-Hatta International Airport Jakarta (CGK)	32.0 million	▲ 4.59
Brunei International Airport Brunei (BWN)	1.50 million	▲ 3.19
KL International Airport (KUL)	26.5 million	▲ 9.63

Source: ACI (preliminary)

In 2007, there were minimal changes in charges structure in the region. A new passenger security service charges (PSSC) was introduced at the airports in Malaysia. This is lower than what has been implemented at other airports in the region. The passenger service charges (PSC) for the low cost terminals at KLIA and Kota Kinabalu was brought down to RM25 from the previous charge of RM35 and RM45 respectively. The passenger service charges and security charges for the selected airports in the region is presented on the next page.



KLIA continues to remain competitive with respect to landing charges. In fact, KLIA has one of the lowest landing charges in the world. Comparison of landing charges for Boeing 747-400 among selected airports is shown in the graph below:



Source: International Air Transport Association (IATA) Airport and Navigation Charges, December 2007

Airport Performance **Benchmark**

Malaysia Airports is the first airport Group which has been listed in the Asia Pacific region. Considering airport privatization has not gone far in this region, published information for 2007 is not available for comparison of annual financial performance. There are also other difficulties in making such comparisons on a level playing field. Among others, this is due to:

- Differences in activities performed, especially with respect to aeronautical and commercial services;
- Level of government involvement in relation to economic and social objectives;
- Traffic mix with respect to international, domestic and general aviation operations;
- Airports cost structure in respect to fixed and variable cost;
- Accounting practices;
- Forms of ownership and management;
- Difference in development financing.



Reality is a question of Perspective;
and our Perspective is turning
vision into reality.



003

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Management

A portrait of Tan Sri Datuk Dr. Aris Bin Othman, the Chairman, wearing a dark suit and glasses, looking slightly to the right. The background is dark and out of focus.

“

*We are sharpening our competitiveness and resilience by ‘**Striving for Excellence**’.* ”

TAN SRI DATUK DR. ARIS BIN OTHMAN
Chairman

Chairman's Statement

Dear Shareholders,

The year under review ended 31 December 2007 marked a new high point for Malaysia Airports Holdings Berhad (MAHB), with commendable results attained on several fronts. This was best reflected in our Key Performance Indicators (KPIs), where MAHB has surpassed all its headline KPIs for 2007. The Group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of RM547.20 million and return on equity (ROE) of 9.94%.

In the Airport Council International-Airport Service Quality (ACI-ASQ) Awards, another headline KPI, KL International Airport (KLIA) won the World's Best Airport award in the 15-25 million passengers per annum (mppa) category for the third consecutive year. KLIA also bettered its ranking by moving a notch higher into second place in the Overall and in the Best Airport in Asia-Pacific categories.

Of noteworthy interest, only nine out of 20 government-linked companies (GLCs) have met their KPI targets for the year 2007. What is also gratifying is MAHB's improved standing in corporate governance in terms of compliance, best practices and transparency. The governance principles adopted by the Group have been ranked 14th in the "Corporate Governance Survey Analysis 2007", jointly organised by Minority Shareholder Watchdog Group and Nottingham University Business School (Malaysia Campus). The Board has striven hard to strengthen its performance in this area, and the position secured is a vast improvement from the 40th position in the previous year.

You would probably be aware that the themes selected for MAHB's annual reports for the past several years reflect the journey we have taken. The Group has come a long way since starting out as an airport operator, and as we evolve, we are beginning to see our hard work pay off within and beyond national boundaries. Still, our journey is by no means completed, and to position the Group for the next thrust forward, we are sharpening our competitiveness and resilience by 'Striving for Excellence.'

To better reflect the dynamics of the industry, we have to move beyond an operating model of just being an 'airport infrastructure and service provider' to a more holistic one of a 'commercially focused airport business'. Globalisation is recasting the business landscape and to compete successfully in the new marketplace, we have refined our Corporate Vision to be in the 'World Class Airport Business'. This is supported by our new Mission Statement : 'Providing world-class aviation gateways; managing cost-effective airport networks and services; and exceeding the

Chairman's Statement

expectations of customers, shareholders and other stakeholders'.

As we stand today, MAHB is in a financially better state than it has been at any time. Our net assets have improved by 8.04%, which is mainly attributed to the increase in retained earnings. We are slowly building our cash reserves, whilst maintaining gearing at almost zero level. Nevertheless, we will continue to practise financial prudence, mindful of the obligations that will, sooner or later, come our way. As a prime example, MAHB's system of airports ranks among the best in the region and ensuring its status quo will require continual investments in maintaining and upgrading existing airports and building new infrastructure and facilities.

We look forward to another busy and rewarding year. Topping the agenda is KLIA's 10th Anniversary, and an array of events and activities have been planned to commemorate the occasion. I take this opportunity to thank all those individuals, agencies, tenants, service providers, organisations and the millions of travelers from all over the world, who have made KLIA a success story it is today. With your continuing support, there will be many more chapters and pages to be filled.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2007, MAHB posted a record profit before tax (PBT) of RM403.64 million, a significant RM140.39 million or 53.33% increase from RM263.25 million registered in 2006. The PBT achieved surpassed the stretched target set by the Group. The improvement was largely

attributed to higher overall revenue, better cost-management and a one-off write-back in the provision for pension funds amounting to RM34.4 million. As mentioned earlier, EBITDA improved by 42.56% or RM163.37 million to RM547.20 million for 2007.

Total revenue grew 20.74% to RM1,384.71 million, against RM1,146.84 million recorded in 2006. The increase in revenue was due to an 18.57% growth in airport operations and a 34.20% growth in non-airport operations.

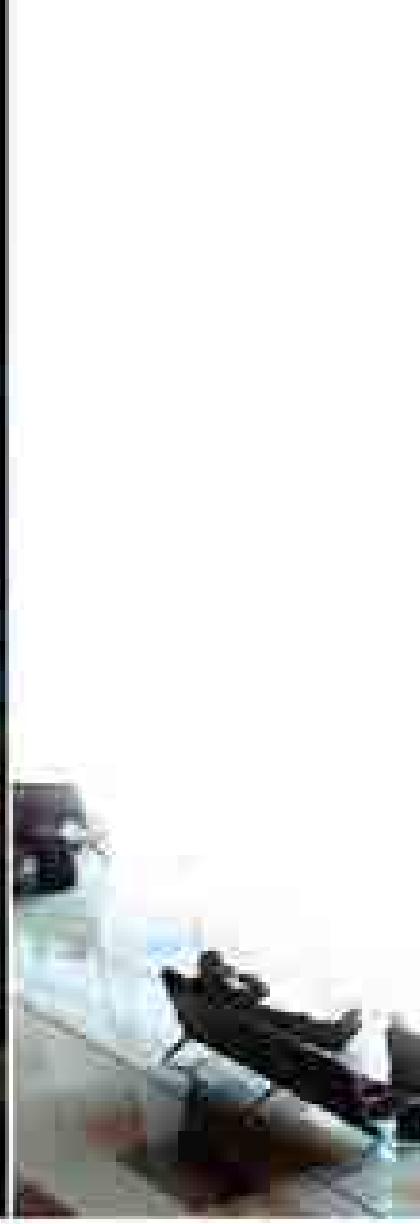
The growth in airport operations was contributed mainly by a 17.39% increase in aeronautical revenue resulting from the newly imposed Passenger Security Service Charges and a strong growth of 10.47% in international passenger movements.

The non-aeronautical revenue under airport operations had a slightly higher growth of 20%, arising from the increased commercial activities at the airports due to the higher passenger movements.

Our non-airport operations, which only consist of non-aeronautical revenue, had an even stronger growth of 34%, mainly attributed to a spectacular growth in our agricultural activities due to the increase in palm oil price.

In total, as in previous years, MAHB's non-aeronautical business continued to outperform the aeronautical business, contributing 54.27% or RM751.47 million to group revenue. This is consistent with our long-term plans to further grow this part of our business, especially the commercial segment of non-aero business under airport operations.





Chairman's Statement

MAHB's stronger financial performance was also reflected in its counter on Bursa Malaysia. The highest price achieved during the year was RM3.62 in October, before tapering off to close at RM3.02 at year-end 2007. Incidentally, MAHB was the third best performer among the 20 GLCs in terms of its share price.

DIVIDENDS

On the strength of the Group's improved financial performance, the Board of Directors has declared an interim net dividend of 2.92 sen per ordinary share. The Board is now proposing a final dividend of 13.80% less 26% taxation on 1.1 billion ordinary shares, amounting to a dividend payable of RM112.31 million (10.21 sen net per ordinary shares), to be tabled for approval at the coming Annual General Meeting.

The record dividend payout is in line with MAHB's policy to pay at least 50% of the Group's profit after tax and minority interest, subject to the availability of distributable reserves.

CORPORATE DEVELOPMENTS

During the year, foreign shareholding in MAHB has grown from less than 4.54% to almost 10.92% currently. This development bodes well for MAHB as it is a reflection of

foreign investors' confidence in the Group and its potential for future sustained growth. In another corporate development, on 4 December 2007, MAHB entered into a Sub Lease Agreement with Subang Skypark Sdn Bhd (Skypark). The agreement paves the way for a RM300 million transformation of Subang Terminal 3 into a world-class dedicated general and corporate aviation hub.

On 5 December 2007, MAHB signed an agreement with Spirit Aerosystem (Europe) Limited (Spirit Aerosystem) that will enable the latter to set up its first aerospace manufacturing facility in Asia. Under the agreement, MAHB will build the facility at the area occupied by the former Terminal 1 of Subang Airport and lease it to Spirit Aerosystem.

DELIVERING MORE

As promised in the last report, our focus for the year 2007 was on the deliverables. Beginning with awards and accolades, KLIA continued to do Malaysia proud by scoring high on the ACI-ASQ ranking. Consider for a moment just what has been accomplished; of the 90 airports all over the world that participated in the survey, KLIA emerged second best in the overall category. And to be voted the World's Best Airport in the 15-25 mppa category for three consecutive years is truly no mean feat. As further testimony to MAHB's commitment to service

excellence, KLIA was the first airport in the world to be presented with an Airport Service Quality Assured certificate from ACI.

This award followed a stringent audit of our passenger quality management system by ACI, the world airports governing body. All these were achieved by KLIA, notwithstanding the fact that it is listed among airports with the lowest charges within the region.

Other awards won by KLIA included 'Brand Laureate for the Best Brands Transportation-Airport' and 'The Most Outstanding Establishment in the Tourist, Hotel, Restaurant and Catering Field for 2007', by the Madrid-based Trade Leaders' Club. SmartTravelAsia also voted KLIA the 3rd Best Airport for 2007. MAHB's airport hotel, Pan Pacific Kuala Lumpur International Airport (PPKLIA), won the Best Airport Hotel in Asia Award for the seventh time, six of them consecutively from the year 2002.

Meanwhile, other companies within the Group have joined the growing list of award recipients. Our consulting

arm, Malaysia Airports Management & Technical Services (MAMTS) was accorded the Best Business Growth Award for Year 2007 at the ADB AGL Business Strategy Seminar Asia Region in Vietnam. Cisco Malaysia has honoured Malaysia Airports Technologies Sdn. Bhd. (MA Technologies) with an award for the Best Corporate IP Network. The award is an initiative by Cisco Malaysia to acknowledge organisations that truly embrace new and advanced technology.

It was also an unexpected, though pleasant surprise, when MAHB received the Company of the Year Award from the Chartered Institute of Logistics and Transport (CILT), Malaysia. MAHB received the award in recognition of its contribution to the transportation industry.

All these awards and accolades mean a lot to MAHB, especially now when the Group is striving for excellence to prepare for a new phase of sustained and dynamic growth. It is an affirmation from our industry peers, governing bodies and members of the public at large that we, as a Group, are on the right track towards achieving excellence.



Chairman's Statement

Operationally, the MAHB system of 39 airports achieved a 6.4% growth in overall passenger movements with 45.2 million passengers. International passenger traffic grew by an impressive 10.5%, due to increased frequency by existing airlines, rigorous fare promotions and the overwhelming success of Visit Malaysia Year 2007. Domestic traffic recorded a smaller 3.4% gain due partly to capacity constraints experienced by domestic carriers.

As can be expected, KLIA was the star performer, having alone handled 26.5 million passengers in 2007, a 9.6% increase from the previous year. KLIA also recorded among the highest growth among competing regional airports. Concerted marketing efforts throughout the year have resulted in nine new airlines flying to KLIA, which now houses 55 international airlines offering connectivity to 90 international and 15 domestic destinations. This will be covered in depth in the Managing Director's Review of Operations.

To be world class, we need to provide first-rate infrastructure and facilities. Beginning with KLIA, as part of its long-term strategy, the runways' and dedicated taxiways shoulders were widened to ensure Code F compliance, and six A380 bays were created (three with passenger loading bays and three remote) to accommodate the new generation A380 operations. We have yet to receive confirmation from Malaysia Airlines (MAS) on the delivery of its A380 aircraft and when they will be put into service. The year in review also saw the rollout and implementation of the Common Use Self Service (CUSS) ticketing kiosks at KLIA. CUSS is one of three components of IATA's Simplifying the Business programme adopted by

MAHB. Meanwhile, the new Terminal 2 at the Kota Kinabalu International Airport began operations on 1 January to dovetail with Visit Malaysia Year (VMY) 2007, and was officially opened by the Prime Minister on 14 February 2007.

Our attention was also focused on upgrading our domestic airports. Labuan Airport is being redeveloped, and the apron and the new Terminal Building have commenced operations, while the new domestic hall at Terengganu Airport was opened on 7 October. The year under review also saw the soft opening of the terminal building and administration office at Lahad Datu Airport in December 2007.

Having world-class facilities must be matched by a service level in accordance to International Standards. That is why 36 service elements in ACI-ASQ survey are an excellent yardstick for measuring airport efficiency. MAHB has also embarked on a group-wide effort to get all its airports and mission-critical outfits certified to the internationally recognised ISO quality system. During 2007, MAHB succeeded in getting 18 out of a targeted 19 airports to be MS ISO 9001:2000 certified. In addition, the Department of Civil Aviation (DCA) has also renewed KLIA's Aerodrome Certification, which is a requirement of the International Civil Aviation Organisation (ICAO) to promote aviation safety. Last year, 11 other airports also received the Aerodrome Certification from the DCA.

The security and safety of our system of airports continued to be one of MAHB's highest priorities. To cope with the rising cost of providing uncompromising security throughout Malaysian airports, the



Government has approved the imposition of passenger security charges with effect from 15 January 2007. In May 2007, in line with recommendations of ICAO, new security measures on liquids, aerosols and gels (LAGs) were implemented for international bound passengers.

It has always been the intention of MAHB to increase the contribution of its non-aeronautical business to Group revenue. The commercial initiatives launched delivered the desired results in 2007. New advertising contracts, sponsorships, shopping campaigns and new parking rates have all helped increase commercial revenue. Within MAHB's airport network, 11 new retail outlets have opened, while the number of Food & Beverage (F&B) outlets has increased from 88 to the present 99. For the very first time, full banking facilities are now available at KLIA.

MAHB continued to make headway on the international front. As reported previously, MAHB is already involved in three overseas ventures (two in India and one in Kazakhstan), where we are providing technical, Information Communication Technology (ICT) and commercial consultancy services. In July 2007, MAHB and its two partners won the bid to manage the Sabiha Gokcen International Airport in Istanbul, Turkey, edging out four other international operators to secure the contract, which is for a duration of 20 years.

As we move further into the 21st Century, the world faces a real planetary challenge on several fronts – climatic change, deforestation, carbon emissions, species extinction, pollution... and the list goes on. Every corporation seems to walk the green path these days, but at MAHB, we help clear it. Our commitment to preservation of the environment is exemplified

by KLIA, which has been designed as an 'Airport in the Forest, Forest in the Airport'. KLIA also has the distinction of being the first environmentally friendly airport in the world, when it received the Green Globe 21 (GG 21) certification in 2004. The certification has been renewed for the fourth time in 2007.

Complementing our GG 21 efforts, MAHB has launched Project Green Planet for KLIA and eventually for other airports. Project Green Planet aims at inculcating environmental responsibility among local and foreign travellers, preserving Planet Earth for all mankind, present as well as for generations yet unborn. We may not all turn out to be eco-warriors, but if we succeed in awakening a sense of environmental consciousness amongst the airport community, Project Green Planet will be a success story.

Major strides were also taken in other areas of our Corporate Social Responsibility (CSR) agenda. The objective is to play a meaningful and functioning part of every community in which we operate, and not just use CSR as a feel-good factor. MAHB's educational programme, going by the name of 'Beyond Borders', has taken off successfully and is now into its second year. One of the most important CSR initiatives we have launched is the Vendor Development Programme, which is spearheaded by Commercial Services. The programme had been designed to nurture the growth and development of Bumiputra Small and Medium Enterprises (SMEs). In this regard, MAHB signed in August 2007, a Memorandum of Understanding with the Ministry of Entrepreneur and Co-operative Development to help Bumiputra entrepreneurs develop their businesses at KLIA and LCCT-KLIA. We have allocated five F&B kiosks in LCCT-KLIA, two F&B

Chairman's Statement

outlets at KLIA's Domestic Contact Pier and one retail outlet at Link Bridge of the Main Terminal Building. In this way, we are able to share our knowledge and experience with enterprising SMEs, helping them to maximise their potential.

STRIVING FOR EXCELLENCE

Encapsulated in our Corporate Vision, MAHB aims to be a 'World Class Airport Business'. As we prepare for our date with destiny, barring circumstances beyond our control, MAHB remains very much in the driver's seat. We owe it to our customers, and mostly to ourselves, to move towards a culture of excellence.

MAHB's quest for excellence is being pursued on many fronts as part of the government-led initiatives to transform GLCs into world-class organisations. MAHB has set up a Transformation Management Office to spearhead the various programmes launched as seven coloured books under the GLC transformation programme, along with those we have developed.

Under the National Airport Master Plan, MAHB is formulating policies, strategies and guidelines for the development, expansion and upgrading of our system of airports. The expected deliverables will be best practices, reduction of mistakes and eventually, an increase in efficiencies.

Guided by the Yellow Book of the GLC transformation manual, the Continuous Improvement Programme (CIP) is an initiative to drive the Group forward in achieving its targets and aspirations, increase operational effectiveness and efficiency, and

consequently, grow both shareholder and strategic values. The main deliverables would be better cost savings, spend management and revenue enhancement, and realignment of our strategic plans, while integrating and synergising the people, processes and systems of the company. To achieve these goals, eight Cross Functional Teams (CFTs) have been established and tasked to develop and implement comprehensive action plans.

The Business Continuity Plan (BCP) has been initiated under the Enterprise Risk Management framework as a risk control measure, to ensure the continuity of MAHB's operations under adverse circumstances. BCP provides value to the Group as it is a holistic management process that identifies threats to the organisation and their potential impacts. It provides a framework for building resilience and capability for an effective response that safeguards the interest of MAHB's key stakeholders, reputation, brand image and value creating activities. The programme aims for a seamless integration of our existing Airport Emergency Plans, Crisis Communication Plans and Business Continuity Plans through the establishment of a consistent framework.

All these are being complemented by a raft of initiatives developed by our Human Resource Department. The Human Capital Development Strategy, for example, focuses on critical areas of competency, culture, knowledge and leadership capability building.

In a rapidly changing industry, MAHB can no longer operate with an old mindset. Through the actions and initiatives we have launched, a seminal change is taking place across the Group. MAHB is evolving





towards a culture of excellence and high performance, and this will stand the Group in good stead as we position ourselves for the next thrust forward.

TAKING YOU FURTHER

MAHB is entering a new era where our transformation into a financially strong airport business providing world class airport services is well underway. Underpinning this transformation is the financial restructuring exercise that will strengthen the Group's future performance and unlock its true value. With a clear vision as to where we are heading and a roadmap that will take us there, we will continue to pursue efforts to position KLIA as a regional hub. The emphasis will also be on the expansion of commercial revenues through bold and innovative initiatives outlined in the CIP and the Commercial Revenue Optimisation Plan.

Looking to the immediate future, we take a nuanced stand on the outlook of the bigger aviation industry and its impact on the airport business. Asia remains the dominant growth market for the travel industry, and both the ACI and the Pacific Area Travel Association (PATA) have projected passenger and tourist growth rates of above 7% and 6%, respectively for 2008. However, recent developments, especially with regard to soaring fuel prices and a slowing United States (US) economy, have raised some alarm about its impact on the global passenger demand. The International Air Transport Association (IATA) has released data that the global Passenger Loading Factor (PLF) has dropped in the first two months of 2008. Nonetheless, Malaysia appears to be bucking

the trend and year-on-year data up to March indicate a traffic growth of 9.9%. For the year, passenger traffic across MAHB's system of airports is expected to grow in the range of 6% to 7% in 2008. Air cargo has been projected to achieve growth of 5% to 7%. With the Malaysian economy expanding at 6% and as a result of the domestic route rationalisation exercise, higher domestic passenger growth is also expected.

On the non-aeronautical front, we expect to see improved earnings from both commercial and agriculture segments of our operations. With the right strategies in place, we are deriving more of our income stream from MAHB's commercial operations, and this trend is likely to continue in the coming year. MAHB's agriculture segment has targeted to increase fresh fruit bunches yields to 18.16 tonnes per hectare and will benefit from a continued bull-run of palm oil prices.

Several projects have been lined up for 2008, including the completion of the redevelopment of Labuan Airport. Other major projects include the expansion of LCCT-KLIA to meet short-term requirements pending the construction of a permanent terminal. At KLIA, we are going ahead with the construction of a spur line for the aero train and the development of Contact Pier International, a new shopping mall encompassing an area of 30,000 square feet (sq.ft.). To further enhance the shopping experience, we are implementing the Retail Optimisation Plan (ROP) that will see a major makeover of the Satellite Building.

Apart from the 10th Anniversary celebrations planned for KLIA, MAHB will also host the 14th World Route Development Forum or Routes in October 2008.

Chairman's Statement

Meanwhile, Subang Airport is set to regain some of its former glory with two recent developments. The first will see the transformation of Terminal 3 into a world-class general and corporate aviation hub known as Subang Skypark. This transformation is in line with the development of the Malaysia International Aerospace Centre officially launched in August 2005. The RM300 million project will be developed in three stages over the next five years.

In the second development, Spirit Aerosystem has leased the area occupied by Terminal 1 of Subang Airport to set up its first aerospace manufacturing facility in Asia. The 242,000 sq.ft. aircraft component manufacturing and assembly facility will be fully operational in the first quarter of 2009.

As you can see, MAHB remains a work in progress. We have reached an important milestone and we now stand on the cusp of a new and exciting future. I invite you to continue this journey with us, as we unlock and discover our true potential.

ACKNOWLEDGEMENTS

In today's dynamic business environment, our management and staff are the ultimate source of competitive advantage. As a cohesive team, our people are a force to be reckoned with. We will continue to rely on their professionalism, knowledge and experience to fulfil our aspirations.

MAHB is also fortunate to have a strong Board, with the vision, expertise and experience to provide sound counsel and corporate oversight to propel the Group

forward. Encik Ahmad Kamal bin Abdullah Al-Yafii resigned from the Board on 28 May 2007. The Board thanks him for his services and wishes him every success in all his undertakings. In his place, Pn Jamilah binti Dato' Hashim was appointed to the Board on 1st March 2007, as well as Encik Jeremy bin Nasrulhaq on 15 August 2007. They bring with them considerable knowledge and experience and we look forward to benefiting from their fresh ideas and insights.

We also owe our success to date to a great support team comprising the Ministry of Transport, Ministry of Finance, Khazanah Nasional Malaysia, Tourism Malaysia, Immigration, Customs and Quarantine, and the Fire and Police Departments. It goes without saying that the list includes our customers, airlines, clients and of course you, our shareholders. Your confidence in the Group has helped us expand our horizons.

I thank all of you.

TAN SRI DATUK DR. ARIS BIN OTHMAN

Chairman





DATO' SERI BASHIR AHMAD BIN ABDUL MAJID
Managing Director, Non-Independent Executive



Managing Director's Review Of Operations

The year under review which ended 31 December 2007 (FY 2007) was one of high performance for Malaysia Airports Holdings Berhad (MAHB). This was reflected on several fronts, where a great deal of hard work combined with a raft of strategies and initiatives put in place as part of MAHB's transformation journey have all come together to produce the desired results.

I would like to highlight MAHB progress for 2007 as follows:

- MAHB surpassed all its Headline Key Performance Indicators (KPIs) for FY 2007 in terms of earnings before interest, tax, depreciation and amortisation (EBITDA), return on equity (ROE) and the Airport Council International-Airport Service Quality (ACI-ASQ) Awards
- MAHB achieved a record profit before taxation (PBT) of RM403.64 million, a 53.33% increase from 2006, exceeding even the stretched target
- EBITDA improved by 42.55% to RM547.16 million
- Total Revenue growth of 20.74% to RM1,384.71 million, with increases in almost every segment of the Group's business
- MAHB was assigned a creditable AA2 corporate profile rating by Rating Agency Malaysia (RAM), reflecting the Group's strong business and financial fundamentals. The rating only differs from the highest rated category by a small degree
- MAHB was ranked 14th in "Corporate Governance Survey 2007" by the Malaysian Shareholder Watchdog Group in terms of compliance, best practices and transparency, compared to 40th position in the previous year
- MAHB received the Company of the Year Award from the Chartered Institute of Logistics and Transport, Malaysia (CILT)
- KLIA was voted the World's Best Airport (15-25 million passengers per annum category) for the third time in a row
- KLIA bettered its rankings in Best Airport in the Overall Category and Best Airport in the Asia Pacific Category, by emerging second place in both categories
- KLIA was the first airport in the world to be presented with an Airport Service Quality (ASQ) Assured Certificate
- KLIA recorded a very high traffic growth among competing regional airports
- KLIA received Green Globe 21 (GG 21) certification for the fourth successive year
- MAHB continued to make significant headway into international ventures. It took over the management of Astana International Airport, Kazakhstan and also won a competitive bid to manage the Sabiha Gokcen International Airport at Istanbul, Turkey with its partners
- MAHB signed three separate agreements in 2007, one agreement with Subang Skypark Sdn Bhd and two agreements with Spirit Aerosystem (Europe) Limited, denoting significant progress towards the realisation of LTSAAS as the Malaysia International Aerospace Centre

Managing Director's Review Of Operations



These and other accomplishments come at a time when we are gearing up for KLIA's 10th Anniversary celebrations and are indeed timely. The 2007 results form a solid foundation MAHB can build upon as it moves forward to become a 'World Class Airport Business', an objective enshrined in our new Corporate Vision. As stated in our last report, going by our track record and awards won, MAHB is already there in many respects. But to stay ahead, a company must also race with itself. The key is never to be complacent. That is why we have embarked on another journey, this time one that will take us to achieving excellence, which is key to becoming world class. Through efforts underway, MAHB is on course to unlock its true potential, and attain all it has set out to do as in line with the Group's new Mission Statement.

We owe our accomplishments to the help and support of several quarters. I thank all of you, especially our management and staff for their hard work, commitment and professionalism. MAHB will need everyone continuing support in the spirit of teamwork and sense of common purpose as we look forward to more successes to come.

OPERATING ENVIRONMENT

The world economy continued to expand for the fifth consecutive year in 2007, albeit at a more moderate pace amidst a regime of high crude oil prices and uncertainties in the United States economy still grappling with the fallout from the sub-prime mortgage crisis. Despite the uncertainties, it was generally a positive year for the global aviation industry and for airports. Airlines seem to have adapted well to rising oil prices and with economies still registering positive growth, people continued to criss-cross the globe.

Data released by ACI indicate that world passenger traffic grew by 6.4% in 2007. Asia Pacific passenger traffic grew by 7.7%, reflecting the continuing strength of the region's two economic juggernauts, China and India. World cargo traffic grew by only 2.5% for the year, indicating a loss of market share to shipping which has benefited from faster ships and cheaper fuel costs.

Aircraft movements grew lower by 2.4% in 2007, with the lower rise in seat capacity airlines across the globe registered a marked increase in load factors across. This was translated into a generally favourable year for the airline industry.

Malaysia registered a Gross Domestic Product (GDP) growth of 6.3% in 2007, reflecting the nation's strong macroeconomic fundamentals. The tourism industry has also performed favourably, and the success of the Visit Malaysia Year (VMY) 2007 campaign has resulted in higher tourist arrivals.



Managing Director's Review Of Operations

AERONAUTICAL OPERATIONS

Traffic Movements • MAHB's system of airports recorded 45.2 million passengers movements, 6.4% increase over 2006. KLIA recorded 26.5 million passenger movements, which is 9.6% above 2006. On the other hand, cargo volume across MAHB's airports declined by 5.3%, partly due to oil prices and improvement in marine carriage efficiency. Cargo volume at airports in Malaysia was also affected partly due to a degree of decline in carriage capacity offered by airlines,

The higher than expected growth in passenger traffic was attributed mainly to continuing global economic expansion and the positive impact of a route rationalisation exercise involving the national carrier, Malaysia Airlines (MAS), and the low-budget airline, AirAsia. While AirAsia continued to enjoy robust growth, the services provided by its Fly Asian Xpress (FAX) airlines have been taken over by MASWings, commencing 1 October. MASWings is a wholly owned subsidiary of MAS and principally services the country's rural routes. MAS has also established Firefly as a Penang-based low-cost carrier that has positioned itself as the country's first community airline operating both domestic and international flights. Firefly has since expanded its operations in Subang Airport effective 17 November. These new developments in the domestic airlines business have added significant traffic to smaller airports, including Subang.

KLIA handled a total of 26.5 million passengers in 2007, a 9.6% increase from 2006. International traffic increased by 11.5% while the domestic sector grew by 6.3%. The Low Cost Carrier Terminal-KLIA (LCCT-KLIA) handled 7.7 million passengers in 2007, a significant 31.9% increase over 2006 figures. Of this, 3.3 million were international passengers, while

the remaining 4.4 million comprised domestic passengers. The Middle East accounted for the largest growth in passenger traffic at KLIA, followed by South Asia and Central Asia.

As at the end of December 2007, there were 55 airlines operating at KLIA flying to a total of 105 destinations, of which 90 were international and 15 domestic. Nine new airlines began operations at KLIA during the course of the year, while Austrian Airlines ceased operations as of March 2007. EgyptAir, which made its maiden flight to Kuala Lumpur on 2 June, is the latest of nine Middle Eastern airlines presently operating at KLIA.

The high growth in international travel has to a large extent contributed towards MAHB's increased earnings. The growth has not only added to aeronautical revenue, but increased passenger traffic also meant higher passenger spending and therefore retail revenue. The noticeable growth of LCCT-KLIA has further contributed significantly to the traffic numbers. As the nation's two main carriers, namely MAS and AirAsia, become more competitive, it will have a bearing on the success of our airports. On the part of MAHB, a lot of effort and resources have been invested in the creation of additional capacity across our system of airports to ensure the unhindered growth of airlines.

New Facilities & Services • To be world class, we need to ensure we have first-rate infrastructure and facilities, which in turn must be matched by the quality of the services provided. Each year, we invest considerable resources in upgrading our system of airports, thereby ensuring that they remain one of the best in the region.





Managing Director's Review Of Operations

The new Terminal 2 at Kota Kinabalu International Airport (KKIA) was launched by the Prime Minister in February 2007. Costing RM69 million, Terminal 2 is expected to serve an estimated 2.4 million passengers annually. Currently, Terminal 1 KKIA is undergoing major development and an airport operational readiness and airport transfer (ORAT) stage 1 exercise was commenced for the new terminal 1 for start-up operations of the new apron and transfer corridor on 29 January 2008 and completed on 2 April 2008. In July 2008, the ORAT stage 2 will take place, where the new wing will be opened for operations and the old terminal building will be renovated. In Penang International Airport, an ORAT exercise involving a partial transfer of check-in counters to the new wing and for the taking over of the Free Commercial Zone has been completed. The rehabilitation works of taxiway and parking apron at Penang International Airport have commenced in last quarter of 2007 and expected to complete by end of 2008. Elsewhere, the new domestic arrival hall at Terengganu Airport was opened for public use on 7 October, while the soft opening ceremony of a new terminal building and administrative office at Lahad Datu Airport was held in December 2007. At Kota Bharu, the upgrading of existing parking apron was completed by November 2007. The upgrading of Melaka Airport is still underway, and when finished, one of the country's oldest airports will have a new terminal and control tower as well as an extended runway.

The RM365 million redevelopment of Labuan Airport is progressing as planned and is targeted for full completion by November 2008. The terminal building and the apron have already been completed, while the runway will be ready in 2008. With the extension of the terminal building, which incorporates a two-tier operation concept to improve passenger flow, Labuan

Airport will have the capacity to handle 2.2 million passengers per annum.

LCCT-KLIA celebrated its first anniversary on 23 March 2007. The airport community and travellers alike can now enjoy easier Internet access for free, with the launch of a new high-end network service on 10 April. The new service using WiFi technology will further enhance LCCT-KLIA's position as the best low cost airport in the region. Travellers can now also partake of food and refreshments at "The Food Garden @ LCCT" launched on 15 January 2008. Located a mere two-minute walk from the LCC terminal, the Food Garden offers value for money, a wide selection of popular Malaysian fare and can accommodate 600 people at one seating.

KLIA has been gearing up for the long-anticipated Airbus 380 (A380) operations. During the year, the runways were strengthened and widened to accommodate the new super jumbo. We are still uncertain when MAS will take delivery of its first of six aircraft ordered. Our facilities will be readily available for any airline that takes early delivery of their A380 aircraft and operate into KLIA.

On 2 August, the Common Use Self Service (CUSS) system was introduced at KLIA to expedite passenger check-in and reduce queues. CUSS is one of the components of the Simplifying the Business (StB) programme advocated by the International Air Transport Association (IATA) to benefit passengers by improving efficiency and making the travelling experience more enjoyable. What differentiates the CUSS kiosk from an airline dedicated kiosk is that the latter is designed to handle a specific airline's tickets only, whereas a CUSS terminal can handle those of several airlines. A total of 22 CUSS kiosks were installed at the Main Terminal Building, 1





kiosk at Contact Pier International Transfer, 2 kiosks at Satellite Building and 3 kiosks at Contact Pier Domestic Transfer. To date, two airlines have adopted the CUSS system; KLM Royal Dutch Airlines, while MAS is using it for domestic flights within Peninsular Malaysia. Bag-drop counters for check-in through CUSS were provided on 14 February 2008 as an additional value added service.

Other facilities and services introduced at KLIA in the course of 2007 include a mobile courtesy team that will provide buggy services to those who require it. Our roving airport ambassadors continue to do a good job and are constantly on the move to assist travellers, particularly those from China and the Middle East who may have problems finding their way. We have also improved our signage system (electronic and directional) to inform travellers of the walking distance to strategic destinations within the KLIA. The implementation of the Baggage Information Display System (BIDS) has taken the guesswork out of figuring when the first baggage is expected to arrive on the carousel. Since its launch, it has been well received by travellers. As an additional safety precaution and to prevent injury, we have installed rubber padding at the front of 3,400 units of baggage trolleys.

The KLIA continued to do well in the safety arena, with an accident rate below the ACI benchmark of 0.058. Three joint safety ramp audits were conducted during 2007 to identify areas for improvement. To further mitigate the possibility of bird strikes against aircraft movements, we have established a Bird Hazard Committee. We also continued to enhance our performance in the critical area of airport security and this is dealt with in a section of its own later in the report. In May 2007, in line with ICAO new security ruling, we began implementing new security measures on liquids, aerosols and gels (LAGs). While some of

these initiatives may not amount to much, the sum is greater than the parts and taken as a whole, they go a long way towards enhancing the overall passenger experience.

Airport certification • To date, all five international airports, namely KLIA (main operations), Kuching International Airport, Kota Kinabalu International Airport, Penang International Airport and Langkawi International Airport are certified to MS ISO 9001:2000 Quality Management System. With the exception of Limbang Airport and Mulu airport, we have also achieved ISO certification for all our domestic airports. Certain key functions at subsidiary levels have also attained certification.

All five international airports have been awarded Aerodrome Certificate by the Department of Civil Aviation, as required under the Airport Standard Directive (ASD) 103 as issued by the Director General of Civil Aviation Malaysia as well as Annex 14 of the ICAO. This certificate is a requirement to ensure safety, regularity and efficiency of aerodromes. Seven domestic airports have also been certified, while eight others are either to receive certification by 2008 or upon completion of upgarding works. STOLports are at varying stages of documentation and pre-certification inspection.

In line with our green agenda, we are also aiming for accreditation to ISO 14000:2004 EMS. ISO 14000 is the internationally recognised standard for environmental management system that would help organisations improve their environmental performance at the same time as making a positive impact on business results. MAHB will begin the exercise at three airports, namely Penang, Langkawi and Kuching International Airports, for targeted certification by the first quarter of 2009.

Managing Director's Review Of Operations

An exercise to review and standardise the standard operating procedures for all airports has been completed.

Building new capacity • As traffic movements continue to expand, MAHB is reviewing the overall capacity of its international and domestic airports under the National Airport Master Plan (NAMP). The objective of the plan is to formulate policies, strategies and guidelines for the development, expansion or upgrading of airports. The scope of the plan includes reviewing the organisation structure of MAHB and evaluating the capacities and capabilities of current aviation and airport facilities, among other areas.

The overall KLIA Master Plan review will be our top priority as KLIA has already exceeded its design capacity of 25 million passengers per annum (mppa) under Phase 1. In planning Phase 2, catering for 25 to 35 mppa, proposals for a new Satellite Building are included in the NAMP. However, we have to carefully balance the need for a new Satellite Building against the requirements to cater for the growth of low cost carrier passengers.

At present, LCCT-KLIA is already nearing its capacity of 10 mppa, and the Government has recently decided to expand its capacity to 15 mppa immediately as a short-term requirement. However, based on the current robust growth of LCC's, there is a need to cater for more than 25 mppa by 2011. The Government has therefore decided to build a new permanent LCCT complex that will be able to handle 30 mppa. This will be a new green-field LCC terminal with modular expansion capabilities beyond 2015. Several options are being considered for the use of the existing LCCT-KLIA, including its conversion into a cargo terminal, once the permanent LCCT is commissioned.

Overseas Ventures • In May 2007, MAHB officially started to manage and operate the Astana International Airport in Kazakhstan after a handing-over ceremony to Malaysia Airports Management & Technical Services (Labuan) Private Limited, our wholly-owned subsidiary. Under a 10-year agreement, MAHB's scope of work will include upgrading the operational standards of Astana Airport to international levels; reviewing and auditing existing operations to increase efficiency; preparing business plans; and planning for future expansion. MAHB has assigned some of its staff to be based in Astana to assist in operational, technical and financial matters.

In the same month, MAHB also signed a Memorandum of Understanding (MoU) with Iran Airports Company, paving the way for both parties to collaborate on an Employees Exchange Programme in the various fields of airport operations. This is the second MoU on co-operation that MAHB has signed, the first being the one concluded with Incheon Airport, Seoul, on 13 April 2005.

We are also pleased to inform you that MAHB has won the bid to manage and develop the Sabiha Gokcen International Airport at Istanbul, Turkey for a period of 20 years. The scope of the project involves the construction of a new international terminal with a 10 million passenger per annum capacity. The concession fee is Euro 1.93 billion and is structured over a 20 year period. MAHB together with GMR Infrastructure Limited and a local Turkish company, Limak Group, as it's partners in a consortium, edged out four other international airport operators to secure the contract, reinforcing our status as one of the more experienced service providers in the field of airport management and operations. Our international efforts will continue to reap the benefits of cross-border activities.





Managing Director's Review Of Operations

COMMERCIAL OPERATIONS

MAHB's commercial operations, headed by the Commercial Services Division (CSD) complement the Group's aeronautical activities. CSD is responsible for the management of commercial space for retail outlets, food & beverage (F&B) facilities, lounges, offices and storage area, private sector packages, hotels and car park facilities. It is also responsible for all the marketing and advertising activities aimed at promoting the shopping and F&B offerings, services and facilities available at all MAHB airports. In discharging its duties, CSD has the responsibility of transforming KLIA into a preferred shopping and dining destination among airports in the region.

Commercial revenue contribution. It has always been the intention to MAHB to increase the contribution of its commercial operations to Group revenue and over the years, CSD has made incremental advancements towards achieving this objective. In 2004, only 37.3% of MAHB's revenue was derived from its commercial activities but this contribution has since increased to 38.8% in 2007.

For the year, CSD contributed RM537.5 million to Group revenue, an increase of 16.7% from the previous year. The two main contributors to commercial revenue were Malaysia Airports (Niaga) or better known as Eraman which accounted for 53.8%, and Commercial Operations Malaysia Airports (Sepang) which contributed another 28%. Commercial Operations Malaysia Airports Sdn Bhd and Malaysia Airports (Properties) contributed the remaining 12.5% and 5.7% respectively to total commercial revenue.

Throughout 2007, CSD remained focused on its deliverables, summarised as follows:

- An advertising concession for KLIA valued at RM30 million a year or 70:30 revenue sharing in favour of Malaysia Airports, which is higher for a period of five years
- Advertising contracts from LCCT-KLIA amounted to RM2.8 million
- KLIA shopping campaign at a media value of close to RM3.7 million
- Sponsorship value of RM1.16 million from the liquid crystal display (LCD) televisions available at KLIA as well as from the KLIA Shopping Campaign
- Retail expansion of KKIA
- Within the MAHB's airport network, 11 new retail outlets have opened, while the number of F&B outlets has increased from 88 to the present 99
- Increase in LCCT car parking rate from RM1 to RM2

Improving facilities and services. Like its aeronautical counterpart, CSD continued to enhance the range and quality of its services and facilities. At KLIA, visitors can now enjoy valet parking services available at the Main Terminal Building (MTB). Charges are comparable to downtown city rates, at RM15 for the first two hours and an additional RM5 for subsequent hours. Overnight rates are fixed at RM75. Special parking bays have been assigned for valet parking, and are closely monitored by closed circuit television cameras for added security.

KLIA has for the first time full banking facilities provided by CIMB Bank. The one-stop banking facility is located at the Departure Hall of the MTB and operates from 7.30 am until 10.30 pm daily to cater to the needs of the travelling public as well as the airport community.





CSD is also playing an active role in MAHB's Vendor Development Programme (VDP), which is described more fully in the stand-alone section on Corporate Social Responsibility (CSR). At MAHB, we believe CSR extends beyond any legal obligation on the part of corporations to comply with legislation. It simply makes good business sense and CSR has been an integral part of our operations and identity since Day One of our operations. Our commitment to the preservation of the environment as evidenced by the GG 21 certification and Project Green Planet, and the short take-off and landing strips (STOLPorts) we continue to operate even though some may not be profitable, are all visible manifestations of CSR. That is why it is crucial for MAHB to manage all airports in Malaysia as a whole system to enable cross-subsidisation between the profitable and non-profitable airports.

To implement the VDP, CSD has identified certain areas at KLIA for the development and business operations of the participating small and medium enterprises (SMEs): Food Garden @ LCCT-KLIA; Retail Emporium at the Link Bridge, KLIA; and F&B outlets at domestic departure, Contact Pier, KLIA. Through the VDP, MAHB hopes that SMEs will acquire hands-on retail and operational experience in an international airport environment, which is both unique and enlightening.

CSD is contributing towards MAHB's international ventures by providing expertise in the planning and management of retail and F&B concessions as well as sourcing and managing duty free outlets. These services are provided for the international airports at New Delhi and Hyderabad, as well as Kazakhstan's Astana International Airport and Turkey's Sabiha Gokcen International Airport.

Enhancing commercial revenue. MAHB's objective is to increase commercial revenue to achieve a 50:50 ratio against aeronautical revenue by 2010. Towards this end, CSD will be embarking on several new initiatives not only to achieve this objective, but also to enhance the travelling experience of passengers. One of the most important initiative is the Retail Optimisation Project (ROP) at the Satellite Building, KLIA. From 2008 to mid-2009, two floors of the Satellite Building will be transformed to bring the shopping experience at KLIA to a higher level of excellence. Besides more shops, a variety of merchandise, F&B offerings, and a wider array of new services, the focus is also on the physical development to make the most of the architectural features of KLIA and showcase Malaysia's unparalleled cultural and natural heritage. To reinforce KLIA's unique feature of an 'Airport in the Forest, Forest in the Airport', a jungle 'broadwalk' has been planned to give shoppers a brief respite and experience a microcosm of what a Malaysian tropical jungle has to offer. Much thought and planning are being given to encourage travellers to explore the floor wings at the passenger level with the open concept emporiums. To provide easy access, the shopping area will be served by 10 additional escalators and walkways while strategically placed signages will direct travellers to their destinations quickly and efficiently.

Other initiatives to be launched in 2008 include five additional duty-free kiosks to be located at three wings of the Satellite Building. The other airports have not been left out in our bid to increase commercial revenue. Recently, two new F&B outlets were opened at Penang International Airport, with three additional F&B and retail outlets to be launched in the course of 2008. At the impressive new terminal of Kuala Terengganu Airport, CSD has plans to introduce a variety of retail and F&B outlets that will showcase

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the distinct culinary offerings and handicrafts of the east coast state. Although Terminal 1 of KKIA is only scheduled to commence operations in May 2009, CSD is already planning to improve the product range, F&B offerings and services. We are fortunate that Malaysia has so much to offer in terms of cultural diversity and our goal is to highlight the best of what each state has to offer in our commercial development projects.

To generate additional advertising revenue, CSD is venturing into new state-of-the-art advertising mediums featuring prominent international brands. Mirror advertising is set to make its debut at the Food Garden @ LCCT-KLIA. 'AddMirror' works like any regular mirror, but has an additional feature of being able to project one or several individual advertisements. CSD is also promoting aerobridge advertising at other airports as well as exploring the possibility of promoting exclusive advertising packages with selected business partners.

Tune Hotel is targeted to commence business by end-2008. Located less than a 15-minute walk from LCCT-KLIA, Tune Hotel promises guests affordable comfort and convenience.

OUR TRANSFORMATION JOURNEY

In pursuit of a better tomorrow, MAHB is striving to achieve excellence to further enhance its standing in the global aviation industry. The focus of our transformation agenda – improving efficiency, profitability and instilling a high performance culture among employees – remains the guiding factor in steering the transformation process towards achieving the following objectives:



- Staying at par with the industry
- Countering increased competition from new entrants and big players
- Reducing susceptibility to changes in external environment
- Managing expansion and enhancing profitability
- Inculcating a performance driven mindset and culture among staff to align with the transformation programme objectives

We are now into Phase 3 of the government linked companies (GLCs) transformation programme, 2007-2010, where the emphasis is to deliver tangible sustainable results. The last phase, from 2010, will focus on Full National Benefits, whereby the objective is to produce regional or even world-class companies able to stave off keener competition in a changing marketplace.

When MAHB began its GLC transformation programme in 2006, several strategic initiatives were launched to support the Key Focus Areas outlined in our last report. Under the supervision of the Transformation Management Office (TMO), Unit Leaders were appointed to implement these initiatives at their respective units.

For 2007, a challenge was put before the Unit Leaders to achieve a revenue/cost savings of RM54 million. Putting their shoulders to the wheel and with great determination, innovative strategies were drawn up and implemented to achieve total revenue/cost savings of RM101.8 million. This is but one example to illustrate the effectiveness of MAHB's transformation process. Every employee has taken up the challenge of embracing change; they understand the change processes and initiatives launched. As such the results have been encouraging.

The Chairman in his statement has touched on some of the initiatives launched by the Group in its quest for excellence as part and parcel of the transformation journey. As this quest is the corporate version of the last mile of the marathon race I alluded to earlier, I would like to expound further on the Continuous Improvement Programme (CIP) and its implications on the Group. In all that we do, let me assure you that our ultimate goal is to meet shareholders' expectations, and increase value over the long-run. We are getting there.

During the year in review, MAHB continued its transformation journey with the implementation of the CIP. Guided by the Yellow Book, the CIP is aimed at driving MAHB forward towards achieving its targets and aspirations, while building future sustainability and thereby grow shareholder and strategic value. In implementing the CIP, the first milestone was the Senior Management Retreat and Strategy Alignment Workshop held in September 2007. As a result of deliberations and brainstorming, the senior management participants agreed unanimously to refine MAHB's Vision and Mission Statements to better position the organisation for future successes.

From a mere 'airport infrastructure and service provider' it was agreed that MAHB should reinvent itself to a more holistic model of a 'commercially focused airport business'.

For a more strategic and comprehensive approach, the team also came up with a 1-year and 3-year One Page Strategy (OPS). The OPS outlines the immediate and mid-term strategies to manage and improve the Group's performance in key areas of revenue, people and culture, structure, regulatory environment, process and system, finance and cost.

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To carry out these strategies, cross-functional teams (CFTs) were established to further develop comprehensive action plans. CFTs are composed of staff from various departments and disciplines who bring different perspectives and skills in analysing and developing initiatives that would first, support the OPS, and secondly, drive the implementation of initiatives to deliver the intended results. CFTs have been tasked to look into eight focus areas: spend management; revenue; customer service; operational excellence; procurement; people/change management; Information Communication Technology (ICT) and Organisational Safety and Health (OSH), safety and security.

The implementation of the CIP and other initiatives marks the start of a new culture in MAHB. The seeds for a culture of excellence and high performance have been sown, and MAHB is beginning to practise what has already been the norm for many successful multinational companies. Managing change is a daunting challenge by itself. It calls for equal measures of dedication, patience and endurance. In order to deliver results, CFT members will be challenged to demonstrate clear leadership on their sub-teams and display project management competency, while effectively interacting with their CFT leaders and sponsors. But our people have shown they are up to the challenge of embracing change as the key to a better future. On a company-wide level, the challenge will be the sustenance of CIP while inculcating a performance-driven mindset and culture among staff to align themselves with the objectives of the transformation programme.

Khazanah and the MAHB Board fully support the implementation of the CIP. KPIs for the implementation of CFT initiatives have been designed

and will be cascaded to all CFT sponsors, leaders and members.

BEYOND TOMORROW

Great plans are in store for KLIA against a backdrop of dynamic changes taking place across the air transport industry in Asia. A hub development project that would position KLIA as the first airport hub within the region for new generation airlines is being considered. This is a real possibility in the face of route development activities underway that are focused on linking the new generation airlines into the connecting network. The targeted routes are primarily located in the emerging economies, especially China, India and Indonesia. Owing to Malaysia's strategic location, KLIA is well placed to take on the hub role.

Beyond the immediate future, KLIA Aeropolis Plan is set to transform KLIA into a vibrant, thriving, fully-contained Airport City offering a comprehensive range of tourism, hospitality, retail and commercial development as well as cargo and logistics operations.

The unique feature of our development is that KLIA Aeropolis will be a green airport city, in line with the green theme that is so central in the initial planning and conception of KLIA. The environmentally friendly project will cover an area of 2,730 acres, spread from the area where KLIA mosque is located to beyond the Sepang Formula One site. As a green-field airport, we have an ample land bank, a luxury other developed airports do not enjoy. The new city in the making will be well connected to the Federal Capital via high speed trains or a congestion-free highway. Travelling time to and from the city is within 30 to 45 minutes.





In the longer term, KLIA Aeropolis will be a significant contributor to the MAHB's non-aeronautical revenue. These will be derived from land lease, real estate leasing and also royalties payment from certain business tenants. It is expected to spur the growth of the area, allowing it to become a destination, a meeting place for businesses and also a people-attraction centre. This is expected to increase traffic growth to KLIA, thus also increasing our aeronautical income.

The initial development phase would take between 10 and 15 years, and when completed, will have a gross development value of around RM3.9 billion. The development master-plan layout has been submitted to the local authorities for approval. MAHB will then embark on a marketing and promotion exercise to attract investors and developers to jointly participate in the project.

OUTLOOK AND PROSPECTS

Much will depend in the coming year on the outcome of MAHB's financial restructuring plan. But having said that, there are also uncertainties about the outlook of the global aviation industry as crude oil prices continue to reach record highs in 2008. The performance of the United States economy is another concern, and there are fears that its slowing economy may slip into recession. This could well have a contagion effect on the economies of Europe and other developed countries, which could well have an impact on the aviation industry. Statistics released by IATA for the first two months of 2008 show that the global passenger load factors has fallen.

Still, economists have not conclusively achieved the consensus that a downturn is inevitable. Certainly, the outlook for the Asia Pacific region remains bullish, reflecting the continuing strength of China and India. The ACI and the Pacific Asia Travel Association for 2008 have projected passenger and tourist growth rates for the region at 7% and 6% respectively. This has been borne out by our early results, as year-on-year data up to February 2008 indicate that Malaysian airports have already achieved a 10% growth.

Assuming that the world is not heading for a downturn and if the Malaysian economy continues to expand, we can expect a passenger growth in the range of 6% to 7% across our system of airports. In the same vein, we expect air cargo to achieve a growth of between 5% and 7%. The low cost carriers are likely to play an even more dominant role in passenger growth, especially in the Asia Pacific region.

Barring certain caveats, MAHB enters 2008 with great expectations. We are optimistic we will be able to maintain passenger traffic on a growth trajectory with the signing on of five new airlines to operate at KLIA. The new generation A380 aircraft operations by Emirates and Singapore Airlines will present further growth opportunities. We also expect the Government's decision to extend the Visit Malaysia Year campaign to August 2008, and the popular Lonely Planet guide's endorsement of Malaysia as the most desirable destination to translate into higher tourist arrivals. Malaysia will also host the 14th edition of the World Route Development Forum (Routes) in October 2008. This is the largest congregation of airline decision-makers from all over the world at any one place at one time. It is projected that representatives from about 350 airlines and 650 airports from around the world will converge in Kuala Lumpur.

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As we move forward, the principal growth drivers for 2008 will be:

- EBITDA growth is ahead of passenger traffic
- Commercial initiatives and cost management are drivers of EBITDA growth
- Diversified revenue base provides various avenues for growth

On the commercial side, we are confident that the initiatives launched as part of the CIP will continue to bear fruit. The dynamics of the aviation industry is such that airports are continually under pressure to increase commercial revenue. With various re-development plans underway, CSD will continue to strive to achieve a 50:50 ratio on aeronautical versus commercial revenue by the year 2010.

There is no doubt we have an exciting future ahead. MAHB remains much an unfolding story with many more pages and chapters to be inked. An important chapter was turned during the year, and the Group now stands at the threshold of greater things to come. I invite you to journey with us, and together, we will discover our true potential that we are only just beginning to unlock.





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MALAYSIA AIRPORTS TECHNOLOGIES SDN. BHD. (MA TECHNOLOGIES)



As MAHB's Information and Communication Technology (ICT) enabler, MA Technologies provides ICT solutions for the Group and manages the infrastructure for all tenants and government agencies operating at KLIA.

In the interest of efficiency and to address the needs of the Group's Business Continuity Plan, MA Technologies has improved the data centre facilities. A more resilient network infrastructure has been constructed to provide unlimited bandwidth capacity that will enable the dual-data centre to function more effectively with almost real-time data replication.

Meanwhile, the continual evolution of MAHB's Total Airport Management System (TAMS) towards the Service Oriented Architecture (SOA) has facilitated greater integration with MAHB's core business partners, namely, the Department of Civil Aviation (DCA) and the various airlines. Further development and expansion plans will address integration requirements of retailers operating at KLIA. It will enable system integration between the point of sales (POS) and the retailers' back-end functions.

Ever responsive to the changing needs of the airlines, MA Technologies is initiating the installation of a Wireless Fidelity (WiFi) Mesh Network that will make KLIA 'Gatelink Services' ready. Essentially, this is a terrestrial data communication solution allowing for wireless connectivity between the aircraft at the gate and its remote ground application servers. It will also facilitate mobile application for other airport users not only to improve productivity, but also allow for more effective operations and maintenance.



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MALAYSIA AIRPORTS MANAGEMENT & TECHNICAL SERVICES SDN. BHD. (MAMTS)



As the consulting arm of MAHB, the key role of MAMTS is to ensure that airport development projects are managed in the most efficient and effective manner.

During the year under review, MAMTS completed upgrading works for the airfield pavement at Sultan Ismail Petra Airport in Kota Bharu. Several other projects were also initiated in 2007:

- Interior enhancement and associated works for the Retail Mall at the KLIA Satellite Building. Design, development and tender processes have been completed, paving the way for construction works to begin in early 2008.
- Design, construction, testing and commissioning works at the Terminal Building of Penang International Airport. Interior renovation works have been completed, while works on the baggage handling system are targeted for completion

by early 2008.

- Rehabilitation of airfield pavement for a parking apron at Penang International Airport. Repair works to Bay 7-13 are still ongoing, with completion earmarked for end-2008.
- Rehabilitation of airfield pavement for all taxiways at Penang International Airport is ongoing, with completion planned for end-2008.

MAMTS is also actively supporting MAHB's overseas business ventures by providing airport management and consultancy services to countries such as India, Kazakhstan and Turkey. The design, development and lead processes have been completed for construction works to start in early 2008.

At end 2006 MAMTS was appointed by GMR Hyderabad International Airport Ltd (GHIAL) to provide trainings to the GHIAL staff in airport operation related areas. The scope of training covers the areas of airport rescue and fire-fighting, airport operations and airport





technical services among others. These trainings comprised classroom trainings as well as on-job-trainings and were conducted at the Malaysia Airports Training Centres at KLIA and Penang International Airport. The first training started on 2 January 2007 and all trainings will be completed by 22 February 2008. A total of 236 GHIAL staff are expected to be trained.

Following these successful trainings conducted for the GHIAL staff, MAMTS was subsequently appointed by Delhi International Airport Limited (DIAL) on 18 October 2007, to provide similar trainings for the DIAL staff. The first batch of trainees from airside operations completed their programme on 12 December 2007, followed by staff from terminal operations two weeks later. The overall trainings for DIAL staff will be completed in year 2009 and an expected total of 260 DIAL staff will be trained.

Over the years, MAMTS has consistently maintained a high level of cleaning standards at the KLIA Terminal Building and washrooms. During the year, it continued to raise the bar, setting new performance standards for others to emulate:

- Achieved a new performance level of over 95% for cleaning services at KLIA and above 90 % at LCCT-KLIA.
- Continually improved Airport Service Quality rating and ranking, placing KLIA among the top five airports in the world.
- Continually improved knowledge and skill level of staff in the cleaning industry, to enable them to qualify for BICS certification.

MAMTS has taken on the challenge of internationalisation and its expertise in cleaning consultancy services has now been extended overseas. The company has been appointed as a consultant to advise on cleaning and waste disposal services for the new Hyderabad International Airport in India. It has also conducted specialised training programmes for airport cleaning staff.



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URUSAN TEKNOLOGI WAWASAN SDN. BHD. (UTW)



MAHB has a 75% stake in UTW through MAMTS, following a shareholding restructuring exercise in 2006. UTW's core activity is the provision of operation and maintenance (O&M) services and has established itself as a reputable 'Total Facility' management provider in Malaysia. As ISO 9001:2000 certified company, UTW has provided O&M services to some of the most prestigious projects in the country, including KLIA, Sepang International Circuit (SIC), Kuala Lumpur City Centre (KLCC), Port of Tanjung Pelepas and Perbadanan Putrajaya.

UTW commenced the year 2007 with an order book worth RM30.48 million. The revenue of RM25.28 million was generated from companies within MAHB group. Externally generated revenue amounting to RM5.2 million was derived mainly from maintenance and repair contracts secured from KLCC, Perbadanan Putrajaya & Auditing Services for Government Buildings.

For the year 2008, UTW has lined up several projects, in addition to contracts secured within the Group. UTW will be providing consultancy and auditing services for several government buildings. It will be competing for work contracts from Putrajaya and the Public Works Department. On the strength of its performance, UTW will seek an extension to its contract with KLCC and will also bid for new scope of O&M in KLCC and to other companies operating within the same vicinity. Moving forward, UTW has ventures in a new business area of the operations of commercial public workshop named as Airport Automated Workshop (AAW).



MALAYSIA AIRPORTS (NIAGA) SDN. BHD. (ERAMAN MALAYSIA)

Eraman Malaysia is the country's largest airport retailer, having been in the business for over a decade. As one of the pioneers in the business, the company has many firsts to its credit. It was among the first to introduce avant-garde lines and retail concepts to the Malaysian airport retail business, starting a trend with the launch of high-fashion boutiques at the Subang International Airport. Eraman Malaysia has also entered the Malaysian Book of Records as the first airport retailer to receive the MS ISO 9001:2000 certification.

The company's retail outlets are spread over KLIA, Penang International Airport, Kuching International Airport, Kota Kinabalu International Airport (including Terminal 2), Labuan Airport and LCCT-KLIA. These outlets occupy a total retail area of around 4,163.25 square metres. Eraman Malaysia is into the F&B operations as well, and presently manages the Food Gardens at KLIA and LCCT-KLIA, with a combined floor space of 5,382 square metres.

Drawing on its vast knowledge and experience in the retail business, Eraman Malaysia strives to provide travellers with a shopping experience that is world-class and yet uniquely Malaysian. Its 25 retail outlets at KLIA have been designed to blend seamlessly with the distinctive architecture of the award-winning airport, while showcasing the best of what the retail world has to offer. From haute couture and accessories from the fashion capitals, liquor, cigars and cigarettes, fragrances and cosmetics, chocolates and confectioneries, Eraman Malaysia has something for everyone. Even the most seasoned and discerning travellers are spoilt for choice, and all at very competitive prices. To enhance the shopping experience, Eraman Malaysia continued

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to bring in leading brand names in the fashion world, LACOSTE being the latest addition to a growing array of world-renown names available at KLIA.

Travellers wishing to sample the culinary delights of Malaysia can head to the Food Garden at Level 2 of KLIA's Main Terminal Building. The Food Garden's 13 kiosks offer a selection of over 100 local cuisine and traditional delicacies. There is also a delectable selection of the best of Asian cuisine, be it spicy curries from Southern India to fiery servings from neighbouring Thailand.

The newly-opened Food Garden @ LCCT-KLIA was officially launched by the Minister of Entrepreneur & Cooperative Development on 15 January 2008. Operating round the clock, the six kiosks serve Malaysian cuisine as well as beverages. As an additional service to travellers, Eraman Malaysia also operates a convenience shop – Airport Shoppe – located within the food court.

Eraman Malaysia has a two-fold mission: the first is to support the Government's objective to transform KLIA into a shopping destination of choice for air travellers within the region. As a corollary to this objective, Eraman Malaysia has an important role to play in helping increase the contribution of MAHB's commercial activities to

Group revenue.

To translate these objectives into reality, and in living up to its tagline of 'A Promise of Excitement', the company continued to embark on a series of innovative promotions and campaigns. Kicking off the year, and to mark the start to Visit Malaysia Year 2007, Eraman Malaysia launched the latest in the series of its branding campaign. This took the form of a wrap-around advertisement of a monorail train. With an appropriate tagline, 'Moving Airport In The City', the mobile eye-catching campaign captured the attention and imagination of city dwellers.

The year 2008 will be one of dynamic developments and business expansion. Travellers at KLIA will soon enjoy a new level of shopping and F&B experience with the completion of Contact Pier International. Encompassing an area of 30,000 square feet, the new open concept shopping mall is centrally located near the aerotrain station, which is the converging point for all international travellers. The new mall blends contemporary design and fixtures with a local flavour, with Malaysian batik as a main decorative element.

An exciting themed-concept has also been planned for the new shopping mall, giving travellers even more options to choose from.

Naturally, there will be the full array of duty-free goods, but there are plans to diversify the product offerings. By end-2008, Eraman Malaysia promises the best-ever retail mix of lifestyle fashion apparels and accessories, watches and timepieces, as well as unique handicrafts and souvenirs. Apart from shopping and dining, travellers can also pamper themselves at the beauty parlour, nail painting saloon and other complementary facilities. The young have not been forgotten, and 'Kidz Smart Tunnel' will offer duty-free items specifically targeted at junior travellers.

To get the most out of the commercial space and for the convenience of travellers, Eraman Malaysia will introduce five new duty-free retail kiosks located at three wings of the Satellite Building and both arms of Contact Pier International. Meanwhile, the company's F&B division has ventured into the franchising business for local and international brands. As a result of this business development initiative, a local franchise fast food outlet will make its debut at the "Food Garden@LCCT-KLIA" in 2008. Eraman Malaysia plans to expand its franchise business to other international airports within the country. The company will also be involved in the duty free retail development plans of Terminal 1, Kota Kinabalu International Airport.



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MALAYSIA AIRPORTS (PROPERTIES) SDN. BHD. [MA(P)]



Malaysia Airports (Properties) manages and operates the Airside Transit Hotel (ATH), car park facilities and the Southern Common Amenities and Facilities (SCAF) at KLIA. Its revenue is derived mainly from parking and hotel charges and rental of commercial space for retail outlets, offices, advertising and promotions at SCAF. Middle 2008, the company is also managing and operating the parking facilities at Penang International Airport.

For the year 2007, Malaysia Airports (Properties) generated a total revenue of RM30.82 million, an increase of 15% from RM26.79 million posted the previous year. 71% of total revenue comes from car park, where the increase in car park is derived mainly from the 13% increased in parking charges. The ATH and other commercial activities contributed the remaining 15% and 14% respectively. Correspondingly, profit before tax (PBT) also rose to RM14.67 million, which is 6% higher than the PBT of RM13.88 million recorded in 2006.

In line with its commitment to provide comprehensive world-class services to all its customers, Malaysia Airports (Properties) has embarked on several projects:

- The parking facilities at the short-term car park (STCP) have been upgraded. This involved the upgrading of the electrical system, repainting of the internal wall and rectification of the piping system carried out at a total cost of around RM2 million.

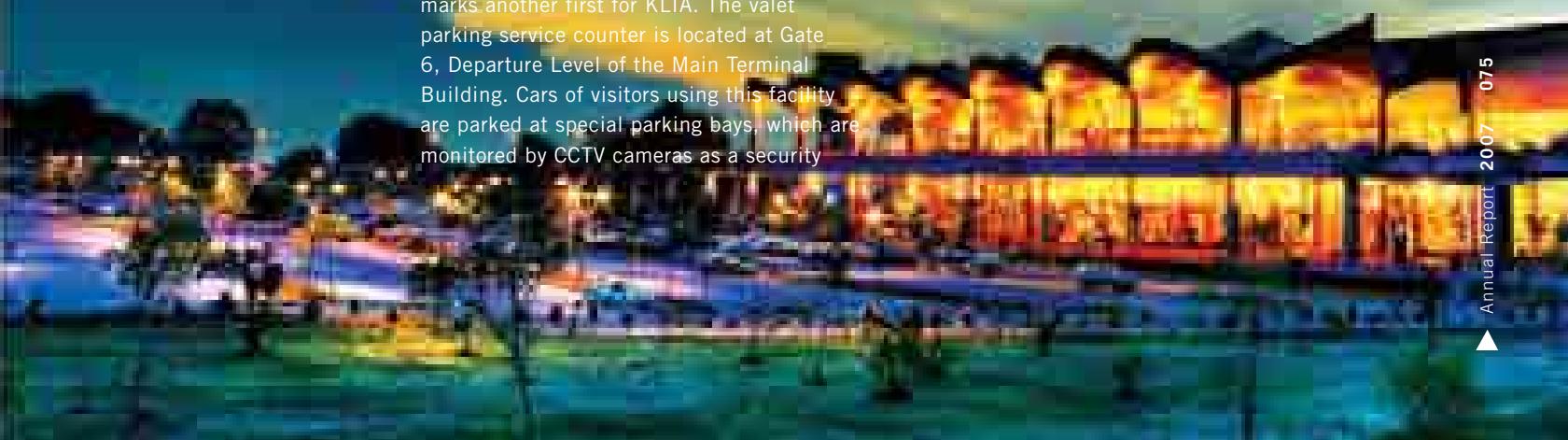


- The parking area at LCCT-KLIA located has been expanded to cater to the growing numbers of passengers at a cost of RM250,000. LCCT-KLIA now offers an additional 400 parking bays. Various measures were introduced to optimise space utilisation at the car park, retail area and offices. This will be carried out continuously in order to improve the occupancy rate of 78% in 2007 and of the same in 2006. The occupancy rate of the commercial area at SCAF has risen by 59% to 66% for the year 2007.
- The introduction of valet parking services marks another first for KLIA. The valet parking service counter is located at Gate 6, Departure Level of the Main Terminal Building. Cars of visitors using this facility are parked at special parking bays, which are monitored by CCTV cameras as a security

measure. In addition to hourly rates, travellers can also leave their cars overnight at this facility.

- The 'Touch 'n Go' system has been implemented at the STCP and LCCT-KLIA by February 2008. This service offers an alternative mode of payment through a 'contactless' smart-card.

The company's strive for excellence has been recognised in a survey conducted by ASQ, when Malaysia Airports (Properties) was voted first runner-up for Best Car Park Airport Facilities Worldwide.



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K.L. AIRPORT HOTEL SDN. BHD. (KLAH)



KLAH's Pan Pacific Kuala Lumpur International Airport (PPKLIA) is a 5-star international hotel conveniently connected to KLIA's Main Terminal Building via a covered skybridge. The 441-deluxe rooms' hotel includes an Executive Pacific Club Floor to cater to business travellers. PPKLIA was named the 'Best Airport Hotel' in Asia for 2007 by Business Asia Magazine. In all, PPKLIA has won this award a total of seven times, six of which were awarded consecutively since 2002.

Record tourist arrivals in conjunction with Visit Malaysia Year 2007 helped sustain the hotel's occupancy rates at a satisfactory level throughout the year in review and this was reflected in the financial numbers. Profit before tax increased significantly by 171.5%. Year-on-year, hotel revenue rose by RM4.1 million or 7.6% to RM57.2 million. Rooms revenue increased by a healthy 10.2% on the back of strong average room rate growth of 10.6% over the previous year. However, food and beverage revenue grew more moderately at 4.6%. About 78% of hotel guests consisted of foreigners, with visitors from Australia and the United Kingdom taking up the 'lion' share. Locals made up the remaining 22%.

Going forward, growth in 2008 is expected and will depend much on external factors beyond our control. However, we remain optimistic that the Malaysian economy will remain resilient driven by domestic demand and strong commodity prices, and this will have a bearing on occupancy rates and thus, revenue.





MAB AGRICULTURE - HORTICULTURE SDN. BHD. (MAAH)

MAHB's assets include a significant land bank of 7,901.52 hectares located around KLIA, Subang Airport and Kota Bharu Airport. These have been put to productive use with agriculture and horticulture activities, generating a steady revenue stream for the Group.

MAAH's principal activity is the cultivation and management of the Group's oil palm and coconut plantations. Over the years, MAAH has overseen the implementation of a replanting programme carried out in stages. In 2007, a total of 286.7 hectares were replanted, bringing the total area planted with immature palms to 566.96 hectares. At the same time, some of

the replanted hectares are coming into maturity, thereby increasing yields and therefore revenue earnings.

A combination of higher palm oil prices, better yields and improved estate management have had a positive impact on revenue for the year under review. In 2007, MAAH achieved a turnover of RM54.6 million, representing 106.8% improvement from RM26.4 million recorded in 2006. Some 92.4% of turnover was generated by the sale of oil palm fresh fruit bunches, with the remaining 7.6% contributed by horticulture activities, mainly landscaping services, for companies within the MAHB Group.

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ASIA PACIFIC AUCTION CENTRE SDN. BHD. (APAC)



Since commencing operations in late 2000, APAC has firmly established its reputation as a “one-stop total clearance” integrated auction centre unique in the region. Located at Subang, it has dedicated facilities to conduct auction sales for various products ranging from heavy construction machinery/equipment, trucks, motor vehicles, industrial and engineering machinery to artefacts and jewellery. It has a track record to date of having conducted 460 auctions, with a combined sales value of RM730 million.

In 2007, APAC continued to set new benchmark figures in terms of volume and prices. Over 500 units of used heavy vehicles comprising prime movers, trucks and trailers were sold in 2007. For the year, a total of 59 auctions were held with a sales value of RM70 million. This was achieved despite sharply declining volumes in the used-car market.

In addition, APAC also hosted two prominent motor vehicle launching events in 2007. We are proud to be associated with BMW Malaysia's roll-out of its new Mini Cooper and Mini Cooper S series, while DaimlerChrysler Malaysia presented the fourth generation of the Mercedes Benz C Class, the best selling Mercedes Benz model.

APAC will continue to leverage on its leading position in the machinery and heavy truck segments to gain additional mileage and extend its market reach throughout the region.





SEPANG INTERNATIONAL CIRCUIT SDN. BHD. (SIC)

The year 2007 was a creditable year of sustained growth for SIC, which posted a revenue growth of 6% to RM74.4 million and achieved RM11.1 million in profit before tax.

After nine years of operations and to maintain the Sepang International Circuit's world-class standing, the track and its facilities have undergone a face-lift. The 5.543-km track underwent a complete re-surfacing exercise and after three phases of work, was completed to the satisfaction of the world's motor-sport governing bodies. Facilities at the pit building and the welcome centre were also upgraded.

Despite the renovation upgrading works that necessitated the closure of the track, SIC was able to successfully organise its annual races to add to the calendar of events in conjunction with Visit Malaysia Year 2007. These included the Formula 1 Petronas Malaysian Grand Prix in April, which attracted 115,794 spectators, an increase from 107,634 recorded previously.

Other crowd-pulling events included the Japan Super GT International Series in June, the Petronas Primax 3 Merdeka Millennium Endurance Race in August, the Polini Malaysian Motorcycle Grand Prix in October and the A1 GP World Cup of Motorsports in November.

In addition, SIC also organised the Malaysian Super Series bike and car competitions, which ran for five rounds each over 10 weekends. Although track time was premium owing to resurfacing works, SIC was able to squeeze in bookings for three sessions of MotoGP testing, the Super GT testing and various car, team and tyre-testing in an ongoing effort to maintain rapport and collaboration with its international clients.

As the government-appointed agent to manage the circuit, SIC sees its role as two-fold. Firstly, to support the growth and development of motor-sports in Malaysia and to promote Sepang as the hub of motor-sports in the region. Secondly, to entice ardent motor-sport fans from all over the world to visit Malaysia. In this regard, SIC has fulfilled the expectations, borne out by the race day attendance numbers.

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OUR HUMAN CAPITAL : THE WAY TO EXCELLENCE

MAHB has set its sights on being nothing less than world-class, and one of the keys to getting there is through the 6,284 men and women who make up our total staff strength. With the increased focus on organisational efficiency and effectiveness, MAHB's Human Resource Division (HRD) has implemented key initiatives to support the current and future requirements of the Group.

One of the important developments undertaken during the year is the formulation of the Human Capital Development Strategy. The strategy is not just confined to a specific job or task requirement applicability. Rather, it addresses the medium to long term development of our human capital and is specifically linked to the overall improvement of an employee's knowledge, skills, attitudes and behaviour over a longer timeframe.

It focuses on four broad areas: competency building; culture building; leadership capability building and knowledge capability building.

Competency building is aimed at enhancing the functional skills and knowledge of employees, by linking his or her developmental activities to the Human Performance Management Career Development programme. Competency Enhancement Programmes include training that addresses the competency gaps identified under the bi-annual performance assessment.

The cultural transformation journey underway is aimed at institutionalising and internalising the Group's Corporate Shared Value through the shared value programmes. These programmes are conducted for all staff and are designed to shape and mould employees' attitudes and perceptions in line with MAHB's five shared values: market driven; customer focused; teamwork; striving for excellence and loyalty. Thus, the Courtesy & Care programme launched in April 2006 is an integral part of the cultural transformation journey. It strives to build standard behavioural practices among front liners that would form the basis of an excellent customer-centric culture. These are critical elements in the ASQ index.

Leadership capability building focuses on developing the leaders of tomorrow, to whom the baton will be passed to realise the longer-term aspirations of the Group. The programme prepares all levels of talents and categories: new and emerging leaders; developing leaders; advanced leaders and executive leaders. It forms an integral part of MAHB's career and succession planning efforts to ensure leadership continuity.





In today's rapidly changing global marketplace, organisational success is no longer solely a factor of the traditional inputs of labour and capital. Rather, it is knowledge and how that knowledge is applied, that has become critical to the success of an organisation's business. In our transformation journey, MAHB's knowledge-capability building strategy focuses on four main areas:

- Intensifying performance management (GLC Blue Book)
- Human performance improvement programme
- Strengthening leadership practices (GLC Orange Book)
- Culture transformation through internationalisation of the Goup's core Shared Values
- Courtesy & Care Programme

Conducting training courses and programmes continue to be the mainstay of HRD. During the year, MAHB invested RM7.8 million or 2.5% of total staff cost in the training effort, which was conducted overseas and locally. For the year 2007, a total of 11,262 staff had benefited from overseas, local as well as internal programmes. Given the breadth and scope of MAHB's operations, the training curriculum ranges from the broad-based to the more technical aspects of our operations. Some of these diploma programmes were conducted in collaboration with Universiti Malaysia Sarawak (UMS) and Universiti Teknologi MARA (UiTM).

MAHB also organised an employee exchange programme, which enabled three of our staff to be attached to Seoul's Incheon International Airport, voted the Best Airport in the world in the overall category.

Aside from our own people, we are also providing specialised training for external clients, both local and overseas. Last year, 240 staff from Hyderabad International Airport Limited were in Malaysia from January to September to attend several airport operations and fire-fighting courses. MAHB has also trained 69 staff from Delhi International Airport Limited on airside and terminal operations. Other foreign external customers include 83 participants from all over the world attending the ICAO Aviation Security Training programme.

By special request, MAHB also provides customised programmes such as aviation security training for Royal Malaysian Air Force personnel and passenger loading bridge training for the Senai Airport Terminal in Johor. Other local external customers include PETRONAS, the national oil corporation, Pusaka Sarawak and Tanjung Ilmu.

Managing Director's Review Of Operations

AIRPORT SERVICES QUALITY : ACHIEVING MORE

MAHB's system of airports is evolving with the times. Today's airports have become an experience business, where the focus is changing from the provision of hardware (infrastructure and facilities) to a new emphasis on software (people, systems, processes and organisational effectiveness). Airport operators must strive to offer passengers a memorable experience that is both unique and enjoyable.

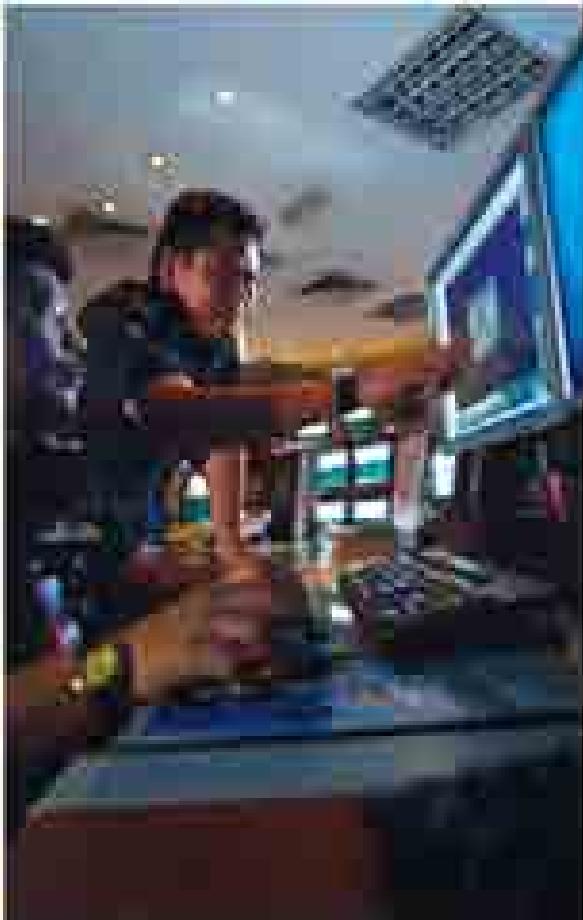
Knowing and understanding the thoughts, wishes and expectations of our customers is the basis of providing the best possible service. Airports Council International (ACI), the world's airports governing body has established customer service as a priority area in the belief that the quality of service an airport provides its passengers is integral to the enjoyment of travelling. To enable

airports to better understand passenger needs and to manage and raise customer service levels, ACI has provided the Airport Service Quality (ASQ) programme for its members. To quote the Programme Director, "service quality should never be viewed as a 'nice to have' feature in managing airport services, but as a key discipline in the airport management process". Over the past two years, ASQ has become the premier benchmarking tool for airports committed to improving customer service levels. Through the ASQ, we are measured on 36 separate elements of the passenger airport experience and how well each element satisfies passengers' expectations.

For MAHB, ASQ is also a hands-on business management tool that gives us access to world-wide best practices in the industry. It also helps us optimise our investment efforts and monitor our business performance. Some 96 airports across 41 countries around the world already rely on ASQ. MAHB has established the ASQ Working Group Committee that has been specifically tasked to monitor KLIA's performance against the ASQ standards. At its quarterly meetings, the committee scrutinises every single service criteria to quickly resolve any non-conformity that arises before it becomes an issue.

Through this committee, MAHB is able to address customers' concerns directly. Members of the committee also conduct annual benchmarking





study tours to ASQ's top five best airports to gauge for themselves where KLIA stands. The findings and recommendations are presented before the committee for improvements to be carried out.

In our journey towards excellence, critical areas where our attention is focused include the helpfulness of airport staff and the shopping experience. The Courtesy & Care Programme and the establishment of 'Excellent Customer Practices' for our front-line airport staff have led to the inculcation of a customer-centric culture. As an indication of the importance placed on this area, a customer service cross functional team (CFT) has been set up under the Group's Continuous Improvement Programme. To nurture people and infuse a culture of excellence with a deep sense of ownership, the CFT has drawn the following initiatives: strategic centre of excellence; customer service centre and helpline; customer relationship management; service level agreement and service continuity management; training and recognition; and community and awareness programmes.

With the completion of the Retail Optimisation Project currently underway, travellers at KLIA will soon enjoy a new level of shopping and F&B experience like no other airport can offer.

Managing Director's Review Of Operations

AIRPORT SAFETY & SECURITY : ZERO TOLERANCE

The global aviation industry continues to encounter and respond to the threat of terrorism with vigilance. According to the ACI, while the number of attacks has declined significantly, the threat has not. Whereas earlier attacks on the civil aviation industry were focused on aircraft in flight, the modern trend reflects a broader front of attack with the aim of causing mass fatalities. The ACI goes on to issue the warning that civil aviation and airports are on the front line and aviation security must remain one of the highest priorities for global airlines and airport operators.

Since 9/11, the security environment at airports around the world has undergone massive changes. MAHB's system of airports is no exception, and our quest for excellence extends to the safety and security arena. As far as MAHB is concerned, we adopt an uncompromising zero tolerance to these two related issues, preferring

to err on the side of caution. This has helped KLIA score consistently high marks in the ACI passenger survey, where safety and security are among the key parameters.

Malaysian airports have all the necessary security equipment, which is complemented by a corps of professionally trained security personnel conferred with the authority and power of auxiliary police personnel. In line with the heightened security alert, MAHB has invested significantly in high technology screening and detection systems. To enhance our surveillance system, we have installed additional closed circuit televisions at critical points throughout our airports. At the same time, we have increased the surveillance activities of our task force as well as police personnel, who are reinforced by back-up security personnel should the need arise.

For the year in review, MAHB has boosted its security personnel strength with the addition of 206 new recruits. As a proactive measure while working closely with the police, MAHB has initiated the setting up of an intelligence network in a proactive move to prevent any untoward incidents from occurring. There is also a concerted effort on the part of MAHB, Malaysia Airlines, AirAsia, and the relevant authorities to cooperate and work even more closely to safeguard potentially high-risk areas. MAHB has also taken appropriate action to resolve the problems of baggage pilfering and touting.

Meanwhile, new security charges approved by the Government were implemented on 15 January 2007. A security charge of RM3.00 is





levied for domestic departing passengers, while international departing passengers pay RM6.00. These charges will help defray part of the cost of ensuring that Malaysian airports continue to be among the safest in the world.

Following the August 2006 attempt to take liquid explosives on board an aircraft in the United Kingdom, the world aviation community has reacted quickly to introduce measures to prevent a recurrence. The new security measures on liquids, aerosols and gels (LAGs) have been implemented in most European countries and North America in line with the ICAO ruling issued to all contracting states on 11 December 2006.

In compliance with the ruling, on 21 May 2007, Malaysia began implementing the new security measure for international departing and transit passengers at all five international airports.

Under this ruling, passengers are allowed to carry personal LAGs of 100 ml per item in containers to fit inside a transparent plastic bag, with a maximum capacity of one litre. All LAGs exceeding the 100 ml limit must be deposited as check-in baggage. However, exemptions are made for declared medicine, baby formula and special dietary requirements needed during the flight.

In the related area of airport safety, the Group has acquired the Fire Certificate for KLIA (7 buildings including Pan Pacific Kuala Lumpur International Airport) and all terminal buildings at the Penang, Langkawi, Kota Bharu, Labuan and Bintulu Airports as required under the Fire Services Act. Other affected airports are

at varying stages of acquiring the certification. MAHB continued to improve fire-fighting facilities at Kota Kinabalu and Kuching International Airports. Two additional units of fire-fighting vehicles were purchased for KLIA and Miri Airport.

Besides upgrading the hardware, emphasis was also given to the training of staff. With the cooperation of the Malaysia Airports Training Centre, MAHB's Airport Fire Rescue Service (AFRS) has reviewed its training curriculum and a new syllabus has been drawn up to better reflect the current training needs of both its internal and external clients. During the year, AFRS conducted a total of 10 courses. This included a Basic and Advanced Fire Fighting Course for 69 personnel from Hyderabad International Airport Limited.

On 3 December 2007, MAHB organised its sixth apron safety campaign for KLIA. The objective of the campaign was to educate all apron users on the importance of safety in performing their duties in compliance with the safety regulations of regulatory bodies such as the ICAO and ACI. This was organised in collaboration with 11 other agencies, including the Department of Civil Aviation, MAS, AirAsia, PETRONAS, ExxonMobil and Shell, among others.

Managing Director's Review Of Operations

OCCUPATIONAL SAFETY AND HEALTH : A NEW FOCUS

As far as MAHB is concerned, Occupational Safety and Health (OSH) is as important as any of its business objectives and as such, should be given the attention and priority it deserves. This unequivocal stand on OSH is enshrined in the Group's new OSH Policy launched on 26 January 2007 and subsequently communicated to all employees in our system of airports, subsidiaries and business units.

While line management is responsible for implementing and monitoring OSH at the workplace, the onus is also on employees to discharge their duties in a safe and healthy manner. MAHB encourages the full participation of all employees in OSH awareness activities. As explicitly stated in the Policy, we are also committed to continually improve the Group's OSH performance and contribute to the well-being of our employees, persons working on our behalf and the communities in which we operate.

All OSH-related matters come under the purview of the Occupational Safety and Health Department established a year ago under the

Human Resource Division. Among the new initiatives drawn up in 2007 is the Safety and Health Committee (SHC) Programme, whose specific functions are to create awareness, organise continuous education programmes as well as conduct audit programmes towards complying with corporate and legal requirement under Occupational Safety and Health Act (OSHA) 1994. Restructuring and streamlining of Safety and Health Committee is also strategically fixing responsibility and accountability of the committee as the catalyst to cultivate safety and health culture throughout the organisation.

Various key programmes were carried out by the SHC, which has been tasked to undertake the following:

- Ensure compliance with legal and corporate requirements
- Measure and monitor performance in safety
- Evaluate safety standards
- Detect unsafe acts and unsafe conditions and identify corrective/preventive actions

During 2007, the OSH Department organised a total of eight safety campaigns on its own and jointly with Malaysia Airlines. These campaigns were aimed at informing employees about the roles and functions of the Safety Committee, OSH Act and other legal provisions as well as to explain accident data and statistics share the results of the investigation and inform the corrective actions that need to be taken. Hence, staff started to realise the importance of OSH arrangement to minimize the risk of bodily injury and incident at the workplace.





As part of the learning process, site visits were organised to various facilities such as those belonging to PETRONAS Dagangan Sdn. Bhd., MLNG Industries Sdn. Bhd., NAZA Automotive Manufacturing (NAM) and Kuching Port Authority. Such visits provided us with a first-hand perspective of OSH management in other organisations, allowing MAHB to adopt the best practices.

Training of staff on OSH matters remained high on our agenda. Training programmes conducted during the year covered a range of subject areas relevant to MAHB's operations. These included OSH Awareness, Basic First Aid and CPR, Accident Investigation, Confined Space, Safety Management Systems, OHSAS 18001:2007, Chemical Safety and Workplace Inspection.

Highlights of the year included a SHC brainstorming session that involved SHCs from all the airports. The session was invaluable as a platform to discuss accomplishments, progress, share investigations result and specify the areas that require improvements and discuss the future plans.

During the year, OSH Department also carried out noise exposure monitoring and audiometric tests at airports across Malaysia. This is a continuous programme employers have to carry out to fulfil

the regulatory requirements. The objective is four-fold: develop employees' audiometric test baseline and record; determine and measure noise levels at all airports; recommend actions to reduce employees' exposure to noise; and improve working conditions. Audiometric hearing tests were conducted at 11 airports across the country involving 1,112 employees. The noise monitoring programme was carried out at 16 airports.

OSH Department also participated in the drafting of documents for a Safety Management System, a prerequisite for attaining Aerodrome Certification. The department is also involved in the development of a Safety Passport System in collaboration with the National Institute of Occupational Safety and Health (NIOSH). As manifestation of MAHB's commitment to OSH, we are in the process of attaining OHSAS 18001:2007 Certification for KLIA. Work on the documentation process, which involves the development of an OHSAS manual, standard operating procedures and work instructions, is already 75% completed. More interesting and valuable program to be introduced and implemented in 2008 to further enhance the awareness and increase the acceptance towards safety and health at workplace eventually to change our work culture towards better organisation.

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GREEN GLOBE 21 : FOUR SUCCESSIVE YEARS

Reducing the impact of their operations on the environment has become a major concern and focus for airports around the world. It is this concern that has led MAHB to participate in the Green Globe 21 (GG 21) Programme, which is the international benchmarking and certification programme for the travel and tourism industry.

In 2004, KLIA received the GG 21 Certification for the first time, earning it the distinction of being the first environmentally friendly airport in the Asia Pacific region. KLIA's GG 21 certification was renewed for the fourth time in 2007 after successfully undergoing an independent onsite assessment audit.

GG 21 allows us to monitor our performance in environmental management against a set

of parameters: energy consumption; potable water consumption; water quality; solid waste production; cleaning chemicals used; storm water management; social commitment and resource utilisation. By monitoring these key performance indicators, we are able to identify areas that need attention.

The key benefits that MAHB is reaping by participating in the GG 21 programme include:

- Reducing overhead and operating costs through the reduction of wastes and resource conservation
- Meeting the growing environmental legislative requirement for compliance
- Addressing major environmental challenges facing our planet today such as greenhouse gas emissions, noise pollution, local air and water quality degradation
- Achieving global recognition
- Effectively demonstrating our commitment to corporate social responsibility

Above all this, we believe that preserving the environment is simply the right thing to do.





CORPORATE SOCIAL RESPONSIBILITY : AN ENDURING LEGACY

Success for MAHB has to be inclusive, and for this reason, practising corporate social responsibility (CSR) has always formed an important cornerstone of our operating philosophy. MAHB supports many registered charitable organisations and worthy causes, but as we evolved, so have our CSR philosophy and programmes. In line with a more structured approach to CSR, we have embarked on several major initiatives.

MAHB is now into the second year of an educational project launched last year as “Projek PINTAR” (Promoting Intelligence,

Nurturing Talent, Advocating Responsibility) under the auspices of the Ministry of Finance and Khazanah Nasional. We have since given it its own identity and branding with the theme ‘Beyond Borders’. This consists of a series of programmes designed to raise awareness of the importance of education and improve academic standards of under-privileged students in the communities surrounding our airports. It also aims to empower students through a leadership development programme, designed to give students an opportunity to learn leadership skills and teamwork, qualities that will enable them to effect change in their future.

For the pilot project in 2007, MAHB has adopted two schools (Sekolah Kebangsaan Batu Maung and Sekolah Menengah Kebangsaan Batu Maung) in the state of Penang for a period of three years. During the year, we conducted and coordinated an array of varied programmes and activities such as motivational talks and dialogue sessions given by noted personalities in this area; motivational camps and English language week. MAHB has also upgraded the language laboratory of the SMK Batu Maung. Following the success of the pilot project, in the coming financial year, MAHB intends to take six more schools in five different states under its wing.

Even as we grow, MAHB has always taken care to share its success with other deserving parties and for the national good. For this reason, Commercial Services has established a Vendor Development Programme (VDP) to help secure the future prosperity of local businesses. Our commitment was formalised with the signing of a Memorandum of Understanding (MoU) with the Ministry of Entrepreneur and Cooperative Development (MECD) in August 2007. Under the

Managing Director's Review Of Operations

MoU, MAHB will render assistance to Bumiputera entrepreneurs to further develop their businesses at KLIA and LCCT.

To this end, MAHB has allocated five F&B kiosks at the Food Garden in the LCCT, two F&B outlets at KLIA Domestic Contact Pier and one retail outlet at Block C, Link Bridge, Main Terminal Building for Bumiputera entrepreneurs. By providing the proper promotion tools and facilities for their products and services, we hope to help budding entrepreneurs jump-start their business ventures. Ultimately, we hope to see Bumiputera businesses under our VDP acquire the competence and confidence not only to compete locally, but also within the regional and international marketplace.

MAHB has long believed in walking the talk as far as environmental responsibility goes. After all, KLIA was conceived as an eco-friendly airport and we have earned the Green Globe 21 certification for four consecutive years to prove our ongoing commitment to preserving the quality of the environment. For 2007, we have taken this commitment a step further with the launch of KLIA Project Green Planet, which comprises a series of programmes to instil a sense of environmental responsibility among local and foreign travellers. By engaging the public in activities that are unique, educational as well as entertaining, the intention is to drive home the point that now, more than ever, Mother Earth is in peril and needs our urgent help to make a difference. Under the umbrella of Project Green Planet, MAHB organised a series of activities such as seminars, exhibitions and contests. This

included a photo exhibition on the environment with the assistance of the United Nations Environment Protection Agency.

Over the years, MAHB and its staff have been generous in contributing money, time and other resources to assist the victims of natural disasters. The staff of MAHB rallied together to initiate a post-flood relief effort to ease the sufferings of flood victims in the districts of Maran in Pahang and Pengkalan Chepa in Kelantan. At times, our CSR contributions may not always be in the form of cash. In August last year, a blood donation drive was successfully held at Kota Kinabalu International Airport. Many of our staff responded to the drive, giving the most precious gift of all – the gift of life.

Inspired by the spunk and determination of a young Malaysian cyclist who is aspiring to complete an expedition around the world, MAHB has made a contribution towards the realisation of this daring feat. Besides showing the world what Malaysians are capable of achieving, which is something MAHB can closely relate to, Muhammad Muqharabbin Mokhtaruddin plans to raise funds to help underprivileged Malaysian sportsmen and women.

Other companies within the MAHB Group have their own CSR campaigns. Eraman Malaysia's 'Raya Open House' has now become an eagerly awaited annual event, bringing cheer to the less fortunate. Likewise, Pan Pacific Kuala Lumpur International Airport has reached out to the under-privileged, donating television sets to three charitable homes and playing host to orphans





during the festive month of Ramadhan.

MAHB has been appointed by Khazanah Nasional to sit in the 'Big 8' group for CSR programmes and activities. It is an honour and responsibility we take very seriously, which will spur us further in developing CSR programmes that will leave behind lasting legacies, by way of the people whose lives we have touched and perhaps transformed for the better.

SERVING THE NATIONAL INTEREST

More than just mere providers of infrastructure for airlines, airports are making significant contributions to the national economy. Our airports have contributed in no small measure towards the resounding success of Visit Malaysia Year 2007. KLIA alone handled 17.3 million international passengers, the vast majority being tourists. Our airports provide easy connections either by scheduled or chartered flights for international tourists to access the island resorts of Perhentian, Tioman and Pangkor by air. They have also facilitated the growth of international trade, and in 2007, KLIA and Penang International Airport handled 771,411 metric tonnes or 92.5% of total international cargo volume. Locally, Malaysian airports have helped bridge the urban-rural divide and in the context of KLIA, has helped put Malaysia on the world map as a symbol of what a small developing nation is capable of achieving.

Small in size though they may be, MAHB's network of 18 short take-off and landing ports (STOLports) located mainly in Sabah and Sarawak, play an important role in serving the nation's economic and national interests. STOLports in these two East Malaysian states have been around for 30 years and provide a vital mode of transportation for rural folks in the vast, dense, tropical jungle-covered terrain of the

interior or hard-to-reach coastal areas. MAHB funds, operates and maintains these STOLports as a service to the nation despite having to operate at a loss. Some STOLports do not have any commercial flights, such as those at Semporna, Long Pasia, Long Semado, Kapit and Belaga. However, MAHB continues to maintain these in the event of chartered flights that may need to use the facility. By operating these STOLports, we ensure that no segment of the Malaysian population is left out from benefiting from our airport network, which remains unmatched in the region both in terms of quality and distribution.

However, MAHB's overriding object is to serve the needs of the rural community, and this is a very important role we play in fulfilling our corporate social responsibility. STOLports are important as part of the basic needs of the community, bringing in necessities such as food and medicine, while providing the gateway for the community to sell local products. STOLports are vital at times of emergency, where medical and emergency aid can be brought in within a matter of hours. For many of these communities, the alternative is several days' hard journey by logging trails or by river. MAHB has upgraded its facilities in Limbang. The Limbang STOLport is now full-fledged domestic airport to meet growing demand from tourism. We are also looking at the possibility of upgrading the STOLport located in Mukah and in 2008, we will be resurfacing the runway at Bario.

The operation of our STOLports has opened up employment opportunities for the local communities, who are employed to provide operational or maintenance services. From what was only a landing strip, whole communities have sprung up around STOLports and they continue to grow. In this way, we help ensure that at least some of the rural communities that we serve have not been left behind in Malaysia's march towards increasing growth and prosperity.

Managing Director's Review Of Operations

A NEW LEVEL OF RELATIONSHIP MANAGEMENT

In MAHB's quest for excellence, we are also taking relationship management to a new level. The relationship that we have established with our business partners, clients, government agencies, statutory authorities, private sector organisations, the public, the various communities within which we operate, have all contributed towards our success. It is a relationship that we will continue to build upon and strengthen as the Group forges ahead towards achieving its destiny.

One of the most important avenues that allows MAHB to forge closer ties with the key players in the aviation industry is the various forums and conferences that are held annually. In 2007, MAHB participated at Regional Asia Conference in China, Arabian Travel Mart in United Arab Emirates, IATA Schedule Conference in Germany and Canada, Air Cargo Europe also held in Germany and the World Route Development Forum 2007 (popularly known as Routes), which was hosted by Sweden.

Routes has particular significance for MAHB. Not only is it the largest gathering of airline decision makers from all around the world, but Malaysia is set to host the 14th edition of Routes at Kuala Lumpur from 12 to 14 October 2008. Malaysia will be the first Asian country to host the world's leading airport-airline networking event, edging out three other formidable rivals. More than 300 airline companies and more than 600 airport companies are expected to converge on Kuala Lumpur. This is MAHB's and Malaysia's opportunity to showcase what we have to offer: be it as a tourist destination or meetings, incentives, conferences and exhibitions (MICE) destination, and a system of airports that is second to none in the region.

Apart from participating at events, we have also intensified our marketing and promotional efforts. Country missions play an important role to encourage more airlines to operate into KLIA and Malaysia's four other international airports. During the year, no less than 158 meetings were held with some 86 airlines, which is considerably higher than the 120 airline meetings conducted throughout 2006 with 63 airlines. MAHB's marketing efforts have paid off with the addition of nine new airlines commencing operations at KLIA in 2007. In addition, 19 new routes were also operated by both existing and new airlines. For the year 2008, our target markets will be China, Korea, India and Australia. Our marketing efforts will also be geared towards attracting more charter airlines and new generation carriers, which would include the budget and low cost airlines, as well as the hybrid or value-based airlines offering reasonable rates for economy and business class seats.





Not all our relationship-building efforts take place within the confines of an office environment. In December, about 100 golfers comprising our business partners and clientele and representatives from airlines, media agencies, private and government agencies, including senior officials of MAHB, pitted their golfing skills at the Malaysia Airports Third Annual Golf Challenge. We also shared the joy of Hari Raya Aidilfitri with staff, business partners, government agencies and airline operators at an Open House held in Pan Pacific Kuala Lumpur International Airport. Nearly 60 teams from various organisations took up the challenge to participate at the Malaysia Airports Media Hunt in Langkawi. As our way to show our appreciation to the many service providers and operators that have contributed to KLIA's success, we are now into the second year of the KLIA Awards. A total of 15 awards were presented for different categories.

MAHB enjoys a special relationship with the media, cultivated over the years. In 2005, we launched the Airports Literacy for Journalists programme as a platform to inform the media on the role of MAHB in managing airports, overall business plans and operations. Initially the programme was only for journalists based in Kuala Lumpur and the State of Selangor, but has now been expanded to other locations such as Kuching and Kinabalu. In 2007, the venue was Kota Bharu. The response of the media to the programme has been good, as it serves as a platform for journalists to meet face to face with key senior officials of the Group and raise questions or seek clarification. Three such programmes have been planned for 2008, including an analyst/media presentation given by MAHB's Managing Director and

another senior official. In building relationships we have not forgotten our own staff, particularly at this time when the organisation is in a state of flux with various transformation programmes underway. Change can be difficult and troubling for some employees and for this reason, the inaugural Malaysia Airports Annual Conference was held in January 2007. This conference provides Management with the platform to inform staff of the Company's direction, divisional goals, development strategies, challenges and opportunities. It also addresses the myriad of changes taking place across the Group and what this means for the organisation and the individual.

DATO' SERI BASHIR AHMAD BIN ABDUL MAJID

Managing Director

Malaysia Airports Holdings Berhad

The skills we have harnessed in managing all the 39 airports have given us world-class expertise and enabled us to build outstanding airports elsewhere in the world.



004

The Leading Edge

096 Board Of Directors
110 Group Senior Management

Board Of Directors





TAN SRI DATUK DR. ARIS BIN OTHMAN

(Chairman)

(Non-Independent Non-Executive)

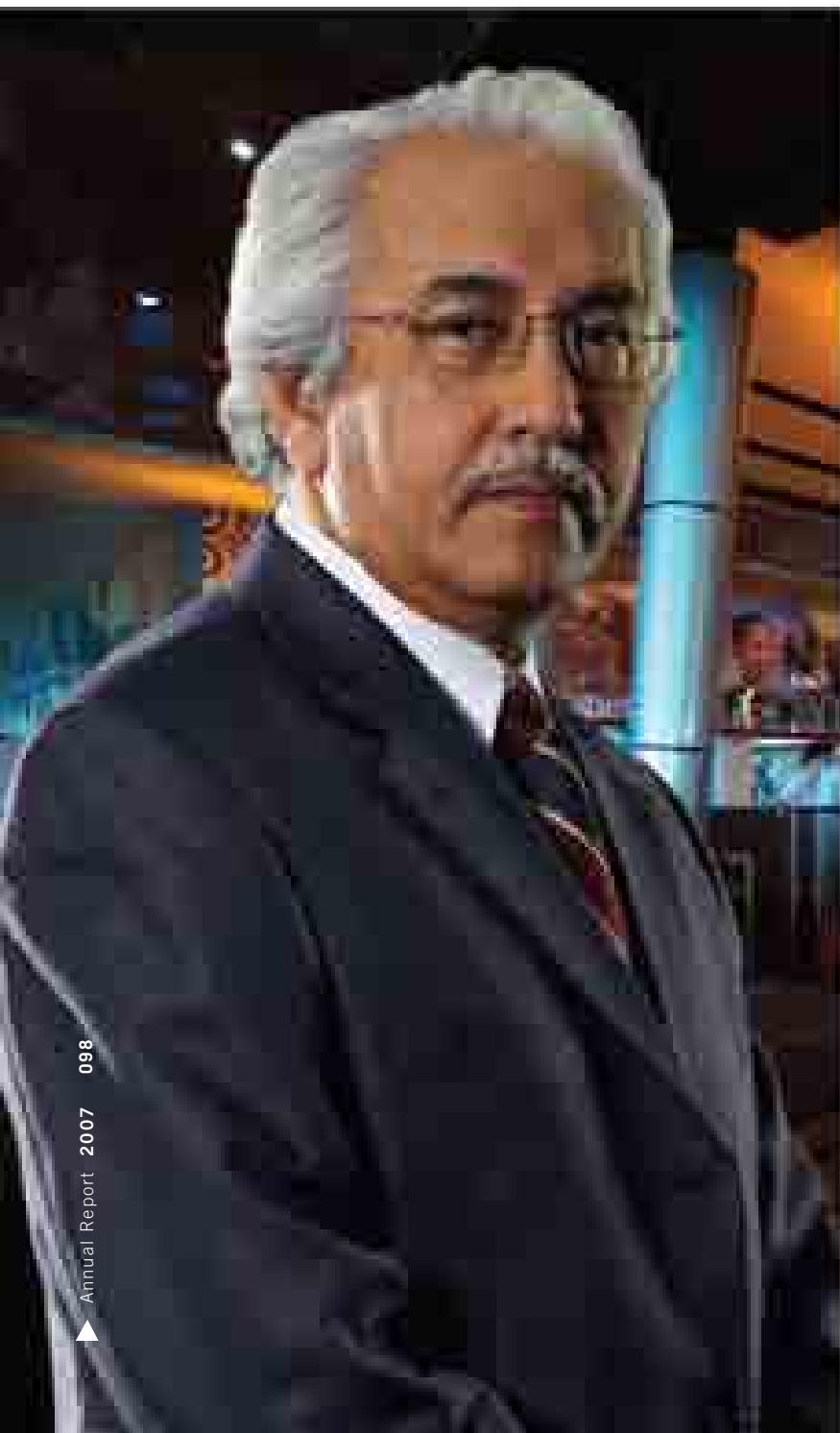
Tan Sri Datuk Dr. Aris bin Othman, Malaysian, aged 63, was appointed to the Board of Directors of MAHB as a Non-Independent Non-Executive Director and Chairman of MAHB on 7 June 2003. He also chairs the Board Procurement Committee, Board Finance & Investment Committee and Board Risk Management Committee 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 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, AmInvestment Group Berhad, AmInvestment Bank Berhad and YTL Power International Berhad. He is also the Chairman of Malaysia Design and Innovation Centre, Cyberjaya and the Chairman of Joint Stock Company International Airport Astana.

He has attended 15 out of 16 Board Meetings held during the financial year.



DATO' SERI BASHIR AHMAD BIN ABDUL MAJID

(Managing Director)
(Non-Independent Executive)

Dato' Seri Bashir Ahmad bin Abdul Majid, Malaysian, aged 58, was appointed as Managing Director of MAHB on 7 June, 2003. He is also a member of the Board of Finance and 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 University of Malaya.

Dato' Seri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited and Joint Stock Company International Airport Astana.

He has attended 16 out of 16 Board Meetings held during the financial year.



DATO' ZAHARAAH BINTI SHAARI

(Non-Independent Non-Executive)

Dato' Zaharaah binti Shaari, Malaysian, aged 58, 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 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 10 out of 16 Board Meetings held during the financial year.



Board Of Directors



A portrait of Datuk Siti Maslamah binti Osman, a woman wearing a white hijab and a pink floral-patterned dress. She is standing in an indoor setting with a blurred background.

DATUK SITI MASLAMAH BINTI OSMAN

(Independent Non-Executive)

Datuk Siti Maslamah binti Osman, Malaysian, aged 60, 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 16 out of 16 Board Meetings held during the financial year.

DATUK ALIAS BIN HAJI AHMAD

(Independent Non-Executive)

Datuk Alias bin Haji Ahmad, Malaysian, aged 60, 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 16 out of 16 Board Meetings held during the financial year.



Board Of Directors



ESHAH BINTI MEOR SULEIMAN

(Non-Independent Non-Executive)

Eshah binti Meor Suleiman, Malaysian, aged 53, 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 and Principal Deputy Assistant Secretary, Finance Division, MOF, and 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 University of Malaya and a Master in Business Administration (Finance) from Oklahoma City University, USA.

She has attended 14 out of 16 Board Meetings held during the financial year.

A portrait of Dato' Ahmad Fuaad bin Mohd Dahalan, a middle-aged man with grey hair, wearing a dark suit, white shirt, and dark tie. He is standing in front of a blurred background that appears to be an airport or travel setting with blue and white lights.

DATO' AHMAD FUAAD BIN MOHD DAHALAN

(Non-Independent Non-Executive)

Dato' Ahmad Fuaad bin Mohd Dahalan, Malaysian, aged 57, was appointed to the Board of Directors of MAHB on 25th August 2005 as a Non-Independent Non-Executive Director. He is also a member of the Board Remuneration Committee, Board Risk Management Committee and the Chairman of Board Nomination 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 Malaysia Airlines in July 1973. Whilst in Malaysia 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 University of Malaya. He is currently a member of the Board of Directors of HLG Capital Berhad.

He has attended 15 out of 16 Board Meetings held during the financial year.

Board Of Directors



IZLAN BIN IZHAB

(Non-Independent Non-Executive)

Izlan bin Izhah, Malaysian, aged 62, was appointed to the Board of Directors of MAHB on 1st 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 (now known as “Bursa Malaysia Securities Berhad”).

He is at present a Director of Apex Equity Holdings Berhad, N2N Connect Berhad, OSK-UOB Unit Trust Management Berhad, CIMB Aviva Assurance Berhad (formerly known as Commerce Life Assurance Berhad), Box-Pak (Malaysia) Berhad, O&G Equities Berhad, CIMB Aviva Takaful Berhad (formerly known as Commerce Takaful Berhad) and Kenanga Investment Bank Berhad. He is also a member of Bursa Malaysia Berhad’s Appeals Committee.

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

He has attended 13 out of 16 Board Meetings held during the financial year.

HAJAH JAMILAH BINTI DATO' HJ HASHIM

(Non-Independent Non-Executive)

Hajah Jamilah binti Dato' Hj Hashim, Malaysian, aged 50, 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, University of Virginia, and University of Pennsylvania, she holds a Master of Science in Physical Chemistry from University of Denver and Bachelor's Degree in Chemistry from California State University.

She is currently a member of the Board of Directors of Pantai Morib Ventures Sdn Bhd, a subsidiary of Khazanah Nasional Berhad.

She has attended 11 out of 12 Board Meetings held during the financial year.



Board Of Directors



JEREMY BIN NASRULHAQ

(Independent Non-Executive Director)

Jeremy bin Nasrulhaq, Malaysian, aged 55, was recently appointed to the Board of Directors of MAHB as an Independent Non-Executive Director on 15th August 2007. He is also a member of the Board Audit Committee and Board Nomination Committee.

He had held several key financial and supply chain positions in Unilever, throughout a period of nearly 25 years, which include having served as the Regional Finance Manager for Unilever Foods Asia, Supply Chain Director for Unilever Malaysia, Commercial Director-cum-National Finance Director for Unilever Malaysia and his last position was as Supply Chain Director for Malaysia and Singapore, a post he held until April 2007. He also served on several regional and global functional teams in the areas of finance and supply chain during his period with Unilever.

He had also worked in Boustead Trading Sdn Bhd holding senior positions there. He is currently an advisor to the Board of Sweetet Development Ltd of Hong Kong.

He is a Fellow member of the Chartered Institute of Management Accountants (U.K.) ("CIMA") and currently serves on the Malaysian CIMA council. He is a registered chartered accountant member of the Malaysian Institute of Accountants (MIA). He holds a Bachelor of Science Degree (with Distinction) in Agribusiness Science from Universiti Putra Malaysia.

He has attended 4 out of 5 Board Meetings held during the financial year.

DYG SADIAH BINTI ABG BOHAN

(Alternate Director to Eshah binti Meor Suleiman)

Dyg Sadiyah binti Abg Bohan, Malaysian, aged 46, 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 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. Datuk Zaleha binti Hassan on the Board of Directors of Telekom Malaysia Berhad.



Board Of Directors



DATO' LONG SEE WOOL

(Alternate Director to Dato' Zaharaah binti Shaari)

Dato' Long See Wool, Malaysian, aged 53, was appointed to the Board of Directors of MAHB on 1st 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), Principal Assistant Secretary (Airport Development) of Aviation Division, Ministry of Transport ("MOT"). He was subsequently appointed as Under Secretary (Aviation), Aviation Division, MOT from 16 May, 2002 to 1 November 2006. He is currently the Deputy Secretary-General (Planning), MOT.

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

SABARINA LAILA BINTI MOHD HASHIM

(LS 0004324) (Company Secretary)

Sabarina Laila binti Mohd Hashim, Malaysian, aged 40, 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 University of Malaya and was 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 offence) within the past 10 years.



Group Senior Management

DATO' SERI BASHIR AHMAD ABDUL MAJID

Managing Director, MAHB

Dato' Seri Bashir Ahmad bin Abdul Majid, aged 58, 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. He graduated with a Bachelor of Arts Degree (Hons) majoring in International Relations from University of Malaya. Dato' Seri Bashir currently sits on the Board of GMR Hyderabad International Airport Limited, Delhi International Airport Private Limited and Joint Stock Company International Airport Astana.

DATO' MAHAT SAMAH

*Senior General Manager,
Corporate Planning, MAHB*

Dato' Mahat Samah, aged 54, 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 the Chief Executive Officer of Urusan Teknologi Wawasan Sdn. Bhd. (UTW) and Senior General Manager, Operation Services MAHB before attaining his current post.





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 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 52, 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 26 years of experience in airport maintenance, airport planning, airport development and operations. He was involved in setting up the joint management and operations of Cambodian airports with Aeroport de Paris, planning and development of New Hyderabad Airport, India and proposals for the privatisation or management of other airports in Middle East and Central Asia. Besides airport planning he has extensive experience in project management which include Construction of Formula One Racing Circuit in KLIA. His previous posts include Director of Airport Development Division of the Department of Civil Aviation (DCA), Manager Privatisation Unit-Kuala Lumpur International Airport Berhad, Senior Manager-Engineering Division of Malaysia Airports Sdn. Bhd., General Manager of Malaysia Airports Management & Technical Services Sdn. Bhd., Executive Director of UTW and prior to his present position he was the Senior General Manager of Malaysia Airports (Sepang) Sdn. Bhd..

Group Senior Management

DATO' AZMI MURAD

*Senior General Manager,
Operation Services, MAHB*

Dato' Azmi Murad, aged 56, 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 KL International Airport. He was involved in the opening of KLIA in 1998 as Head of Operations, Malaysia Airports (Sepang) Sdn. Bhd.. Since then, he has acquired substantial experience in the management and operations of airports. His previous positions were General Manager of Corporate Communications & Air Traffic Services and General Manager, Malaysia Airports (Sepang) Sdn. Bhd. before attaining his current post. He is also the General Manager of Sepang International Circuit.

FAIZAL MANSOR

*Senior General Manager,
Finance Services, MAHB*

Faizal Mansor joined MAHB in 2006 as the Senior General Manager of Finance Services. He is a Chartered Accountant, a member of the Institute of Chartered Accountants in Australia and Malaysian Institute of Accountants. He has a BSc in Accounting from Rutgers University and an MBA from Ohio University, USA. He also lectures for an international MBA programme on subjects related to finance, accounting and strategic management. He started his career with the Securities Commission and has had extensive experience in treasury, corporate and investment banking initially with the Bank of Tokyo-Mitsubishi and subsequently with the AmInvestment Group. He had also worked in Australia as a Corporate Accountant in a manufacturing company for a proposed listing exercise whilst taking the lead in its corporate restructuring, strategic and business process improvements. Prior to joining MAHB, he was a CFO of a public listed construction and wastewater management company.





UMAR BUSTAMAM

*General Manager,
Commercial Services, MAHB*

Umar Bustamam, aged 55 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 30 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, Chief Executive Officer of Malaysia Airports (Niaga) Sdn. Bhd. and General Manager of Corporate Services MAHB.



ABDUL RAHMAN KARIM

*General Manager,
Malaysia Airports Sdn. Bhd.*

Abdul Rahman Karim, aged 51, 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 21 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..

Group Senior Management

AHMAD ZUBER ABDUL

*General Manager,
Human Resource, MAHB*

Ahmad Zuber Abdul, aged 50, 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.



CHE AZIZ MOHD NOR

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

Che Aziz Mohd Nor, aged 48, currently is the Chief Executive Officer of Urusan Teknologi Wawasan Sdn. Bhd.. He holds a Bachelor of Engineering (Electrical) Hons. from Universiti Teknologi Malaysia and has vast experience in engineering, having served the Public Works Department for almost 10 years before joining the Department of Civil Aviation (DCA). He later held several senior posts at MAHB. He was the General Manager of Malaysia Airports Management & Technical Services Sdn. Bhd. (MAMTS) before being appointed to his current position.





MOHD NASIR ISMAIL

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

Mohd Nasir Ismail, aged 52, 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 27 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) Berhad. He had held the position of General Manager (Legal and Administration) cum Company Secretary before moving to APAC. He brings to the Group over 26 years of Sales & Marketing, Administrative and Secretarial experience.



Group Senior Management

IR. SURADINI ABDUL GHANI

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

Ir. Suradini Abdul Ghani, aged 48, 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 21 years of experience in Engineering Management.

MOHD AMINUDDIN YAAKUB

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

Mohd Aminuddin Yaakub aged 54, 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.





SABARINA LAILA MOHD HASHIM

*General Manager,
Secretarial And Legal Services Division Cum
Company Secretary, MAHB*

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



NASREIN FAZAL SULTAN

*General Manager,
Internal Audit Division, MAHB*

Nasrein Fazal Sultan, aged 43 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.

Group Senior Management

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 is a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA). She joined Malaysia Airports 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 Malaysia Airports, Rokmah was the Finance and Administration Manager and also a Company Secretary in a retail business specialised in handicraft and heritage industry.

MUHD NAJIB MOHD RAWI

*General Manager,
Land Development, MAHB*

Muhd Najib Mohd Rawi joined MAHB as General Manager, Land Development in 2006. He is a graduate in Civil Engineering from University of Strathclyde, Glasgow, Scotland and also holds a Masters in Business Administration degree from Ohio University, USA. He started his career with SP Setia upon graduation in 1985 and was involved in various construction and property development projects. In 1991 he joined the property division of UMW Toyota Motor and moved on to Land & General Bhd in 1993. He was the Chief Operating Officer of its property development subsidiaries prior to joining MAHB and brings to the group over 20 years of experience in construction, project management and property development expertise.





NORLIZA KAMARUDDIN

*General Manager,
Corporate Communications, MAHB*

Norliza Kamaruddin holds the position of General Manager of Corporate Communications. Graduate in Bachelor of Art and Design (Advertising) degree, she brings to the Group 19 years of corporate communications experience from diverse industries i.e. insurance, IT, hospitality, and telecommunications. Her portfolio includes corporate branding, marketing communications, media relations, investor relations and corporate social responsibility (CSR). Prior to her present position, she was the Vice President Corporate Communications, Celcom Malaysia Berhad. She has also held senior positions with Pernas Hotel Management, Heitech Padu Berhad, and Malaysia Nasional Insurance Berhad.



DAUD BIN HOSNAN

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

Daud Hosnan, aged 56, is the General Manager of Malaysia Airports (Sepang) Sdn. Bhd. effective 1st April 2007. He has 35 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..

Group Senior Management

MOHAMED SALLAUDDIN MOHAMED SHAH

*General Manager,
Marketing, MAHB*

Mohamed Sallauddin Mohamed Shah @ Mat Sah, aged 44 is the General Manager of Marketing, MAHB. He graduated with a B.Sc. Degree in Accountancy and Computer Science from Northern Illinois University, USA in 1985 and holds an MBA (Strategic Management) degree from the University Technology of Malaysia. He started his career in aviation in 1986 as a Management Trainee with the national carrier, Malaysia Airlines (MAS) and held various positions in the Passenger Marketing and Sales Division. He left MAS in 1997 to join Composite Technology Research Malaysia (CTRM) Sdn. Bhd. which pioneered the manufacturing of composite-based light aircraft and aero-structures in the Asia Pacific region. He was seconded to CTRM's subsidiary, Pacific Aviation Composites in Oregon, USA as the Asst. Vice President Sales & Marketing and later reassigned as the Marketing and Finance Manager for Eagle Aircraft Pty. Ltd. in Perth, Australia. He returned to Malaysia in 1999 to assume the role as the Commercial Manager for CTRM. He then joined MAHB in 2001 to head the Marketing Division of Malaysia Airports.



IR. KHAIRIAH BINTI SALLEH

*General Manager,
(Engineering), MAHB*

Ir. Khairiah Binti Salleh, aged 42, is the General Manager (Engineering) of Malaysia Airports Holdings Bhd (MAHB). She holds a Bachelor of Science Degree in Civil Engineering from Old Dominion University, Virginia USA. She is a registered Professional Engineer with the Board of Engineers Malaysia and the Member of the Institute of Engineers Malaysia. She is an industry representative of the Engineering Accreditation Council, Board of Engineers Malaysia.

She started her career with a local contractor in and moved on to the consulting design office. She joined Malaysia Airports in Year 1993. Her experience is gained from the various positions she held ranging from design and planning of airports, construction project management and the strategic maintenance management.

She led the KLIA Engineering Team in managing the operations and maintenance of the KLIA sophisticated systems and facilities from Year 2000 to date. Prior to that, she was attached to MASB Headquarters for the execution of the development projects of airports throughout Malaysia. She also involved in the engineering assessment for the construction of the Hyderabad Airport, India.



ABDUL NASIR ABDUL RAZAK

*General Manager,
Planning and Development, MAHB*

Abdul Nasir Abdul Razak, aged 49, is the General Manager of Planning and Development, MAHB. He holds a Bachelor of Science Degree in Civil Engineering from the University of Hartford, Connecticut, USA and a Masters of Science Degree in Integrated Construction and Project Management from Universiti Teknologi MARA (UiTM). He started his career in the Public Works Department in 1982, working in Oil and Gas sector then working for several years in Singapore in the high-rise building construction before joining Malaysia Airports in 1993. His previous posts includes Project Manager for KLIA development, Manager of Infrastructure and other buildings, MA (Sepang), Assistant Project Manager of National Exhibition and Convention Center MAHB, Senior Manager of Technical and Quality Assurance MAHB, Senior Manager of Technical Research and Planning MAHB before assuming the current position. He was also directly involved in the major airport infrastructural project such as planning, design and construction of LCC Terminal; upgrading of KLIA; planning, design and implementation of National Airport Master Plan. He is also a member of Malaysian Institute of Value Management. Currently he is a member of Airports Council International (ACI) World Standing Committee on Safety and Technical.



A strong foundation is the base of a strong future. Our foundation is built upon our core values and commitment to continuously improve our business practices and to enhance the socio-economic opportunities of the communities we serve.



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Corporate Framework

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Corporate Profile

KL International Airport (KLIA)

- Asia Pacific's Premier Air Transportation and Cargo Transhipment 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.
- 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.
- 88 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 Kuala Lumpur International Airport with 441 rooms.
- The Total Airport Management Systems (TAMS) links more than 42 systems, which interfaces and integrates communication network.

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.
- Started operations in March 2006
- 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, covered walkway, Food Garden, Service Counters, Foreign Exchange Counters, Auto Teller Machine (ATM), Duty Free Shops, payphones, taxi & bus service, prayer rooms and Arrival & Departure Lounges.

Corporate Profile

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.

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 fulfillment 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 Kuala Lumpur International Airport, the Free Commercial Zone and KLIA's Southern Common facilities, as well as palm oil plantations.

MAHB currently employs over 7,000 personnel across 39 offices in Malaysia.





Media Highlights 2007

180107 • **ETIHAD STARTED FLYING TO KLIA.** Etihad Airways made its maiden flight to KLIA and was given a warm reception by Malaysia Airports and Tourism Malaysia. The airline operates six flights weekly, flying on the Abu Dhabi - Kuala Lumpur route everyday, except Saturdays using the A340-300 aircraft with a 265-seat configuration.



180107 • **MOVING AIRPORT IN THE CITY.** Malaysia Airports launched 'Moving Airport In The City', Eraman Malaysia's branding campaign – a wrap around advertisement at the monorail train and station to mark the start of 2007, Visit Malaysia Year and to celebrate 50 years of nationhood.



240107 • **GMG AIRLINES' MAIDEN FLIGHT INTO KLIA.** GMG Airlines, a privately owned airline from Bangladesh made its debut at KLIA. GMG starts operating three flights weekly on the Dhaka - Kuala Lumpur route and vice versa.



29-300107 • **MALAYSIA AIRPORTS LAUNCHED ANNUAL CONFERENCE.** The inaugural Malaysia Airports Annual Conference 2007 was launched at Pan Pacific Kuala Lumpur International Airport. The first ever conference organised by Malaysia Airports provided a platform for the Company to impart its overall corporate vision, strategies and future directions to Senior Management.

020207 • **MALAYSIA AIRPORTS HELPED FLOOD VICTIMS.** With the objective to ease the suffering of flood victims in Johor, Malaysia Airports donated goods worth RM15,000.00 to flood victims in Yong Peng, Johor. The contribution comprised food, mattresses, pillow, blankets and diapers.



070207 • **MALAYSIA AIRPORTS LAUNCHED 'BEYOND BORDERS' PINTAR PROGRAMME.** Themed "Beyond Borders", Malaysia Airports launched its 'Promoting Intelligence, Nurturing Talents, Advocating Responsibility' (PINTAR) programme at its two selected schools namely Sekolah Kebangsaan Batu Maung and Sekolah Menengah Kebangsaan Batu Maung, Bayan Lepas.



130207 • **KLIA LAUNCHED 'SHOP, FLY & WIN'.** In conjunction with Visit Malaysia Year 2007, Malaysia Airports launched the "KLIA Shopping Campaign 2007 - Shop, Fly & Win" with the aim of promoting shopping at the retail and food and beverage (F&B) outlets at KLIA and LCCT-KLIA. This 6-month-long campaign was Malaysia Airports' initiative to support the National Tourism Policy towards making the tourism industry the main source of income for the nation's socio-economic development.



130207 • **PM LAUNCHED NEW TERMINAL 2, KKIA.** YAB Dato' Seri Abdullah bin Haji Ahmad Badawi, Prime Minister of Malaysia launched the new Terminal 2, Kota Kinabalu International Airport (KKIA), in a ceremony attended by 5,000 guests who witnessed yet another prominent development for the Malaysian aviation industry. The new terminal is able to accommodate up to 3 million passengers per annum, which will enable it to cater for the rapid growth of passengers at KKIA.



160207 • **MALAYSIA AIRPORTS INCREASED NUMBER OF SECURITY PERSONNEL.** Malaysia Airports increased the level of general airport safety when 224 aviation security trainees completed their Foundation Course for Flight Security Assistant. The addition of these aviation security trainees was in tandem with the enhancement of safety measures to ensure the safety of passengers and the airport community across the Group's system of airports.



230307 • **LCCT-KLIA CELEBRATED 1ST ANNIVERSARY.** LCCT-KLIA celebrated its first anniversary, marking it with a simple event held at the terminal. A cake cutting ceremony was held to commemorate its first year of operations led by Tan Sri Datuk Dr. Aris Othman, Chairman of Malaysia Airports. At the same event, the 3.7 millionth domestic passenger and the 6.2 millionth passenger of the LCCT-KLIA were feted, along with airport users who shared the same birth date with the terminal.

040407 • **MALAYSIA AIRPORTS SIGNED AGREEMENT TO OPERATE ASTANA INTERNATIONAL AIRPORT.** Malaysia Airports entered into a Management Agreement through its wholly-owned subsidiary, Malaysia Airports Management & Technical Services (Labuan) Private Limited (MAMTS Labuan), to carry out the operation, management and maintenance of the Astana International Airport, Kazakhstan. Astana International Airport is the second largest international airport in Kazakhstan. Malaysia Airports started managing the airport on 15 May.



06-080407 • **PETRONAS MALAYSIAN GRAND PRIX 2007.** Sepang International Circuit hosted its 9th edition F1 race, where over a hundred thousand F1 enthusiasts watched it live, while millions more across the globe caught the live telecast.



Media Highlights 2007

100407 • LCCT-KLIA NOW EQUIPPED WITH FREE WIRELESS.

Community and passengers of LCCT-KLIA can enjoy easier Internet access for free after Malaysia Airports launched the WiFi service. The expanded "hotspots" service is now available at international and domestic departures; and also at the public departure concourse. The enhanced wired and wireless access will enable and benefit the airport community, such as service providers, tenants and passengers to have free instant internet access.



220407 • MALAYSIA AIRPORTS TOOK ANOTHER BIG STEP IN PINTAR PROGRAMME.

As part of the 'Beyond Borders' programme, Malaysia Airports invited Dr. Fazley Yaakob to deliver a motivational talk at one of its adopted schools - SMK Batu Maung. Dr. Fazley Yaakob gave a motivational talk entitled '*Motivasi Kendiri Melalui Kemanjuran Diri*' or Self Motivation Through Self Efficacy to nearly 1,000 capacity crowd comprised of students, teachers and parents.



150507 • MALAYSIA AIRPORTS COLLABORATED WITH UiTM TO ENHANCE STAFF CAPABILITIES.

Malaysia Airports signed a Memorandum of Understanding (MoU) with Universiti Teknologi MARA (UiTM) that will enable UiTM to be the service provider to implement the Malaysia Airports Career Development Program (CDP) in 2007. CDP is a comprehensive programme that addresses the career paths and succession planning of employees, especially those at the middle and senior management levels.



210507 • MALAYSIA IMPLEMENTED NEW SECURITY MEASURES FOR CABIN LUGGAGE.

Effective May 21, 2007, Malaysia started implementing new security measures on liquids, aerosols or gels to all international passengers departing from or transiting (changing planes) at all international airports and all international-bound passengers departing to destinations outside the country from domestic airports. This new rule is pursuant to the International Civil Aviation Organisation (ICAO) recommendations for the screening of liquids taken on board aircraft issued to all Contracting States on December 11, 2006.

010607 • MALAYSIA AIRPORTS PROVIDED ARFF TRAINING FOR HYDERABAD INTERNATIONAL AIRPORT.

A total of 22 personnel of GMR Hyderabad International Airport Limited completed the Airport Rescue & Fire Fighting Course (ARFF), conducted by Malaysia Airports. This was a part of Malaysia Airports' commitment in managing the New Hyderabad International Airport in India. The Basic ARFF Course was conducted as a two month indoor training and a one month on-job-training at Penang International Airport and KLIA respectively.



020607 • NINTH MIDDLE EASTERN AIRLINE FOR KLIA.

EgyptAir Airlines, the national carrier of Egypt, made its maiden flight to KLIA, thus becoming the ninth Middle Eastern airline to operate from KLIA. EgyptAir operates three flights weekly, on Tuesdays, Thursdays and Sundays utilising Airbus A330 type of aircraft. EgyptAir flies from Cairo via Bombay to Kuala Lumpur and vice versa.



050607 • **KLIA TOOK THE LEAD IN ENVIRONMENTAL PRESERVATION EFFORTS.** KLIA leads other airports around the globe in championing environmental preservation efforts when its "Project Green Planet" (PGP) was launched in conjunction with the World Environment Day. The project was launched in view of KLIA's achievement of being awarded with Green Globe 21 Certification for the third year running.



060607 • **MALAYSIA AIRPORTS SIGNED MoU WITH IAC.** Malaysia Airports signed an MoU with Iran Airports Company, for enabling both parties to collaborate on various fields of airport operations and sharing of training and knowledge. Among the important terms lined up in the MoU was sharing of expertise, experience and exchange of staff for training purposes.



140607 • **SUPPORT FOR CYCLING ODYSSEY.** Malaysia Airports contributed towards Muhammad Muqharabbin Mokhtaruddin's year-long odyssey to cycle around the globe. One of the objectives of the expedition was to collect funds to assist underprivileged Malaysian sports men and women.



290607 • **MALAYSIA AIRPORTS HONOURED AGENCIES WITH KLIA AWARDS.** 15 awards went up for grabs at the second annual KLIA Awards, where Malaysia Airports showed its appreciation to service providers and operators at KLIA. The awards were based on passenger movements, growth, sales performance, international recognition and service performance.

300607 • **WORLD'S BEST AIRPORT CELEBRATED 9TH ANNIVERSARY.** KLIA celebrated its 9th anniversary, commemorating it with a rousing reception of its 163 millionth passenger (total) and 55 millionth passenger (domestic) while the 8.5 millionth passenger at LCCT-KLIA was also feted. The lucky passengers were garlanded and ushered to a stage where Y.Bhg. Tan Sri Datuk Dr. Aris Othman, Chairman of Malaysia Airports and Y.Bhg. Dato' Seri Bashir Ahmad, Managing Director of Malaysia Airports joined them for a cake cutting ceremony.



050707 • **REDEVELOPED LABUAN AIRPORT READY FOR OPERATIONS.** The redeveloped terminal of Labuan Airport is expected to be operational soon and Malaysia Airports is confident that it will be a catalyst in boosting passenger movement to the state. With the extension of the terminal building, Labuan Airport will have the capability to handle 2.2 million passengers per annum. Malaysia Airports has also introduced a two-tier terminal operation concept to improve passenger flow at the airport.



Media Highlights 2007

100707 • **MALAYSIA AIRPORTS WON BID TO MANAGE SABIHA GOKCEN INTERNATIONAL AIRPORT.** Malaysia Airports won the bid to manage Sabiha Gokcen International Airport, Turkey for a period of 20 years. The scope of the tender amongst others, includes taking over the operations, maintenance and revenues of the International and Domestic Terminals of Sabiha Gokcen International Airport and all their related buildings / equipment and ground handling, fuel supply and bonded warehousing operations in the airport.



170707 • **AIRPORT LITERACY FOR JOURNALISTS IN KELANTAN.** Airport Literacy for Journalists programme was organised for the media in Kota Bharu, Kelantan. More than 20 media representatives took part in this programme. The purpose of this activity was to familiarise the media on the business of managing and operating airports.



250707 • **MALAYSIA AIRPORTS COLLABORATED WITH UMS TO ORGANISE EXECUTIVE DIPLOMA IN MANAGEMENT.** Malaysia Airports signed an MoU with Universiti Malaysia Sabah to organise an Executive Diploma in Management programme for Malaysia Airports' staff, particularly in Sabah. This signing demonstrated the company's encouragement of continuous learning for its staff.



250707 • **AIRPORTS IN SABAH RECEIVED AERODROME AND ISO CERTIFICATION.** Kota Kinabalu International Airport together with Tawau and Sandakan Airports have received the Aerodrome Certification from the Department of Civil Aviation, certifying that these airports have been audited and met the Aerodrome Certification requirements by ICAO. This is a new mandatory requirement of ICAO, which requires all international airports open for public use to provide uniform safety conditions for all aircraft. In the same event, all airports in Sabah also received the MS ISO 9001:2000 Quality Management System from SIRIM QAS International Sdn. Bhd.

020807 • **KLIA INTRODUCED SELF CHECK-IN KIOSKS FOR BENEFIT OF PASSENGERS.** Malaysia Airports introduced the Common Use Self Service (CUSS) at KLIA, which allows more than one self-service check-in application to share the physical box, similar to using different bank cards in any Auto Teller Machine. It benefits the airport as it offers capital friendly, flexible and fast solutions by utilising existing terminal space, rather than expanding space to allocate more desks.



250807 • **MALAYSIA AIRPORTS COLLABORATED WITH MECD TO HELP BUMIPUTERA ENTREPRENEURS.** Bumiputera's involvement in business at KLIA and LCCT-KLIA is set to increase after Malaysia Airports signed an MoU with the Ministry of Entrepreneur Development and Co-operative Development (MECD). This MoU enabled Malaysia Airports and MECD to collaborate in giving Bumiputera businesses the chance and opportunities to develop via marketing and product promotion at premises provided by Malaysia Airports at KLIA. This collaboration was also part of Malaysia Airports' CSR pillar in building communities.



280807 • MALAYSIA AIRPORTS KICKED-OFF MERDEKA COUNTDOWN.

Malaysia Airports kicked-off their countdown to the historic 50th Merdeka Day by launching 50 Hours Merdeka Celebration at KLIA. The event showcased an array of activities for the public and airport users.



090907 • JETSTAR TOUCHED DOWN AT KLIA.

Jetstar Airlines, a fully-owned Qantas subsidiary made a historic inaugural touchdown at KLIA. The low-cost airline operates three flights weekly, flying the Sydney - Kuala Lumpur route and vice versa on Tuesdays, Thursdays and Sundays, utilising wide bodied Airbus A330-200s with 303 seats configuration.



180907 • KLIA DISTRIBUTED MORE THAN 1000 PACKS OF KURMA TO PASSENGERS.

Malaysia Airports celebrated the holy month of Ramadhan by distributing more than 1000 packets of kurma or dates to passengers at KLIA. This gesture was appreciated by passengers and concessionaires alike, especially Muslims observing the Ramadhan month.

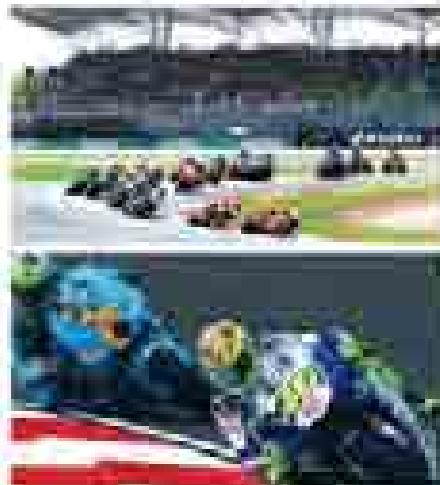


23-250907 • MALAYSIA AIRPORTS AMPLIFIED MARKETING DRIVE IN ROUTES 2007.

In its continuous effort to market KLIA and other airports in Malaysia to international airlines worldwide, Malaysia Airports participated in the 13th World Route Development Forum 2007 (ROUTES) in Stockholm, Sweden from September 23-25, 2007. Malaysia Airports' delegates had their hands full attending the various business meetings and hospitality programmes that were scheduled at this World Route Development Forum.

19-211007 • MALAYSIAN MOTOGP WORLD CHAMPIONSHIP.

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



271007 • MESRA AIDILFITRI MALAYSIA AIRPORTS.

Malaysia Airports shared the joy of Hari Raya Aidilfitri with staff, business partners, Government agencies and airline operators at its Mesra Aidilfitri open house held at Pan Pacific Kuala Lumpur International Airport.



Media Highlights 2007

281007 • **AIR INDIA EXPRESS FLEW TO KLIA.** Air India Express made its maiden flight to KLIA, becoming the 5th airline to start servicing KLIA for 2007. Air India Express operates daily to KLIA, flying the Chennai – Kuala Lumpur route and vice versa, utilising B738 type of aircraft.



021107 • **MALAYSIA AIRPORTS ANNUAL DINNER.** More than 1,000 staff of Malaysia Airports and subsidiaries from Kuala Lumpur and Selangor attended Malaysia Airports' Annual Dinner 2007, themed 'Retro'. The event was held at Putrajaya International Convention Centre, and the staff were entertained by popular artists while lucky draws prizes, including a motorcycle were also given out.



101107 • **MALAYSIA AIRPORTS MEDIA EXPLOREHUNT 2007.** Malaysia Airports' media hunt took a different approach for 2007, maintaining the mystery location until the very last minute before the media discovered Langkawi as the venue. Almost 60 teams from various media organisations took part in this year's Media Hunt.



23-251107 • **SIC HOSTED A1 GRAND PRIX.** Sepang International Circuit hosted its 3rd edition of A1 Grand Prix where drivers from 22 nations worldwide pitted their skills in front of thousands of car racing enthusiasts.

011207 • **100 GOLFERS TOOK PART IN THE THIRD MALAYSIA AIRPORTS GOLF CHALLENGE.**

About 100 golfers took part in third annual Malaysia Airports Golf Challenge, held at the Tropicana Golf & Country Resort. Participants comprising business partners, airlines, media agencies, clients, private, government agencies and senior officials from Malaysia Airports, pitted their golfing skills in this challenge. The purpose of this golf competition was to further enhance relationships and networking.



031207 • **KLIA ORGANISED SIXTH APRON SAFETY CAMPAIGN.**

KLIA organised its sixth apron safety campaign to educate all apron users on the importance of safety while carrying out their duties and responsibilities at the apron area.







VOTED
**WORLD'S
BEST**
AIRPORT '07



001

KLIA was awarded “The Brand Laureate”, the Grammy Awards for branding for **Best Brands Transportation Airport 2006-2007**

002

KLIA was chosen as **‘The Most Outstanding Establishment in the Tourist, Hotel, Restaurant and Catering Field for the year 2007’** by the Trade Leaders’ Club, Madrid

003

KLIA was selected as **World’s Best Airport (15-25 million passengers per annum) in the Airports Council International-Airport Service Quality (ACI-ASQ) Awards 2006**, the second year KLIA won this award

004

KLIA also won **3rd placing for the Best Airport Worldwide and Best Airport Asia Pacific in the ACI-ASQ Awards 2006**

005

Pan Pacific Kuala Lumpur International Airport achieved a unique milestone in the competitive arena of recognition awards when it was named the **“Best Airport Hotel in Asia” for 2006 by Business Asia magazine**, making it the sixth time the hotel has won this accolade since the award was introduced in 2000

006

Malaysia Airports Technologies received the award for **“Best Corporate IP Network”** in the Cisco Networkers Innovation Award 2007

008

Malaysia Airports received the **Company of the Year Award from the Chartered Institute of Logistics and Transport, Malaysia (CILT)**

009

KLIA was the **first to be presented an Airport Service Quality (ASQ) Assured certificate by ACI** following a successful audit of its airport passenger service quality management system

007

KLIA was voted the **Third Best Airport Worldwide in the SmartTravelAsia.Com Best In Travel Poll 2007**



Corporate Information

001

Board of Directors

Tan Sri Datuk Dr. Aris bin Othman

(Chairman)

(Non-Independent Non-Executive)

Dato' Seri Bashir Ahmad bin Abdul Majid

(Managing Director)

(Non-Independent-Executive)

Dato' Zaharaah binti Shaari

(Non-Independent Non-Executive)

Eshah binti Meor Suleiman

(Non-Independent Non-Executive)

Datuk Alias bin Haji Ahmad

(Independent Non-Executive)

Datuk Siti Maslamah binti Osman

(Independent Non-Executive)

Izlan bin Izhab

(Non-Independent Non-Executive)

Dato' Ahmad Fuaad bin Mohd Dahalan

(Non-Independent Non-Executive)

Hajah Jamilah binti

Dato' Hj Hashim

(Non-Independent Non-Executive)

Ahmad Kamal bin Abdullah AL-Yafii

(Independent Non-Executive)

Resigned as Director

w.e.f 28 May 2007

Jeremy bin NasrulHaq @ Jeremy Boyce

(Independent Non-Executive)

Appointed as Director

w.e.f 15 August 2007

Dato' Long See Wool

(Alternate Director to Dato' Zaharaah Binti Shaari)

Zaharaah Binti Shaari

(Non-Independent Non-Executive)

Dyg Sadiyah binti Abg Bohan

(Alternate Director to Eshah binti Meor Suleiman)

(Non-Independent Non-Executive)

Appointed as Alternate Director

w.e.f 6 February 2007

002

Company Secretary

Sabarina Laila binti

Mohd Hashim

(LS 0004324)

003

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

004

Principal Bankers

Malayan Banking Berhad

CIMB Bank Berhad

Citibank Berhad

005

Auditors

Messrs. Ernst & Young

Level 23A Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

50490 Kuala Lumpur

Tel • 603 2087 7000

Fax • 603 2095 5332

006

Registered Office

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang

Selangor Darul Ehsan

Tel • 603 7846 7777

Fax • 603 7845 2254

Website •

www.malaysiaairports.com.my

E-mail •

sabarina@malaysiaairports.com.my

007

Stock Exchange Listing

Main Board

Bursa Malaysia Securities Berhad

100%
100%
100%
100%



Group Corporate Structure

 **Malaysia Airports Sdn Bhd** (230646-U)
100%
 Management, operations and maintenance of designated airports and provision of airport related services in Malaysia other than KL International Airport (KLIA), Sepang. The designated airports comprise :

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

 **Malaysia Airports (Sepang) Sdn Bhd** (320480-D)
100%
 Management, operations and maintenance of KLIA, Sepang and related provision of airport related services.

 **Malaysia Airports Management & Technical Services Sdn Bhd** (375245-X)
100%
 Provision of management, maintenance and technical services in connection with the airport industry.

 **Malaysia Airports (Niaga) Sdn Bhd** (281310-V)
100%
 Operating duty free, non-duty free outlets and providing management services in respect of food and beverage outlets at airports.

 **Sepang International Circuit Sdn Bhd** (457149-T)
100%
 Management and operations of Sepang F1 Circuit and organization 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.



-  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
-  Subsidiary of Urusan Teknologi Wawasan Sdn Bhd

 **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.

 **Malaysia International Aerospace Centre Sdn Bhd** (438244-H)
[Formerly known as Malaysia Airports (Air Traffic Services) Sdn Bhd]
100%
Planning, management and marketing for the development of Malaysia International Aerospace Centre at Sultan Abdul Aziz Shah Airport and other airports in Malaysia in line with Malaysia's aerospace industry development master plan.

 **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.

 **Urusan Teknologi Wawasan Sdn Bhd** (459878-D)
75%
Provision of mechanical, electrical and civil engineering services at KLIA, Sepang.

 **Airport Automotive Workshop Sdn Bhd** (808167-P)
Incorporated w.e.f 28 February 2008
51%
Automotive vehicle workshop.

 **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.

Group Organisation Structure





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



Marketing
General Manager

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



Procurement And Contract
General Manager

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



Corporate Communications
General Manager

 Corporate Communications
Senior Manager

 Public Relations KLIA
Senior Manager

 **Sepang International Circuit Sdn. Bhd.**
General 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

Integrity, transparency and accountability in dealings with our customers and partners have helped garner their trust, support and confidence in us, providing the momentum we need for continued growth.



006

Governance & Accountability

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Statement On Corporate Governance

Introduction

Successful companies are valuable not only to their shareholders but also to the larger community, such as the government, social and business organisations, and the individuals who benefit from the services and wealth generated by them. Hence, a company's board is ultimately responsible for ensuring that the right leadership, strategy and internal controls, are in place in order to produce and sustain the delivery of the said values. Consequently, a robust and well thought-out corporate governance practices are essential in order to deliver the right leadership, the right strategy and the right control.

Good corporate governance, however, should not be a mere statement of compliance. It should aim to achieve the highest standards of business integrity, ethics and professionalism across all the Group's activities, and should be upheld and endorsed by the Board and the organisation as a whole.

The Board of Malaysia Airports strives to continuously improve its performance, particularly in the area of corporate governance, and recognises the need to do this amid a background of significant regulatory changes during the year. The Board has noted the changes to the Malaysian Code on Corporate Governance which were aimed at strengthening the roles and responsibilities of the board of directors and audit committees, and ensuring effective discharge of their duties. Significant changes were also seen in the recent amendment of the Companies Act 2007 (A1299) which brought the Act closer to the corporate governance framework adopted in Malaysia. Whilst the Board considers that the Company is already in compliance with the Code, with the limited exceptions as detailed herein, the new revised Code and other relevant regulatory changes such as the Bursa Listing Requirements will be accordingly addressed in due course.

In addition, the Board of Directors, Management and staff of Malaysia Airports are pleased to note that the governance principles adopted by the Group have been ranked in the Fourteenth (14th) position (2006: 40th), based on the findings of the "Corporate Governance Survey 2007" jointly organised by the Minority Shareholder Watchdog Group ("MSWG") and Nottingham University Business School ("NUBS").



Transformation Programme

The Government-Linked Company (“GLC”) Transformation Programme (“Transformation Programme”) is currently under “Phase 3: Tangible and Sustainable Results”. The “Phase 2: Generate Momentum” was completed in December 2006, with the launching of 10 initiatives. Under the Green Book initiative, “Enhancing Board Effectiveness”, a record number of GLC directors have attended a series of breakfast talks, briefings and programmes to enhance their knowledge and skills, which were organised by the Malaysian Directors’ Academy.

The Board will continuously ensure that the following three main components of an effective Board, as outlined under the Improvement Programme (“Improvement Programme”), will remain present:-

- a) To structure a high performing Board;
- b) To ensure effective day to day Board operations and interactions; and
- c) To fulfil the Board’s fundamental roles and responsibilities guided by the best practices and recommendations of the relevant bodies, such as the Malaysian Institute of Chartered Secretaries and Administrators.

The Company has also embarked on a Continuous Improvement Programme (“CIP”) which focused on delivering the shareholders’ financial expectations. The first milestone achieved under the CIP is the enhancement of Malaysia Airports “Vision and Mission”, with the transformation of its role from an “airport infrastructure and service provider” to a more holistic model of a “commercially focused airport business”.

Furthermore, the Company has formulated a “1-year and 3-year One Page Strategy” that outlines the Company’s mid-term strategies in managing and improving 5 key areas, namely, revenue, people and work culture, structure and regulatory environment, process and system, and finance and cost. To achieve the desired targets in respect of the key improvement areas, the Company has established eight (8) Cross Functional Teams (“CFT”) to assist in the development of a comprehensive action plans and undertake various key initiatives which include spend management, revenue, customer service, operational excellence, procurement, people/change management, Information Communication & Technology (“ICT”), Occupational Safety, Health & Environment (“OSHE”), and Safety and Security.

THE BOARD OF DIRECTORS OF MALAYSIA AIRPORTS HOLDINGS BERHAD

The Balance and Composition of the Board

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

Statement On Corporate Governance

The directors' relevant background ensures that they have the understanding of the fiduciary duties and responsibilities of the Board of Directors and appreciate the working relationship between the Board and Management of the Group, as well as the ability to comprehend the industry within which Malaysia Airports operates, and its current and future competitive environment. The Board currently comprises 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"). The directors' biographies are enclosed on pages 96-108. Encik Ahmad Kamal bin Abdullah Al-Yafii, who had served as the independent non-executive director during the year under review, has since resigned from the position with effect from 28 May 2007, and as such his biographical details are not included.

The composition of the Board fairly reflects the interest of the significant shareholders, which was adequately represented by the appointment of their nominee directors without compromising the interest of the minority shareholders. The independent directors on the Board act as a caretaker of the minority shareholders and their views carry significant weight in the Board's decision-making process.

In the previous report, based on the results of the Board Effectiveness Assessment, the Board has acknowledged the need to enhance its composition by appointing a director with wide commercial knowledge to balance the Board's skills-experience mix and to drive the effort to increase the Group's non-aeronautical revenue further. Subsequently, efforts to identify and appoint a director with wide commercial knowledge were initiated, which have since been completed with the appointment of Encik Jeremy bin Nasrulhaq, who joined the Board on 15 August 2007. Encik Jeremy brings to the Board commercial experience and financial expertise to steer the Group's efforts

towards expanding the non-aeronautical revenue. Currently, he is the advisor to the Board of Sweetet Development Ltd in Hong Kong.

The Board regularly reviews the composition of the Board and its Committees to ensure appropriate balance and a good mix of skills and experience. The Board also considers the need to rotate the membership of the Committees amongst the directors, in order for them to gain exposure on the different functions of the Committees.

All directors are subject to election by the shareholders at the annual general meeting after their appointment to the Board, and to re-election by the shareholders at least once in every three years. This ensures regular approval of directors' appointments by the shareholders.

Senior Independent Non-Executive Director

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

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 members of the Group.

The Role of the Board

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

In order to ensure that directors have sufficient time to focus and fulfil their roles and responsibilities effectively, the Board has adopted a restriction policy on external appointments. Under the policy, directors may only be allowed to take up to five (5) directorships in other public-listed companies.

Independence of non-executive Directors

The Board considers all the three (3) independent non-executive directors, namely Datuk Alias bin Haji Ahmad, Datuk Siti Maslamah binti Osman and Encik Jeremy bin Nasrulhaq to be independent based on the definition as set out under the Listing Requirements of BMSB. The Board is satisfied that the three (3) independent non-executive directors represent the interest of the minority shareholders by virtue of their roles and responsibilities. The Board has determined that the following behaviours are essential when considering and assessing the independence of each non-executive director:-

- a) able to provide intelligent questions, constructive debates, rigorous challenges, and decides dispassionately on Management's views and assumptions;
- b) is willing to challenge the views, opinions, and beliefs of other directors, for the benefit of the Company;
- c) is prepared to defend his/her own views, opinions, and beliefs for the ultimate good of the Company; and
- d) he/she must have a good understanding of the businesses and operations of the Company in order to properly evaluate and provide the necessary responses on the various issues confronted by the Board.

The Board considers the issue of directors' independence on an annual basis and has concluded that each of them continues to demonstrate the above behaviours which are in accordance with the definition under the Listing Requirements therein.

Statement On Corporate Governance

The Roles of the Executive Director and Non-Executive Directors

The executive director (i.e. Managing Director) and the non-executive directors have been given clear roles and accountability for intensifying the performance management in the Group.

The executive director is responsible for the following:-

- a) implementation of the overall design of the performance management scheme, particularly developing the strategy, defining the Key Performance Indicators and cascading them through the organisation;
- b) review of the performance of the businesses, taking corrective actions and reporting them to the Board; and
- c) review of the performance of the senior management members and delivering meaningful rewards and consequences.

On the other hand, the non-executive directors are responsible for the following:-

- a) providing independent judgement on the Group's strategy;
- b) overseeing that the internal control systems and the risk management processes are appropriate and effective;
- c) setting the appropriate targets/objectives and reviewing the performance of the Company and the executive director;
- d) setting the right remuneration for the executive director, and evaluating the effectiveness of the Company's succession planning programme.

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

The Chairman and Managing Director

The responsibilities and authorities between the Chairman and the Managing Director are clearly separated and defined in the Board Charter in order to maintain a balance of power, as outlined below:-

Chairman

Tan Sri Datuk Dr. Aris bin Othman is the Chairman of the Company. Tan Sri Datuk Dr. Aris's roles and responsibilities are as follows:-

- a) ensure orderly conduct and working of the Board, where healthy debates on issues being deliberated are encouraged to reflect any level of scepticism and independence;
- b) ensure that every Board Resolution is put to a vote to ensure that the decision is made collectively and reflects the will of the majority;
- c) ensure that the Board agrees on the strategy formulated by the Company and checks on its implementation;



- d) exemplify the highest standards of corporate governance practices and ensures that these practices are regularly communicated to the stakeholders;
- e) ensure the appropriateness and effectiveness of the succession planning programme at the Board and senior management levels;
- f) ensure a healthy working relationship with the Managing Director and provide the necessary support and advice as appropriate; and
- g) determine the agenda for the Board meetings in consultation with the Managing Director and Company Secretary and ensure effective time management to allow the Board to have a rich and deep discussion.

Managing Director

Dato' Seri Bashir Ahmad bin Abdul Majid is the Managing Director of the Company. Dato' Seri Bashir's in-depth knowledge in the aviation and airport operations industry and the overall Group's businesses and affairs, has significantly contributed towards manoeuvring the direction of the Group to achieve the desired goals and objectives. Dato' Seri Bashir's roles and responsibilities are as follows:-

- a) implementing the policies and decisions of the Board, overseeing the operation, as well as coordinating the development and implementation of business and corporate strategies;
- b) developing and translating the strategies into a set of manageable goals and priorities;
- c) setting the overall policy and direction of the business

- operations, investment and other activities based on effective risk management controls;
- d) ensuring that the financial results are accurate and not misleading;
- e) ensuring that the financial management practice is carried out at the highest level of integrity and transparency for the benefit of the shareholders;
- f) ensuring that the business and affairs of the Company are carried out in an ethical manner and in full compliance with the relevant laws and regulations;
- g) ensuring that whilst the ultimate objective is to maximise the shareholders return, the social and environmental factors are not being neglected;
- h) developing and maintaining strong communication programmes and dialogues with the shareholders, investors, analysts etc; and
- i) providing the leadership and represent the Company with major customers and industry organisations together with the involvement of the Chairman.

Statement On Corporate Governance

Induction and Continuous Professional Development

All newly-appointed directors have undergone a comprehensive induction programme arranged by the Company Secretary, tailored to their individual requirements, comprising briefings by the senior management members, training on directors' duties and responsibilities, and visits to the airports, among others. The training is normally initiated within the first six months period following the director's appointment. The new directors, Puan Hajah Jamilah binti Dato' Hj Hashim and Encik Jeremy bin Nasrulhaq had attended the appropriate induction programme upon joining the Board.

All the directors have attended and successfully completed the Mandatory Accreditation Programme as required by the Listing Requirements of BMSB. In this context, the Listing Requirements also prescribed that the onus is on the Board of Directors to determine and oversee the training needs of its members, whereby they should be encouraged to attend talks, seminars and training programmes to enhance their skills and knowledge, and to keep abreast with new developments within the business environment.

All the members of the Board of Directors of MAHB had attended the training programmes organised during the financial year 2007. The Board, being cognisant of its responsibility under 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 in the airlines and airports environment and risk management. The training programmes attended by the directors in 2007, are as follows:

- a) Talk on Low Cost Carriers and its Operations by Dato' Tony Fernandes, CEO of Air Asia Berhad held on 29 March 2007;
- b) Training on Aviation Strategy and its Future by Mr. Paul Griffith, Airline Strategic Director of British Airports Authority held on 9 April 2007; and

- c) Training on Risk Management and its Update by Panel Insurance Company held in Kota Kinabalu, Sabah on 26 July 2007.

The Board members are continuously updated with the latest information on issues related to governance, risk management, board performance and financial position. In addition, the Board members also strive to develop their understanding of the business through regular airport visits and in-depth presentations on topical issues. The Company Secretary would continuously disseminate to the Board any interesting and relevant articles or reports extracted from various reputable magazines on governance best practices for the Board's reading pleasure in order to keep updated with the latest development and also as part of their life long learning education. As an on-going effort, the Company Secretary is also procuring a collection of books and reading materials, for the Board members' benefit, concerning corporate governance and lessons to be learned from the collapse of corporate entities such as the downfall of ENRON.

During the year, one of the Board meetings was held away from the Company's head office to give the opportunity for the directors to meet the frontline staff and observe the airport operations first hand, and also to view the progress of the extension and upgrading of the airports. The Board meeting was held in Kota Kinabalu and similar arrangement would be planned for the year 2008. Nevertheless, non-executive directors are also welcomed to arrange for individual site visits, or interact with senior management members on any particular concerns.

A programme of continuous professional development was undertaken for all directors during the year 2007, which focussed on a number of industry and business issues, as well as legal, financial and regulatory changes and developments. As part of the customary annual training programme, the Board had also participated in airport familiarisation visits to other renowned international airports, where they had the benefit of viewing the airports' current operations, and were also briefed on the future development programmes of the respective airports. The visits gave the directors the opportunity to experience the uniqueness



of each airport operations, as well as a better understanding of the different approaches to managing challenges at the respective airports.

During the financial year 2007, the Board had participated in a 7-day airport visit to Doha International Airport and Dubai International Airport from 3-9 March 2007. The visits had allowed the Board to study and identify the retail concept/theme introduced by the respective airports that attract travellers to shop at their retail outlets, which could be adopted as part of the Company's Retail Optimisation Programme.

Board Performance Evaluation

The Board had initiated its first annual review of the Board's performance, to gauge the effectiveness of the Board, Board Committees and individual directors. The Board had also considered whether such performance evaluation should be conducted by engaging an external expertise. In this regard, the Board had decided that there was beneficial value in conducting the evaluation process internally, as it will enable the Board to develop an appropriate assessment approach tailored to the Company's goals, objectives and the relevant keys performance indicators of the Board, and provide first hand response from the direct input of the individual directors.

The performance evaluation of the Board, Board Committees and individual directors was primarily based on the answers to a detailed questionnaire which was prepared internally by the Company Secretary. The questionnaire form was distributed to all the respective Board members and it covers topics that include, amongst others, the responsibilities and influence of the Board, meeting arrangements, information and support, Board composition, and decision-making and output. Similar topics were covered in respect of the questionnaire for each of the Board Committees. Thereafter, the results of these questionnaires, after being agreed upon by the individual directors, were documented, and collectively, they formed the basis of a report which was tabled at the Board meeting, whereby the Board would evaluate

their performance and formulate a "going forward position", to enhance the effectiveness of the Board.

With regard to the individual performance of the respective directors, they had assessed and rated their own performance based on each of the questionnaires and where necessary, provided their comments against a range of key competencies. These competencies include strategic thinking, commitment and preparedness, listening and communication skills, contribution to decision making and constructive challenging of information. The ratings and comments were synthesised into a report and tabled at the Board Meeting for deliberation thereof.

Overall, the Board has identified several key areas for improvement to strengthen the Board engagement and effectiveness, as follows:-

- a) allocation of more time to debate key strategic issues;
- b) in-depth understanding of the Group's talent pool and succession planning initiatives;
- c) further improvement in the induction programme for new directors and enhancement of the continuous development programme to include areas concerning enterprise risk management and effective internal control; and
- d) strengthening communications between the Board and senior management members through regular formal/informal meetings.

Statement On Corporate Governance

Board Charter

The Board continues to observe the Board Charter which provides guidance on the fulfilment of the Board's roles, duties and responsibilities, to ensure that they are carried out in accordance with the best practices of good corporate governance.

The Board Charter clearly outlines the principles and adoption of best practices on the structures and processes towards achieving the highest governance standards, which include amongst others, the right balance and composition of the Board, recruitment of new directors, remuneration policy and the establishment of Board Committees together with the required mandates and activities.

Whistleblowing Programme

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

- a) commission of fraud, bribery and/or corruption;
- b) unauthorised use of Company's properties, facilities, information etc;
- c) failure to comply with the professional standards or legal requirements;
- d) actions that may result in danger to the health and/or safety of people or may cause damage to the environment;

- e) miscarriage of justice;
- f) unethical practice in accounting, internal controls, financial reporting and auditing matters; and
- g) any other legal or ethical concerns.

All concerns would be addressed to the Whistleblowing Independent Committee which is comprised of respectable individuals from various levels of Management and chaired by Datuk Kamaruddin bin Mohd Ismail, Senior General Manager, Safety and Securities Services, whereby the Committee would assess all concerns reported and recommend the appropriate action, and subsequently submit a report to the Managing Director for his consideration thereof. All details pertaining to the name and position of the whistleblower will be kept strictly confidential throughout the investigation proceedings.

During the year, a total of 14 concerns were reported, which cover broad areas of concerns as mentioned above, and where appropriate, actions have been taken to address the issues raised.

Meetings and Attendance

The Board requires all members to devote sufficient time to the working of the Board, to effectively discharge their duties as the directors of Malaysia Airports Holdings Berhad, and to use their best endeavours to attend meetings. The Board is scheduled to meet once a month with additional meetings convened, as and when deemed necessary. During the year 2007, thirteen (13) Board meetings and three (3) Special Board meetings were held, whereby one of the meetings was held at Kota Kinabalu. All the directors had proportionately attended more than 50% of the Board meetings held for the full financial year of 2007, in compliance with the Listing Requirements of BMSB. The record of meeting attendance of each director during the financial year 2007 is detailed as follows:-



Directors	Number of Board Meetings attended/held (during the Directors' tenure)	Percentage
Tan Sri Datuk Dr. Aris bin Othman	15 out of 16	94%
Dato' Seri Bashir Ahmad bin Abdul Majid	16 out of 16	100%
Dato' Zaharaah binti Shaari ¹	10 out of 16	63%
Eshah binti Meor Suleiman	14 out of 16	88%
Izlan bin Izhah	13 out of 16	81%
Dato' Ahmad Fuaad bin Mohd Dahalan	15 out of 16	94%
Datuk Alias bin Haji Ahmad	16 out of 16	100%
Datuk Siti Maslamah binti Osman	16 out of 16	100%
Hajah Jamilah binti Dato' Hj Hashim ²	12 out of 13	92%
Ahmad Kamal bin Abdullah Al-Yafii ³	7 out of 7	100%
Jeremy bin Nasrulhaq ⁴	4 out of 5	80%

Notes:-

- 1 *Dato' Zaharaah was unable to attend the Board meetings as she had to represent the Government at several meetings organised by the International Civil Aviation Organisation at Montreal, Canada, and various other overseas commitments representing the interest of the Ministry of Transport.*
- 2 *Appointed as a member of the Board effective from 1 March 2007.*
- 3 *Resigned as a member of the Board effective from 28 May 2007.*
- 4 *Appointed as a member of the Board effective from 15 August 2007.*

Non-attendance at the Board and Committee meetings is an exception, normally when directors have prior commitment, or in the case of newly-appointed directors, or if there is a clash with a meeting which had been scheduled earlier and could not be re-arranged.

Statement On Corporate Governance

Matters Reserved to the Board

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

- a) approval of the overall strategy, vision, values, and governance framework of the Group;
- b) approval of the Company's Annual Report and Quarterly Financial Statements,
- c) approval of any interim dividend, recommendation of the final dividend and the Company's dividend policy;
- d) approval of the Group's annual budget and amendments to that budget in relation to the amount, borrowing and security, acquisitions and disposals of tangible/non-tangible assets, and capital expenditure over a specified amount;
- e) approval of the Company's long term finance plan and the annual capital expenditure programme;
- f) approval of any significant change in the accounting policies and practices;
- g) Approval of all circulars, resolutions and corresponding documentation sent to the stakeholders;
- h) approval of changes in the capital structure of the Company with regard to issuance or allotment of shares or other securities, or its status as a public listed company;
- i) appointment, re-appointment or removal of the directors and the recommendation for their election or re-election for the consideration of the shareholders, pursuant to the Company's Articles of Association;
- j) Appointment or removal of the Company Secretary;
- k) recommendation to shareholders for the appointment, re-appointment or removal of the external auditors;
- l) approval of the division of responsibilities between the Chairman and Managing Director;
- m) approval for the establishment of the Board Committees, their terms of reference (i.e. membership and financial authority), reviewing their activities and, where appropriate, ratifying their decisions.

Quality of Information

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

Under the current practice, Notices pertaining to all Board of Directors' meetings are issued to the directors, at least 14 days from the date of the meeting, whilst the Notices of the Board Committee meetings are circulated to the Committee members and all those invited to attend the meeting, at least 7 days before each meeting. The Agenda and the Board papers are circulated within 7 days from the date of the meeting. Furthermore, in order to provide an in-depth discussion of the respective matters within a reasonable and sufficient time, the Managing Director, together with the Chairman would decide on the Agenda and accordingly structure and prioritise the respective matters based on their relevancy and importance.



The format and structure of the Board papers are such that they contain the right amount of details and are clear and concise, to enable the directors to comprehend on the subject matters within the first five minutes of reading. The format of the papers has been designed into a short, synthesised executive summary that includes the following:-

- a) action required for Board's consideration – whether to approve, to be noted or to provide input;
- b) responsible parties who prepared and reviewed the report;
- c) principal points of the subject matter which summarise the objective and its relevant context;
- d) key issues and risks, with a clear response plan; and
- e) required actions with clear accountabilities and timelines.

The quality and presentation of the Board papers are continuously being monitored to ensure that the messages had been clearly understood by the Board, with a precise articulation of the facts and analysis. This practice is normally done immediately after the conclusion of the Board meeting, whereby the Board with the assistance of the Company Secretary will then assess and rate a selection of papers based on the evaluation criteria that have been agreed with Management. A constructive and objective feedback would be submitted to the Management for its further action. Likewise, Management is also being given the opportunity to raise its concern/views on the evaluation of the paper.

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

agenda items during the proceedings of the Board meetings, unless the matter is of genuine and exceptional circumstances.

Access to Information and Advice

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

Besides holding formal Board meetings, the Chairman maintains regular contact with the Managing Director to discuss specific matters. Furthermore, the Managing Director ensures that frequent communication between the senior management team and the Board is present at all time. Nevertheless, directors are free to arrange for meetings with the individual members of the senior management team and are always invited to attend the events and exhibitions organised by the Company.

Company Secretary

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

Statement On Corporate Governance

Apart from playing an active role as the advisor to the directors, the duties of the Company Secretary also include, amongst others, attending all Board meetings, ensuring that the proceedings of Board meetings and decisions made thereof, are accurately and sufficiently recorded, and properly kept for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements of BMSB or other regulatory requirements, communicating the decisions of the Board for Management's attention and further action, ensuring all appointments and re-appointments of directors are in accordance with the relevant legislations, handling company share transactions, such as issuance of new shares, arranging for payment of dividends and liaising with external auditors, lawyers, tax advisors, bankers and shareholders.

Independent Professional Advice

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

Appointment to the Board

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

The appointment process would begin with an evaluation of the composition of the Board, pertaining to balance of skills, knowledge and experience of the Board, at that juncture, which was based on the feedback received from the Board Effectiveness programme. Subsequently, the search for the potential candidates based on the description of the roles and capabilities required by the Board would be embarked upon by the members of the Board with the assistance of the Company Secretary. A list of potential candidates would be shortlisted through consultation with the Committee Chairman. Thereafter, a formal meeting of the Committee will be held to consider the merit of each candidate and to finalise a recommendation to the Board for deliberation and approval thereof.

During the year, the decision to appoint Encik Jeremy bin Nasrulhaq has followed the process as described above. The Board believes that the experience of Encik Jeremy will add much value to the Board's activities. Encik Jeremy is currently the advisor to the Board of Sweetet Development Ltd in Hong Kong. He has wide experience in commercial and marketing and is also a fellow member of the Chartered Institute of Management Accountants, United Kingdom.



The Board also believes that the appointment of Puan Hajah Jamilah binti Dato' Hj Hashim, a nominee of Khazanah Nasional Berhad (which has followed the process as described above) has strengthened the balance between the composition of the executive and non-executive directors of the Board. Besides that, Puan Hajah Jamilah's experience and involvement in the various corporate transformation programmes, has been beneficial towards strengthening the Company's strategic vision. The Committee is also responsible for evaluating the effectiveness of each director's ability to contribute towards the effectiveness of the Board and the relevant Board Committees, on a yearly basis, and to provide the necessary feedback to the directors in relation to their performance. For this purpose, the Committee has established a clear nomination criteria, processes and procedures to assess each director's ability to contribute to the effective decision-making of the Board. In addition, assessment would also be undertaken to gauge the effectiveness of the relevant Board Committees and the Board as a whole.

The Committee has also been tasked with ensuring the implementation of a sound and orderly succession of senior management members in the Group, as well as ensuring that a pool of talents have been identified and undergone the relevant trainings as part of the Company's career development programme. In this regard, the Committee plays a major role in assisting Management in determining the appropriate human capital strategy, reviewing the Group's overall performance management philosophy to ensure that it is capable of attracting, motivating and retaining the right pool of talents and performers, overseeing succession planning for key leadership positions and enhancing leadership and human capital development.

Re-election of Directors

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, in accordance with Articles 129, 131 and 132 of

the Company's Articles of Association. 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 gauge the performance of the directors.

The retiring directors who are seeking re-election would be subjected to performance assessment carried out by the Nomination Committee, which would then submit its recommendations to the Board for deliberation and approval. The Board would endorse a director for re-election if his or her performance is considered as satisfactory and meet the expected roles and responsibilities.

At the Ninth Annual General Meeting, Encik Jeremy bin Nasrulhaq who was appointed as director on 15 August 2007 will stand for re-election in accordance with Article 129, whilst Dato' Zaharaah binti Shaari, Tan Sri Datuk Dr. Aris bin Othman and Encik Izlan bin Izhab have offered themselves for re-election.

The Board Nomination Committee has deliberated and recommended the re-election of the above directors to the Board for its approval thereof.

The Board has determined that the performance of the above directors who are subject to re-election, has continued to exemplify and demonstrate the highest commitment towards strengthening the effectiveness of the governance framework. Hence, the Board unanimously recommend that the shareholders vote in favour for the re-election of the above directors at the Company's Ninth Annual General Meeting. 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. Currently, the Company has no directors who have reached the above stipulated age.

Statement On Corporate Governance

DIRECTORS' REMUNERATION

The Board Remuneration Committee is responsible for the review, assessment and recommendation to the Board of Directors, the appropriate remuneration packages for the Managing Director, and to recommend the revised salary for new appointment 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 the external consultants. The Remuneration Committee is allowed to seek the independent advice from external consultants for specific work in relation to remuneration matters, and where necessary, the consultants are required to disclose to the Committee any potential conflict of interest. The Managing Director's remuneration comprises basic salary and other customary benefits which are competitive that reflect

his performance for the year, whilst the non-executive directors' remuneration package, comprises fees and allowances, which reflect the individual's roles and responsibilities. The calibre of the non-executive directors serving the Company is essential in upholding the standards of Corporate Governance. The Board remuneration structure is reviewed by benchmarking the Chairman and the directors' remuneration against peer companies, locally and regionally, in order to align the remuneration to at least around the 50th percentile of the appropriate peer group. The Board hopes the alignment of the remuneration package offered to the non-executive directors of the Company would continue to attract and retain directors of such calibre to provide the necessary skills and experiences required for the effective management and operations of the Group.

The Chairman and non-executive directors received the following fees:-

Fee	Chairman	Non-Executive Director
Directors' Fee	RM8,000/month	RM1,500/month
Meeting Allowance		
- Board Meeting	RM2,000/meeting	RM1,500/meeting
- Board Committee	RM2,000/meeting	RM500/meeting
- Subsidiary Meeting	RM1,500/meeting	RM1,000/meeting

Notes:

The Directors' Fee has been increased from RM7,500 per month to RM8,000 per month for the Chairman and from RM1,000 per month to RM1,500 per month for the non-executive director effective from 1 June 2007 onwards.



The details of the total remuneration of directors during the financial year 2007 by category are as follows:-

Category	Salary, Bonus and Other emoluments (RM)	Directors' Fee (RM)	Directors' Other emoluments (RM)	Benefits in kind (RM)	Total (RM)
Executive Director*	664,752.50	-	-	18,289.33	683,041.83
Non-Executive Directors	-	212,500.00	288,000.00	16,600.00	517,100.00

* being the Managing Director

Furthermore, the number of directors of the Company whose total remuneration fell within the specified bands during the financial year 2007 is tabulated as follows:-

	Number of Directors	
	2007	2006
Executive Director:		
RM650,001 – RM700,000		
RM700,001 – RM750,000		
RM750,001 – RM800,000		
RM800,001 – RM850,000	1	1
Non-Executive Director:		
Less than RM50,000	10	9
RM50,001 – RM100,000		
RM100,001 – RM150,000		
RM150,001 – RM200,000	1	1

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.

Statement On Corporate Governance

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 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 RM3 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 and reference of all the Board Committees have been reviewed and enhanced under the Improvement Programme to enable the respective Board Committees to focus their roles and responsibilities 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 and members of each Board



Committee shall be appointed by the Board. As a matter of good practice, the Chairmen 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.

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 Izhab	M	M		M		
Dato'Ahmad Fuaad bin Mohd Dahalan		M	C		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 1	M	M	C			
Jeremy bin Nasrulhaq 2	M		M			

Notes:-

C: Chairman, M: Member

- 1 Resigned as a member of the Board Audit Committee and Board Remuneration Committee, as well as Chairman of the Board Nomination Committee effective from 28 May 2007.
- 2 Appointed as a member of the Board Audit Committee and Board Nomination Committee effective from 15 August 2007.
- 3 Hajah Jamilah binti Dato' Hj Hashim is not a member of any of the above Board Committees.

Attendance at the Board Committee Meetings

Director	BAC	BRC	BNC	BF&IC	BRMC	BPC
Tan Sri Datuk Dr. Aris bin Othman				5/5	3/3	7/8
Dato' Seri Bashir Ahmad bin Abdul Majid				4/5	2/3	
Dato' Zaharaah binti Shaari	3/6				3/3	5/8
Eshah binti Meor Suleiman		3/4	4/5	3/5		8/8
Izlan bin Izhab 1	6/6	4/4	2/2	4/5		
Dato'Ahmad Fuaad bin Mohd Dahalan		4/4	5/5		3/3	
Datuk Alias bin Haji Ahmad	6/6	4/4	5/5		3/3	8/8
Datuk Siti Maslamah binti Osman	6/6	3/4	4/5	5/5		
Ahmad Kamal bin Abdullah Al-Yafii	3/3	2/2	3/3			
Jeremy bin Nasrulhaq	3/3		1/1			

Note :-

- 1 Resigned as a member of the Board Nomination Committee effective from 4 April 2007.

Statement On Corporate Governance

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

Board Audit Committee (“Audit Committee”)

The Audit Committee comprises no fewer than four (4) members, all of whom are non-executive directors with majority being independent members. 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), whenever deemed necessary; and
- g) be able to meet with Management to ensure that there are specific and effective avenues for whistleblowing.

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.

Activities Undertaken During the Year

The Audit Committee had deliberated key matters during the year 2007, which include, amongst others, the following:-

- a) reviewed and approved the Company’s accounting approach and treatment in compliance with the Financial Reporting Standards;
- b) reviewed the quarterly and annual results and considered any matters raised by the internal auditors as well as the external auditors;
- c) reviewed and approved the audit plans for the internal auditors;
- d) monitored the scope, effectiveness, independence and objectivity of the external auditors; and
- e) discussed the results of internal audit reviews, significant findings, Management’s action plans and consequence management.



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 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; and

- 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 Remuneration 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.

Activities Undertaken During the Year

The Remuneration Committee had deliberated key matters during the year 2007 which include, amongst others, the following:-

- a) recommended to the Board for the increase in Directors' Fee for the members of the Board of Directors of the Company;
- b) reviewed the Senior Management KPI percentage achievement for the year 2006 and recommended the payment of bonus and increment based on the KPI's achievement of each senior management member;
- c) recommended to the Board for the salary increment and bonus of the employees of the Group;
- d) reviewed the framework and policies on the performance management and reward strategies of MAHB;
- e) reviewed the terms and conditions of employment contract for senior management members; and
- f) reviewed the job grading and salary structure for the employees of the Group to commensurate with the increase in job complexity, business diversity and market trends.

Statement On Corporate Governance

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 members, for 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, for 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.



Activities Undertaken During the Year

The Nomination Committee had deliberated key matters during the year 2007 which include, amongst others, the following:-

- a) considered and recommended to the Board, the appointment of a new director, namely Puan Hajah Jamilah binti Hj Hashim, who was nominated by Khazanah Nasional Berhad as director of the Company;
- b) considered and recommended to the Board the appointment of Senior General Managers and General Managers of the Company;
- c) developed the Succession Planning Programme which enables the Company to identify, develop, monitor and justify promotions, replacements, training and exposure of potential candidates to be earmarked for future key executive positions;
(In order to strengthen the succession planning job transition, the selected candidates will be required to undergo a series of succession planning preparatory programme to enhance their leadership competencies, whereby the curriculum will include amongst others, emotional intelligence, performance coaching monitoring, involvement in high impact projects and exposure to board and management meetings and presentations)
- d) formulated and implemented the Board Effectiveness Form and assessment process;
- e) considered and recommended to the Board the renewal of employment agreements for the Senior General Managers and General Managers; and
- f) deliberation on the need for the Board to further enhance its composition by appointing an additional independent director with commercial expertise/ background which has led the nomination Committee to recommend to the Board, the appointment of Encik Jeremy bin Nasrulhaq as a director of the Company and by virtue of being an independent director, and the requirement to fill the composition of the Board Audit Committee and Board Nomination Committee, further recommendation was made for his appointment as a member of the two (2) Committees to fill the position vacated by Encik Ahmad Kamal bin Abdullah Al-Yafii.

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 Finance and Investment 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 to 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;

Statement On Corporate Governance

- 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.
- d) reviewed the implementation of the business process to streamline and integrate the financial system of the Group;
 - e) considered and recommended to the Board for the establishment of Commercial Limit of Authority to ensure that potential commercial revenue could be secured effectively;
 - f) considered and recommended to the Board for the announcement of the Headline Key Performance Indicators of the Company; and
 - g) considered and recommended to the Board the proposed Group budget for the year 2008.

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.

Activities Undertaken During the Year

The Finance and Investment Committee had deliberated key matters during the year 2007 which include, amongst others, the following:-

- a) reviewed the budget performance for the year with particular attention on the utilisation of the Group's capital expenditure;
 - b) considered and recommended to the Board the proposed draft credit policy to govern the overall credit management of the Group in the provision of aeronautical services;
 - c) reviewed the financial status of overseas projects and the investment portfolios;
- a) formulated 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;

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:



- c) approve payments of compensation and/or indemnity 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.

Activities Undertaken During the Year

The Risk Management Committee had deliberated key matters during the year 2007 which include, amongst others, the following:-

- a) monitored the status on risk management activities which include, amongst others, risk assessments conducted at several airports, the findings of the airports valuation exercise, the status of the Business Continuity Management programme, the effectiveness of the whistleblowing programme, and the implementation of electronic insurance claims management system;

- b) assessed the physical and operational risks at all airside areas of the airports based on the degree of probability/likelihood of the occurrence of an accident in the areas;
- c) approved the establishment of Enterprise Risk Management programme structure and its Steering Committee to drive the development and promotion of a holistic risk management framework;
- d) monitored the status of safety and health programme of the Group; and
- e) reviewed the insurance programme for the year 2008.

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;

Statement On Corporate Governance

- e) recommend to the Board on award of tender above Ringgit Malaysia Fifty (50) Million;
- f) approve tenders for amount from Ringgit Malaysia Three (3) 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.

Activities Undertaken During the Year

During the year the Procurement Committee, apart from approving the various tenders which were duly awarded to the respective contractors/consultants, also reviewed the Procurement Policies, Procedures & Guidelines (“3Ps”), adopted the Procurement Code of Ethics which is incorporated into the 3Ps, and approved the development of Vendor Development Programme through the mutual cooperation between the Company, Ministry of Entrepreneur and Cooperative Development and Majlis Perbandaran Sepang to extend the opportunity to market and retail Malaysian SME products at Kuala Lumpur International Airport, amongst others.

SHAREHOLDERS

Relations with Major Shareholders and Stakeholders

The stakeholder management committee, led by the Managing Director and the Senior General Manager, Finance and including, where appropriate, other senior management members, will regularly hold meetings with the Company's major shareholders, namely Khazanah Nasional Berhad and its major stakeholders (which involves, the Ministry of Finance, Ministry of Transport, and Airlines, amongst others) to discuss the Company's strategy, financial performance and specific major investment activities.

Relations with Institutional Shareholders

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

Relations with Private Shareholders

Each year, shareholders would receive the annual report of the Company. The shareholders can also access up-to-date information on the Group's latest activities such as financial performance, group background and future events throughout the year on the Company's official website at www.malaysiaairports.com.my, which has since been revamped with a new outlook to satisfy the discerning taste of our shareholders.

The Board acknowledges the importance of shareholders to be informed in prompt and timely manner of all material business matters affecting the Company. All announcements of quarterly financial results, change in the composition of the Board, etc are disclosed to BMSB within statutory timelines, with clear, accurate and sufficient information to enable shareholders and investors to make informed decisions. Likewise, all formal queries by BMSB and other regulatory authorities are expeditiously responded to.

Investor Relations

Since MAHB is public-listed, it needs to communicate to investor groups, which are closely linked to business groups. Investor relations is a planned approach to getting key messages across to key financial target groups. These key messages keep the investment community in the loop and updated about MAHB's business, operations and financials. The underlying objective of investor relations is to develop an integrated and active programme with existing and potential investors and shareholders. This involves providing these investors with sufficient information on the company for them to make investments decisions.

For the 2007 financial year, MAHB launched its investor relations initiative in response to growing requests from the investment community to hold analyst presentations so that they may better understand the Group and its airport business. Investor relations plans were already in the pipeline earlier but were pushed back pending the approval of MAHB's restructuring plans. However, as the restructuring had yet to be finalised, MAHB went ahead with its investor relations efforts.

As such, briefings were organized for analysts in September 2007 and November 2007 in conjunction with the release of the half yearly and nine months financial results. In addition, an investor roadshow was also organized to Singapore and Hong Kong in October. The briefings and roadshows included the corporate overview, insights into MAHB's financial performance, airport operations, key performance indicators and the future. Apart from

that, MAHB continued its one-on-one meetings with investment analysts throughout the year on a regular basis. Plans are already well under way to organise more analyst briefings and roadshows in financial year 2008.

In its 2007 Corporate Governance Survey Analysis report, the Malaysian Shareholder Watchdog Group ranked MAHB in the 14th position in terms of compliance, best practices and transparency, compared to 40th in the previous year. Although there is still room for improvement, the report cited MAHB as an exemplary GLC. In addition, there has also been a steady increase in MAHB's foreign shareholding from 1.37% in 2004 to 10.92% in December 2007 which clearly indicates that MAHB is on foreign investors' radar screen. MAHB's share price has also improved significantly from RM2.00 in early 2006 to RM3.20 at the end of 2007. All these augur well for MAHB, its shareholders and stakeholders.

Annual General Meeting

The Annual General Meeting ("AGM") would normally take place at Pan Pacific Kuala Lumpur International Airport, Kuala Lumpur International Airport, Jalan CTA 4B, 64000 KLIA, Sepang, Selangor Darul Ehsan, and formal notification is sent to the shareholders at least 21 days in advance. At the AGM, the Managing Director would conduct a business presentation, and shareholders are encouraged to ask questions about the Company's activities and prospects.

The Board believes that the AGM is an important forum to engage with shareholders, which allows the shareholders to gain direct access to the Board as well as the Company's external auditors, to channel their queries, grievances or even opinion on how to further enhance the Company's performance.

Statement On Corporate Governance

The Board will regularly maintain a good dialogue with shareholders by proactively organising meetings, presentations and events, as to better understand the views of the shareholders on a range of issues from strategy to corporate governance.

Shareholders are also encouraged to contact the following personnel pertaining to investor relations matters:-

Encik Faizal Sham bin Abu Mansor
Senior General Manager, Finance

Contact Details

Telephone number: 03-7840 7297
E-mail: faizalmansor@malaysiaairports.com.my

Cik Sabarina Laila binti Mohd Hashim
Company Secretary

Contact Details

Telephone number: 03-7840 7113
E-mail: sabarina@malaysiaairports.com.my

A. 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 Financial Reporting Standards ("FRS") approved by the Malaysian Accounting Standards Board, and has adopted the following revised FRSs and amendments to FRS applicable for the Group's financial year commencing 1 January 2007;

- FRS 117 ; Leases
- FRS 124 ; Related Party Transactions
- Amendment to FRS 119₂₀₀₄ : Employee Benefits – Actuarial Gains and Losses, Plans and Disclosure

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 above adoption are set out on pages 217 to 219 of this Annual Report.

Internal Control

The Statement of Internal Control set out on page 181 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship With External Auditors

The Board Audit Committee and the Board place great emphasis on the objectivity and independence of the Group's external auditors, Messrs. Ernst & Young, in providing the relevant reports to shareholders. In order to ensure full disclosure of matters, Messrs. Ernst & Young are regularly invited to attend the Committee's meetings as well as the Annual General Meeting. The Board Audit Committee also has discussions with the external auditors at least twice in a year, without the presence of the Managing Director and Management, to discuss on the adequacy of controls and on any judgemental areas.

In order to ensure that the external auditors' independence and objectivity are not compromised by the provision of non-audit services, the Board Audit Committee's practice is to exclude them from providing tax services, merger and acquisition exercise, due diligence, management, strategic and IT consultancy, and other non-audit and non-tax-related services unless the services offered by the external auditors are more effective or competitively priced, and they are the expert in the field against the other providers.



Directors' Responsibility Statement

The Company and the Group's financial statements are drawn up in accordance with the applicable approved accounting standards, and the Board of Directors has the responsibility of ensuring that the financial statements of the Company and the Group give a true and fair view of the 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 185 of this Annual Report.

B. 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 2007.

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 members arising from any significant breach of rules/ guidelines/legislations by the relevant regulatory bodies during the financial year 2007.

3. Material Contracts

Neither the Company nor its subsidiary companies had entered into any undisclosed material contracts, which involved the directors and major shareholders' interest during the financial year 2007.

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, 2007 is as follows:-

EXTERNAL AUDITOR	Report	Total Paid (RM)
Messrs. Ernst & Young	Professional Services and Advisory Work on the Application of the Financial Reporting Standards ("FRSs") for MAHB Group of Companies	53,000.00

5. Profit Guarantee

There was no profit guarantee given by the Company during the financial year 2007.

6. Revaluation Policy on Landed Properties

There was no revaluation of properties of the Company during the financial year 2007.

7. Share Buy-Back

There was no share buy-back exercised by the Company during the financial year 2007.

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 2007.

This Statement on Corporate Governance was duly reviewed and approved by the Board of Directors of MAHB on 27 March 2008.

On behalf of the Board

Tan Sri Datuk Dr. Aris bin Othman

Chairman

Risk Management

The Board accepts risk management as its responsibilities and hence the need to have an established process for identifying, analysing, measuring, controlling, monitoring and reporting on the significant risks that may affect the achievement of our company's Vision and Mission.

Enterprise Risk Management (ERM) in Malaysia Airports

At Malaysia Airports, we have progressed from merely managing operational risk to currently implementing Enterprise Risk Management throughout the organisation – managing the broad spectrum of risks holistically, which embraces financial, operational and strategic risks.

Malaysia Airports' ERM Framework

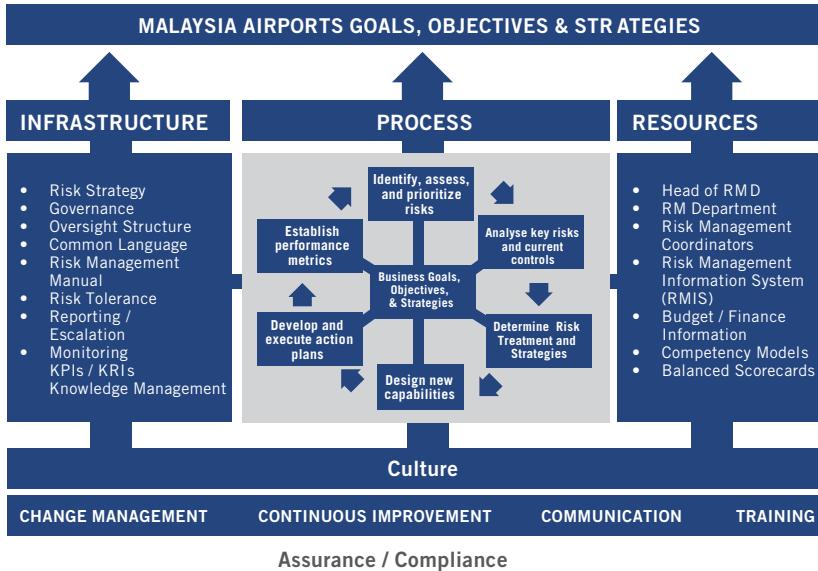
The development of a risk framework is vital in ensuring that Malaysia Airports' risk management activity is a continuous process that is efficient, proactive, and transparent and responds to emerging issues. By integrating the management of risk in all the business processes, assurance can be provided to management that the most critical threats to the company are being actively monitored and treated. The development of a risk framework aligned to Best Practice Governance standards will assist in expanding the KPIs Malaysia Airports use to measure business performance to include risk related measures.

a) ERM Organisation Structure

The Board Risk Management Committee is the owner of the ERM programme and is responsible for overseeing senior management activities in managing risk and to ensure that the risk management process is in place and functioning. The Enterprise Risk Management Steering Committee approves ERM deliverables for submission to the Board Risk Management Committee. The Risk Management Department is responsible for the overall coordination and planning of the ERM Framework for Malaysia Airports. The Risk Management Department works closely with the Risk Coordinators across the organisation to ensure that each Department is practicing risk management in accordance with the ERM Framework.



b) Enterprise Risk Management Framework Structure



Malaysia Airports has adopted the above Enterprise Risk Management structure which will assist Malaysia Airports in meeting our Company's vision and mission. Risk awareness, responsibility and communication of risk are activities that will ensure risk management is embedded within Malaysia Airports.

- The ERM Framework is designed to **manage risks at all levels** of the organisation.
- The ERM Framework ensures that **Malaysia Airports' KPIs, objectives and business strategy form the central hub** from which the risk management process continuously improves **Malaysia Airports' risk management procedures and practices**
- The ERM framework incorporates enabling activities such as communication and information sharing that are **aligned to the introduction of a Risk Management Information System (RMIS)**

c) Risk Management Information System (RMIS)

In addition to the above, Malaysia Airports has adopted a Risk Information Management System (RMIS) known as Malaysia Airports Risk Scorecard or in short "MArs". MArs, is an ERM software tool to assist in the management of risk throughout the organisation. The scope of the MArs is to develop the Key Risk Profile and the Corporate Risk Scorecard for Malaysia Airports. The completed Risk Scorecard would comprise of key Critical Risks and their Causes and Consequences, mitigating Controls and Management Action Plans (MAP).

This will enable Malaysia Airports to achieve the ERM objectives through:

- enhanced risk management understanding and buy-in
- diagnostics of current and potential key risk areas (complete with risk possibility and impact ratings, internal control effectiveness ratings, mitigating action plans)
- defined accountabilities and ownership of risk areas by individuals
- institutionalised risk management culture through risk ownerships and reporting
- risks analysis and measurement for better decision making

Board Audit Committee Report

The Board Audit Committee comprises five (5) non-executive directors of whom three (3) are independent directors and two (2) non-independent 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

(resigned w.e.f. 28 May 2007)

Izlan bin Izhab

Non-Independent Non-Executive Director

Jeremy bin Nasrulhaq

Independent Non-Executive Director

(appointed w.e.f. 15 August 2007)

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:

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

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 two (2) 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 underwent an External Quality Assessment conducted by The Institute of Internal Auditors (Malaysia) and achieved overall Conformance to the International Standards for the Professional Practice of Internal Auditing. The Group Internal Audit Division produced forty seven (47) reports covering areas 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.

Terms Of Reference • MAHB Board Audit Committee (“BAC”)

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 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) all members shall be non-executive directors and comprise of at least 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 the 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.

Terms Of Reference • *MAHB Board Audit Committee (“BAC”)*

- 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.
- 6.4 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.

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.



Statement On Internal Control

The Board of Directors (“Board”) is ultimately responsible for the Group’s system of internal control which includes the establishment of an appropriate control environment and review of its adequacy and integrity on a regular basis to ensure its effectiveness. The Board is committed to safeguard shareholders’ investment, Group’s assets and other stakeholders’ 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 risks completely. As such, internal controls can only provide reasonable and not absolute assurance against risks.

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

BOARD COMMITTEES

- The Board of Directors held regular meetings with the principle responsibilities of formulating, reviewing and adopting an effective strategic planning for the Group, steering the Group in the right direction, overseeing the conduct of the Group’s businesses, identifying and managing the risks affecting the Group and ensuring timely and accurate disclosure of material information regarding 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 Board Audit Committee, comprising five members who are all non-executive directors with majority being independent members, 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. The Board Audit Committee Report is provided on page 176.
- The Board Finance and Investment Committee, comprising a majority of independent directors reviewed the Annual Business Plan and Budget prepared at subsidiary levels before being tabled to the Main 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 Board Risk Management Committee, comprising four non-executive directors and one executive director, continued to oversee the Enterprise Risk Management (ERM) programme in the Group. The Enterprise Risk Management Steering Committee approves ERM deliverables for submission to the Board Risk Management Committee. The Risk Management Department is responsible for the overall coordination and planning of the Enterprise Risk Management Framework for Malaysia Airports. The Risk Management Department works closely with the Risk Coordinators across the organisation to ensure that each Department is practising risk management in accordance with the Enterprise Risk Management Framework. The Risk Management Report is provided on page 174.
- The Board Procurement Committee comprising, three non-executive directors is tasked with ensuring the effectiveness of the overall procurement system

Statement On Internal Control

including approving related procurements. Major projects are subject to Main Board's review and approval, and where relevant, 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 the Remuneration Committee. Both committees comprise of five non-executive directors.

MANAGEMENT COMMITTEES

- At Group level, the Information Communication Technology (ICT) Steering Committee addresses the investments, prioritization and governance of all ICT initiatives within the Group.
- The Management Committee (MC) comprising of the Managing Director, Senior General Managers and General Managers/Chief Operating Officers of the Group assists the Board in ensuring the effectiveness of the Group's operations. It facilitates decision-making by the Board, including making recommendations and proposals to the Board. At this forum also, decisions of the Board are disseminated and carried out by the members of the MC.
- The Management Procurement Committee supports the procurement framework including approving of related procurements. During the year, a review of the Procurement Policies and Procedures also known as 3Ps was undertaken. The review also took into account the requirements of the Red Book. The revised 3Ps (third edition), including a Procurement Code of

Ethics applicable to the whole Group, was approved by the Board effective 1 January 2008.

OTHER INTERNAL CONTROL ELEMENTS

- The organizational structure for the Group is defined with clear lines of responsibility and accountability, and reporting structure is aligned according to functional responsibilities.
- During the year, a Whistleblowing programme was launched with the objective of providing the staff with a mechanism to raise their concerns responsibly, regarding malpractices and irregularities affecting the company whilst keeping the identity of the whistleblower confidential. The program is expected to improve the overall organizational effectiveness, while upholding Malaysia Airports' integrity in the eyes of the public and as an entity serving the national interests.
- In line with the initiatives introduced under the GLC transformation programme, the Board has adopted all the seven coloured books i.e. the Blue Book: intensifying performance management; the Red Book: reviewing and revamping procurement practices; the Green Book: enhancing board effectiveness; the Silver Book: achieving value through social responsibility; the Purple Book: optimizing capital management practices; the Yellow Book: enhancing operational efficiency and effectiveness; and the Orange Book: succession planning.
- Guided by the Yellow Book, the company has implemented a Continuous Improvement Program (CIP) during the year, to drive Malaysia Airports in achieving greater performance in its targets and future aspirations while building future sustainability.





The deliverables of CIP among others include higher cost savings and revenue enhancement, realigning MAHB's strategic plans, integrating and synergizing people, process and systems in the company, including focusing on delivering shareholders' financial expectations. The deliverables have been translated into a One Page Strategy (one year and three years) that outlines the immediate and mid-term strategies in managing and improving the defined areas. A review of the company's Vision and Mission was also undertaken during this exercise. The Transformation Council headed by the Managing Director has been established to monitor and guide the implementation of CIP, covering eight Cross Functional Teams (CFT).

- Top-down target setting process with targets cascading from the Managing Director based on a Corporate Scorecard aligns strategic focus and direction. As part of the implementation of the system, Senior Management are placed on contract compensation scheme. Key Performance Indicators (KPIs) have been implemented to assess and reward all staff of the Group.
- Competency based Human Resource processes covering annual and semi-annual performance appraisals, career development, succession planning and structured training programmes are implemented for all staff, to ensure staff are competent and adequately trained in carrying out their duties.
- During the year, the Internal Audit Division underwent an External Quality Assessment exercise conducted by the Institute of Internal Auditors (Malaysia) and achieved overall Conformance to the International Standards for the Professional Practice of Internal

Statement On Internal Control

Auditing. 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.

- 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 Risk Based Audit Plan. 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.
- Accounting Policies approved by the Board are adopted by the whole Group, covering accounting policies related to the Group. Revisions and additions are made when necessary, taking into consideration the Financial Reporting Standards (FRSs).
- 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.
- 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 fourteen domestic airports and key functions at subsidiary levels 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 of International Civil Aviation Organisation (“ICAO”). This certificate is a requirement to ensure safety, regularity and efficiency of aerodromes. Six 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 the 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 2007.



Statement Of Directors' Responsibility

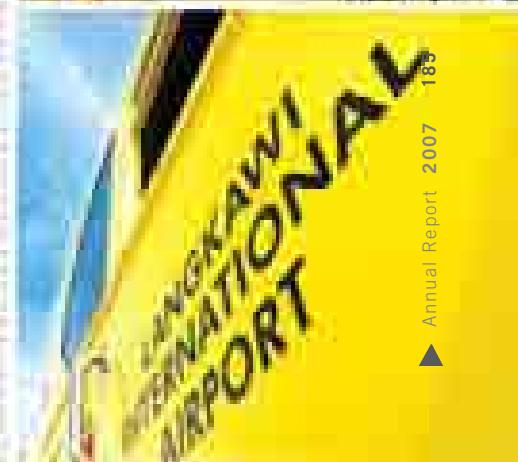
In respect of the preparation of the Financial Statements for the financial year ended 31 December 2007.

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

The Directors consider that in preparing the financial statements for the financial year ended 31 December 2007 set out on pages 202 to 277, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and ensured that all applicable approved accounting standards have been followed.

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

This Statement is made in accordance with a resolution of the Board of Directors dated 27 March 2008.



We have set the pace in overall airport business-operations, retail, security, construction and management. We continuously deliver good returns to our shareholders, without losing our objective, which is to deliver exceptional public service for Malaysians and beyond.



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Directors' Report

(Malaysia Airports Holdings Berhad)

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 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 16 to the financial statements.

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

As disclosed in Notes 2.5(b)(i), 36(a) and (b) to the financial statements, the Group's restructuring negotiations with the Government of Malaysia ("GoM") includes both the Group's obligations and operations, the details of which are pending finalisation and formalisation.

RESULTS

Profit for the year

Attributable to:

Equity holders of the Company

Minority interests

	Group RM'000	Company RM'000
Profit for the year	289,292	592,994
Attributable to:		
Equity holders of the Company	288,862	592,994
Minority interests	430	-
	289,292	592,994

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, other than the effect arising from the write back of provisions for pension amounting to RM34,352,000 as disclosed in Note 29 to the financial statements, which has resulted in an increase of the Group's profits.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2006 were as follows:

	RM'000
In respect of the financial year ended 31 December 2006 as reported in the directors' report of that year:	
Final dividend of 4% less 27% taxation, on 1,100,000,000 ordinary shares, declared on 9 May 2007 and paid on 18 July 2007	32,120
In respect of the financial year ended 31 December 2007:	
Interim dividend of 4% less 27% taxation, on 1,100,000,000 ordinary shares, declared on 26 November 2007 and paid on 28 December 2007	32,120
Total dividends	<u>64,240</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 13.8% less 26% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM112,311,000 (10.21 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 2008.

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
 Izlan bin Izhab
 Dato' Ahmad Fuaad bin Mohd Dahalan
 Jamilah binti Hashim
 Jeremy bin Nasrul Haq (appointed on 15 August 2007)
 Dato' Long See Wool (alternate director to Dato' Zaharaah binti Shaari)
 Dyg Sadiyah binti Abg Bohan (alternate director to Eshah binti Meor Suleiman)
 Ahmad Kamal bin Abdullah Al-Yafii (resigned on 28 May 2007)

Directors' Report

(Malaysia Airports Holdings Berhad)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 8 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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 in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

OTHER STATUTORY INFORMATION (CONT'D.)

- (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.
- (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 27 March 2008.



Tan Sri Datuk Dr. Aris bin Othman



Dato' Seri Bashir Ahmad bin Abdul Majid

Statement By Directors

Pursuant To Section 169 (15) Of The Companies Act, 1965

We, Tan Sri Datuk Dr. Aris bin Othman and Dato' Seri Bashir Ahmad bin Abdul Majid, being two of the directors of Malaysia Airports Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 8 to 92 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 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 27 March 2008.



Tan Sri Datuk Dr. Aris bin Othman



Dato' Seri Bashir Ahmad bin Abdul Majid

Statutory Declaration

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

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 8 to 92 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 27 March 2008)



Faizal Sham bin Abu Mansor

Before me,

Commissioner for Oaths
Kuala Lumpur

Report Of The Auditors

To The Members Of Malaysia Airports Holdings Berhad (Incorporated In Malaysia)

We have audited the accompanying financial statements set out on pages 194 to 277. 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 Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2007 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 subsidiaries of which we have not acted as auditors, as indicated in Note 16 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
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
27 March 2008



Nik Rahmat Kamarulzaman bin Nik Ab. Rahman
No. 1759/02/10 (J)
Partner

Income Statements

For The Year Ended 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	3	1,384,705	1,146,840	830,137	138,889
Other income	4	120,067	73,780	7,872	5,635
Changes in inventories		4,245	3,751	-	-
Purchases of inventories		(146,318)	(125,469)	-	-
Employee benefits expense	5	(307,573)	(276,114)	(12,415)	(4,415)
Depreciation and amortisation		(143,834)	(117,455)	(2,473)	(2,047)
Other expenses		(507,922)	(438,961)	(7,026)	(2,758)
Operating profit		403,370	266,372	816,095	135,304
Finance costs	6	(3,281)	(6,505)	(3,266)	(6,494)
Share of profit of associate		3,556	3,387	-	-
Profit before tax	7	403,645	263,254	812,829	128,810
Income tax expense	9	(114,353)	(92,387)	(219,835)	(39,020)
Profit for the year		289,292	170,867	592,994	89,790
Attributable to:					
Equity holders of the Company		288,862	170,330	592,994	89,790
Minority interests		430	537	-	-
		289,292	170,867	592,994	89,790
Earnings per share attributable to equity holders of the Company (sen)					
- Basic, for profit for the year	10	26.26	15.48		

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

Balance Sheets

As At 31 December 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	1,780,077	1,649,099	8,102	6,289
Plantation development expenditure	13	61,187	64,134	-	-
Prepaid land lease payments	14	8,273	8,394	-	-
Concession rights	15	1,192,054	1,221,128	-	-
Investment in subsidiaries	16	-	-	1,797,716	1,797,716
Investment in associate	17	25,438	30,091	-	-
Other investments	18	106,753	133,755	56,814	48,620
Trade receivables	19	4,789	6,073	-	-
Staff loans	20	31,376	30,345	-	-
Deferred tax assets	21	5,539	748	3,123	-
		3,215,486	3,143,767	1,865,755	1,852,625
Current assets					
Inventories	22	56,838	49,388	418	374
Trade and other receivables	19	493,969	356,763	500,649	586,742
Marketable securities	23	-	41	-	-
Cash and cash equivalents	24	688,657	781,782	307,133	132,637
		1,239,464	1,187,974	808,200	719,753
TOTAL ASSETS		4,454,950	4,331,741	2,673,955	2,572,378
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	1,100,000	1,100,000	1,100,000	1,100,000
Share premium		822,744	822,744	822,744	822,744
Retained earnings	26	1,096,683	872,061	631,107	102,353
		3,019,427	2,794,805	2,553,851	2,025,097
Minority interests	27	3,643	3,213	-	-
Total equity		3,023,070	2,798,018	2,553,851	2,025,097

Balance Sheets

As At 31 December 2007 (CONT'D)

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-current liabilities					
Retirement benefits	28	54,218	55,002	2,797	3,147
Provisions for pension	29	-	34,352	-	-
Other financial liability	30	15,825	16,238	-	-
Borrowings	31	3,026	9,065	3,000	9,000
Deferred tax liabilities	21	27,799	14,508	-	-
		100,868	129,165	5,797	12,147
Current liabilities					
Borrowings	31	6,046	106,049	6,000	106,000
Trade and other payables	33	431,441	436,523	108,307	429,134
Concession rights payable	34	826,680	826,680	-	-
Income tax payable		66,845	35,306	-	-
		1,331,012	1,404,558	114,307	535,134
Total liabilities		1,431,880	1,533,723	120,104	547,281
TOTAL EQUITY AND LIABILITIES		4,454,950	4,331,741	2,673,955	2,572,378

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

Consolidated Statement Of Changes In Equity

For The Year Ended 31 December 2007

Group	Note	Attributable to Equity Holders of the Company				Minority Interests RM'000 (Note 27)	Total Equity RM'000
		Share Capital RM'000 (Note 25)	Non-Distributable Share Premium RM'000	Distributable Retained Earnings RM'000 (Note 26)	Total RM'000		
At 1 January 2006		1,100,000	822,744	733,411	2,656,155	-	2,656,155
Acquisition of a subsidiary	16	-	-	-	-	3,014	3,014
Profit for the year, representing total recognised income and expense		-	-	170,330	170,330	537	170,867
Dividend	11	-	-	(31,680)	(31,680)	-	(31,680)
Dividend paid to minority interests		-	-	-	-	(338)	(338)
At 31 December 2006		1,100,000	822,744	872,061	2,794,805	3,213	2,798,018
At 1 January 2007		1,100,000	822,744	872,061	2,794,805	3,213	2,798,018
Profit for the year, representing total recognised income and expense		-	-	288,862	288,862	430	289,292
Dividends	11	-	-	(64,240)	(64,240)	-	(64,240)
At 31 December 2007		1,100,000	822,744	1,096,683	3,019,427	3,643	3,023,070

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

Statement Of Changes In Equity

For The Year Ended 31 December 2007

Company	Note	Share Capital RM'000 (Note 25)	Non-		Total Equity RM'000
			Distributable Share Premium RM'000	Distributable Retained Earnings RM'000 (Note 26)	
At 1 January 2006		1,100,000	822,744	44,243	1,966,987
Profit for the year		-	-	89,790	89,790
Dividend	11	-	-	(31,680)	(31,680)
At 31 December 2006		1,100,000	822,744	102,353	2,025,097
At 1 January 2007		1,100,000	822,744	102,353	2,025,097
Profit for the year		-	-	592,994	592,994
Dividends	11	-	-	(64,240)	(64,240)
At 31 December 2007		1,100,000	822,744	631,107	2,553,851

Cash Flow Statements

For The Year Ended 31 December 2007

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash Flows From Operating Activities				
Profit before tax	403,645	263,254	812,829	128,810
Adjustments for:				
Interest income	(24,938)	(24,959)	(4,922)	(3,937)
Dividend income	-	-	(830,137)	(138,889)
Interest expense	3,281	6,505	3,266	6,494
Provisions for liabilities	10,876	24,775	202	311
Writeback of provisions for pension	(34,352)	-	-	-
Accretion of premium arising from redemption of preference shares				
-by associate	(29)	-	-	-
-by other investments	(901)	-	-	-
Amortisation of concession rights	29,074	29,074	-	-
Amortisation of plantation development expenditure	2,869	2,870	-	-
Amortisation of prepaid land lease payments	121	121	-	-
Amortisation of premium on investments	179	353	-	-
Amortisation of deferred income	(3,705)	-	-	-
Bad debts written off	-	363	-	-
Impairment of				
-marketable securities	6	-	-	-
-property, plant and equipment	2,000	-	-	-
Depreciation of property, plant and equipment	111,770	85,390	2,473	2,047
Loss on disposal of plantation development expenditure	78	-	-	-
Gain on disposal of property, plant and equipment	(104)	(94)	-	(29)
Gain on disposal of				
-marketable securities	-	(9)	-	-
-other investments	-	(364)	-	-
Property, plant and equipment written off	331	122	-	-
Inventories written off	6	124	-	-
Balance carried forward	500,207	387,525	(16,289)	(5,193)

Cash Flow Statements

For The Year Ended 31 December 2007 (CONT'D)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Balance brought forward	500,207	387,525	(16,289)	(5,193)
Provision for/(writeback of)doubtful debts	11,237	(32,871)	8	-
Retirement benefits	2,806	3,504	209	196
Investment income	(1,425)	(816)	(1,425)	(816)
Excess of Group's interest in net fair value over cost (Note 16(a))	-	(380)	-	-
Share of profit of associate	(3,556)	(3,387)	-	-
Operating profit/(loss) before working capital changes	509,269	353,575	(17,497)	(5,813)
Increase in inventories	(7,456)	(6,426)	(44)	-
(Increase)/decrease in receivables	(146,228)	52,904	(4,469)	(484)
(Decrease)/increase in payables	(2,866)	135,539	55,498	1,286
Decrease in provisions for liabilities	(9,533)	(7,104)	(22)	(41)
Increase in related company balances	-	-	(284,456)	(424)
Cash generated from/(used in) operations	343,186	528,488	(250,990)	(5,476)
Taxes paid	(76,276)	(99,343)	(482)	(945)
Concession rights paid	-	(10,000)	-	-
Retirement benefits paid	(3,444)	(3,258)	(393)	(164)
Net cash generated from/(used in) operating activities	263,466	415,887	(251,865)	(6,585)
Cash Flows From Investing Activities				
Purchase of property, plant and equipment	(245,227)	(174,851)	(4,286)	(4,927)
Proceeds from disposal of property, plant and equipment	252	107	-	39
Purchase of other investments	(8,194)	(44,430)	(8,194)	(28,667)
Acquisition of subsidiaries (Note 16)	-	2,447	-	-
Proceeds from disposal of other investments	43,345	23,439	-	-
Investment income received	1,425	816	1,425	816
Interest received	24,938	24,959	4,922	3,937
Dividend received from associate	438	432	-	-
Dividends received from subsidiaries	-	-	606,000	100,000
Net cash (used in)/generated from investing activities	(183,023)	(167,081)	599,867	71,198

Cash Flow Statements

For The Year Ended 31 December 2007 (CONT'D)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash Flows From Financing Activities				
Repayment of hire purchase and finance lease liabilities	(42)	(60)	-	-
Repayment of term loans	(106,000)	(6,000)	(106,000)	(6,000)
Interest paid	(3,281)	(6,505)	(3,266)	(6,494)
Debentures issued by a subsidiary	-	16,238	-	-
Dividends paid to shareholders of the Company	(64,240)	(31,680)	(64,240)	(31,680)
Dividends paid to minority interests	-	(338)	-	-
Net cash used in financing activities	(173,563)	(28,345)	(173,506)	(44,174)
Net (decrease)/increase in cash and cash equivalents	(93,120)	220,461	174,496	20,439
Effects of foreign currency translation	(5)	-	-	-
Cash and cash equivalents at beginning of year	781,782	561,321	132,637	112,198
Cash and cash equivalents at end of year (Note 24)	688,657	781,782	307,133	132,637

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

Notes To The Financial Statements

31 December 2007

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 corporate body 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 16. There have been no significant changes in the nature of the principal activities during the financial year.

As disclosed in Notes 2.5(b)(i), 36(a) and (b) to the financial statements, the Group's restructuring negotiations with the GoM includes both the Group's obligations and operations, the details of which are pending finalisation and formalisation.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 March 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

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.

(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.

Notes To The Financial Statements

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(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.

(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 assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

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 deemed to have a finite useful life and is amortised over the remaining concession period commencing from 1 January 2004.

Other 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.

Notes To The Financial Statements

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(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.

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:

Terminal buildings	2%
Hotel property	2%
Vehicles	10% - 20%
Office, communications and electronic equipment	10% - 50%
Furniture and fittings	10% - 20%
Plant and machinery	20%
Crockery, glassware, cutlery and linen	25%
Racing circuit	2%
Capital improvements	12.5%

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(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.

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.

Notes To The Financial Statements

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(f) Inventories

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

(g) Plantation Development Expenditure

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

Amortisation of plantation development expenditure is at a rate of 4% per annum.

(h) Replanting Expenditure

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

(i) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provision 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 banks and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(i) Financial Instruments (Cont'd.)

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates 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) Receivables

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

(v) 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.

Notes To The Financial Statements

31 December 2007

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 and preference share 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(j) Leases (Cont'd.)

(ii) Finance Leases (Cont'd.)

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).

(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 relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Amortisation of leasehold land ranges between 50 to 99 years.

(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.

Notes To The Financial Statements

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(l) Income Tax (Cont'd.)

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised 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.

(m) Provisions for Liabilities

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

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

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.

Notes To The Financial Statements

31 December 2007

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").

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency 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 Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Group'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 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.

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

	2007	2006
	RM	RM
United States Dollar (USD)	3.30	3.53
Great Britain Pound (GBP)	6.61	6.93
Singapore Dollar (SGD)	2.28	2.30
Euro (EUR)	4.80	4.57

Notes To The Financial Statements

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(p) Provisions for Pension

Provisions 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.2 Summary of Significant Accounting Policies (Cont'd.)

(q) Revenue Recognition (Cont'd.)

(v) Revenue from Event Management Services

Revenue from event 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.

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

On 1 January 2007, the Group and the Company adopted the following revised FRSs and amendments to FRSs:

- i) FRS 117 : Leases
- ii) FRS 124 : Related Party Transactions
- iii) Amendment to FRS 119₂₀₀₄ : Employee Benefits - Actuarial Gains and Losses, Plans and Disclosure

The Malaysia Accounting Standards Board (“MASB”) has also issued FRS 6: Exploration for and Evaluation of Mineral Resources which will be effective for annual periods beginning on or after 1 January 2007. This FRS is, however, not applicable to the Group or the Company.

The adoption of the revised FRS 124 and Amendment to FRS 119₂₀₀₄ give rise to additional disclosures but did not result in significant changes in accounting policies of the Group and of the Company.

Notes To The Financial Statements

31 December 2007

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 principal changes in accounting policies and their effects resulting from the adoption of the revised FRS 117 are discussed below:

(a) Leasehold Land Held for Own Use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. 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. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated 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 relating to the land element represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions.

The effect of adopting FRS117 on the balance sheets as at 31 December 2007 is higher or lower than it would have been had the policy been applied in the current year as follows:-

	(Decrease)/Increase RM'000
Property, plant and equipment	(8,273)
Prepaid land lease payments	<u>8,273</u>

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as such, certain comparatives have been restated.

	Previously Stated RM'000	Restatement RM'000	Restated RM'000
Property, plant and equipment	1,657,493	(8,394)	1,649,099
Prepaid land lease payments	-	8,394	<u>8,394</u>

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) Initial Direct Costs

Prior to 1 January 2007, the Group, as a lessor in operating lease arrangements, had recognised initial direct costs incurred in negotiating and arranging leases as an expense in the profit or loss in the period in which they were incurred. The revised FRS 117 requires such costs to be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. According to the revised FRS 117, this change in accounting policy should be applied retrospectively. In general, the Group does not incur significant initial direct costs on negotiating and arranging leases and as a result, this change in accounting policy did not materially affect the financial statements of the Group.

2.4 Standards and Interpretations Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs, amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 139 : Financial Instruments - Recognition and Measurement	Deferred
IC Interpretation 1 : Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5 : Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6 : Liabilities Arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7 : Applying the Restatement Approach under FRS129 ₂₀₀₄ - Financial Reporting in Hyperinflationary Economics	1 July 2007
IC Interpretation 8 : Scope of FRS 2	1 July 2007
Amendment to FRS 107 : Cash Flow Statements	1 July 2007
Amendment to FRS 111 : Construction Contracts	1 July 2007
Amendment to FRS 112 : Income Taxes	1 July 2007
Amendment to FRS 118 : Revenue	1 July 2007
Amendment to FRS 120 : Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121 : The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007

Notes To The Financial Statements

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.4 Standards and Interpretations Issued but Not Yet Effective (Cont'd.)

FRSs, Amendments to FRSs and Interpretations	Effective for financial periods beginning on or after
Amendment to FRS 134 : Interim Financial Reporting	1 July 2007
Amendment to FRS 137 : Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

The above FRSs, amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application.

The Company is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 139.

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's revenue is revenue in respect of certain commercial debtors where the Group has not finalised the definitive terms of agreement with these commercial debtors. The revenue is based on pre-determined rates negotiated upon the operations of the K.L. International Airport ("KLIA"). 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.

Significant judgement is also applied to determine the accrued revenue in respect of aeronautical services based on passengers' movements, the number of airlines and timing of billings.

As at balance sheet date, the amount of accrued revenue for commercial and aeronautical debtors is disclosed in Note 19 which comprised 5% (2006: 3%) of total revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant Accounting Estimates and Judgements (Cont'd.)

(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 50 years to manage, operate and maintain and undertake future development of the 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.

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 and the prepaid land lease payments shall reflect the management's estimate of the concession period and accordingly, future depreciation and amortisation 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.

Notes To The Financial Statements

31 December 2007

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.5 Significant Accounting Estimates and Judgements (Cont'd.)

(b) Key Sources of Estimation Uncertainty (Cont'd.)

(ii) Contracts Relating to Motor Sports Events (Cont'd.)

The cost of property, plant and equipment in respect of the racing circuit amounting to RM413,160,000 is depreciated on a straight-line basis over the assets' useful lives. Management estimated the useful lives of these property, plant and equipment to be between 5 to 50 years. These are common life expectancies applied. Changes in the expected level of usage, technological developments and the non-renewal of the contracts relating to motor sports events would adversely impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The revenue arising from the motor sports events contributed 5.3% (2006: 5.8%) of the Group's total revenue and the carrying amounts of the racing circuit and other related assets are RM332.7 million (2006: RM328.3 million) and RM9.1 million (2006: RM9.1 million) respectively as at 31 December 2007.

(iii) Income Taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Deferred Taxation

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in Note 21.

3. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Airport Operations:				
- Duty free and non dutiable goods	289,012	248,106	-	-
- Airport services:				
- Aeronautical	633,239	539,429	-	-
- Non-aeronautical	248,505	199,878	-	-
Non-airport Operations:				
- Agriculture and horticulture	48,884	22,991	-	-
- Hotel operations	54,078	50,433	-	-
- Event management services	73,622	67,045	-	-
- Management and auction services	37,365	18,958	-	-
Dividend income from subsidiaries	-	-	830,137	138,889
	1,384,705	1,146,840	830,137	138,889

Notes To The Financial Statements

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4. OTHER INCOME

Included in other income are:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest income	24,938	24,959	4,922	3,937
Rental income	5,988	4,947	-	-
Gain on disposal of property, plant and equipment	104	94	-	29
Gain on disposal of				
- marketable securities	-	9	-	-
- other investments	-	364	-	-
Accretion of premium arising from redemption of preference shares				
- by associate	29	-	-	-
- by other investments	901	-	-	-
Amortisation of deferred income	3,705	-	-	-
Net realised foreign exchange gain	1,466	1,356	1	-
Investment income	1,425	816	1,425	816
Writeback of provisions for pension	34,352	-	-	-

5. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wages and salaries	160,178	153,465	14,740	13,166
Bonus	44,546	27,493	10,543	2,711
Contributions to defined contribution plans	32,205	29,607	3,533	2,832
Social security contributions	2,916	2,681	168	150
Short term accumulating compensated absences	1,803	1,118	202	311
Defined benefit plan (Note 28)	2,806	3,504	209	196
Other employee benefits	63,119	58,246	8,591	12,789
	307,573	276,114	37,986	32,155
Re-charged to subsidiaries	-	-	(25,571)	(27,740)
	307,573	276,114	12,415	4,415

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM778,000 (2006: RM812,000) and RM778,000 (2006: RM812,000) respectively as further disclosed in Note 8.

6. FINANCE COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expense:				
Term loans	3,266	6,494	3,266	6,494
Hire purchase and finance lease liabilities	15	11	-	-
	3,281	6,505	3,266	6,494

Notes To The Financial Statements

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7. PROFIT BEFORE TAX

The following amounts have been included at arriving at profit before tax:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-executive directors' remuneration excluding benefits-in-kind (Note 8)	465	462	440	423
Auditors' remuneration				
- statutory	398	379	33	30
- other services	53	115	67	115
Lease rental payable to Government of Malaysia (Note 33)	7,300	5,000	-	-
Rental expense	3,340	3,229	102	(22)
Depreciation of property, plant and equipment (Note 12)	111,770	85,390	2,473	2,047
Amortisation of plantation development expenditure (Note 13)	2,869	2,870	-	-
Amortisation of prepaid land lease payments (Note 14)	121	121	-	-
Amortisation of concession rights (Note 15)	29,074	29,074	-	-
Loss on disposal of plantation development expenditure	78	-	-	-
Property, plant and equipment written off	331	122	-	-
Inventories written off	6	124	-	-
Provision for/(writeback of) doubtful debts				
- trade receivables	11,131	(32,763)	-	-
- other receivables	106	(108)	8	-
Bad debts written off	-	363	-	-
Bad debts recovered	(4,175)	(2,672)	-	-
Amortisation of premium on investments	179	353	-	-
Impairment of				
- marketable securities	6	-	-	-
- property, plant and equipment	2,000	-	-	-
Utilities cost	146,435	176,023	128	189
Repair and maintenance costs	114,663	114,734	238	190
Event staging, management and promotion costs	47,043	44,606	-	-
Management fee paid to hotel operator	2,454	2,253	-	-

8. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive directors' remuneration (Note 5):				
Other emoluments	778	812	778	812
Non-executive directors' remuneration (Note 7):				
Fees	199	174	199	174
Other emoluments	266	288	241	249
	465	462	440	423
Total directors' remuneration	1,243	1,274	1,218	1,235
Estimated money value of benefits-in-kind	35	34	35	34
Total directors' remuneration including benefits-in-kind	1,278	1,308	1,253	1,269

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive:				
Salaries and other emoluments	530	511	530	511
Bonus	135	183	135	183
Defined contribution plans	113	118	113	118
Estimated money value of benefits-in-kind	18	17	18	17
	796	829	796	829
Non-executive:				
Fees	199	174	199	174
Allowances	266	288	241	249
Estimated money value of benefits-in-kind	17	17	17	17
	1,278	1,308	1,253	1,269

The amount of fee paid to the holding company in respect of services rendered to the Company by a director is RM35,000 (2006: Nil).

Notes To The Financial Statements

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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	
	2007	2006
Executive directors:		
RM650,001 - RM700,000	-	-
RM700,001 - RM750,000	-	-
RM750,001 - RM800,000	1	-
RM800,001 - RM850,000	-	1
Non-executive directors:		
Less than RM50,000	10	9
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	1	1

9. INCOME TAX EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysian income tax:				
Current income tax	111,293	85,390	222,958	39,049
Overprovision in prior years	(5,440)	(605)	-	(29)
	105,853	84,785	222,958	39,020
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	3,190	7,315	(1,818)	-
Relating to reduction in tax rate	(828)	(510)	120	-
Underprovision of deferred tax liabilities in prior years	6,138	797	-	-
Deferred tax assets previously not recognised in prior years	-	-	(1,425)	-
	8,500	7,602	(3,123)	-
Total income tax expense	114,353	92,387	219,835	39,020

9. INCOME TAX EXPENSE (CONT'D.)

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2007 has reflected these changes. Certain subsidiaries qualify for the reduced statutory tax rate of 20% on the first RM500,000 (2006: RM500,000) estimated assessable profit during the year.

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

A reconciliation of income tax expense applicable to profit before tax 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:

Group	2007 RM'000	2006 RM'000
Profit before tax	403,645	263,254
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	108,984	73,711
Effect of different tax rates on the first RM500,000 (2006: RM500,000)	(140)	(144)
Effects of share of results of associate	(960)	(947)
Deferred tax recognised at reduced tax rate	(828)	(510)
Income not subject to tax	(9,275)	-
Expenses not deductible for tax purposes	21,159	19,947
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(5,842)	(3,226)
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	557	3,364
Overprovision of income tax in prior years	(5,440)	(605)
Underprovision of deferred tax liabilities in prior years	6,138	797
Income tax expense for the year	<u>114,353</u>	<u>92,387</u>

Notes To The Financial Statements

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9. INCOME TAX EXPENSE (CONT'D.)

	2007 RM'000	2006 RM'000
Company		
Profit before tax	812,829	128,810
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	219,464	36,067
Expenses not deductible for tax purposes	1,676	2,982
Deferred tax recognised at reduced tax rate	120	-
Overprovision of tax expense in prior years	-	(29)
Deferred tax assets previously not recognised in prior years	(1,425)	-
Income tax expense for the year	219,835	39,020
Tax savings during the financial year arising from:		
		Group
	2007	2006
	RM'000	RM'000
Utilisation of current year tax losses	153	-
Utilisation of previously unrecognised tax losses	3,265	3,166
Unutilised tax losses carried forward	28,248	32,150

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.

	Group	
	2007	2006
Profit attributable to ordinary equity holders of the Company (RM'000)	288,862	170,330
Weighted average number of ordinary shares in issue ('000)	1,100,000	1,100,000
		Group
	2007	2006
	sen	sen
Basic earnings per share for:		
Profit for the year	26.26	15.48

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Recognised during the year:				
Interim dividend for 2007: 4.0% less 27% taxation, on 1,100,000,000 ordinary shares (2.92 sen per ordinary share)	32,120	-	32,120	-
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	-
Final dividend for 2005: 4.0% less 28% taxation, on 1,100,000,000 ordinary shares (2.88 sen per ordinary share)	-	-	-	31,680
Proposed for approval at AGM (not recognised as at 31 December):				
Final dividend for 2007: 13.80% less 26% taxation, on 1,100,000,000 ordinary shares (10.21 sen per ordinary share)	112,311	-	-	-
	144,431	32,120	64,240	31,680

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 13.8% less 26% taxation on 1,100,000,000 ordinary shares, amounting to a dividend payable of RM112,311,000 (10.21 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 2008.

Notes To The Financial Statements

31 December 2007

12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings* RM'000	Vehicles, office, communications and electronic equipment, furniture and fittings, plant and machinery, crocery, glassware, cutlery and linen** RM'000	Racing circuit, capital improvements and capital work-in- progress*** RM'000	Total RM'000
At 31 December 2007				
Cost				
At 1 January 2007	874,548	579,819	726,663	2,181,030
Additions	5,954	57,916	181,357	245,227
Disposals	-	(2,420)	-	(2,420)
Written off	-	(250)	(317)	(567)
Transfers	1,198	42,170	(43,368)	-
At 31 December 2007	881,700	677,235	864,335	2,423,270
Accumulated depreciation and impairment				
At 1 January 2007	139,861	273,238	118,832	531,931
Charge for the year (Note 7)	17,514	72,759	21,497	111,770
Disposals	-	(2,272)	-	(2,272)
Written off	-	(236)	-	(236)
Impairment loss	-	752	1,248	2,000
At 31 December 2007	157,375	344,241	141,577	643,193
Net carrying amount	724,325	332,994	722,758	1,780,077

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group (Contd.) At 31 December 2006	Buildings* RM'000	Vehicles, office, communications and electronic equipment, furniture and fittings, plant and machinery, crocery, glassware, cutlery and linen** RM'000	Racing circuit, capital improvements and capital work-in- progress*** RM'000	Total RM'000
Cost				
At 1 January 2006	821,035	434,365	768,687	2,024,087
Effect of FRS117	(9,196)	-	-	(9,196)
At 1 January 2006 (Restated)	811,839	434,365	768,687	2,014,891
Additions	596	19,155	155,100	174,851
Disposals	-	(631)	-	(631)
Written off	(122)	(8,956)	-	(9,078)
Transfers	62,235	134,889	(197,124)	-
Acquisition of a subsidiary (Note 16)	-	997	-	997
At 31 December 2006	874,548	579,819	726,663	2,181,030
Accumulated depreciation and impairment				
At 1 January 2006	123,597	229,798	103,401	456,796
Effect of FRS117	(681)	-	-	(681)
At 1 January 2006 (Restated)	122,916	229,798	103,401	456,115
Charge for the year (Note 7)	16,968	52,991	15,431	85,390
Disposals	-	(618)	-	(618)
Written off	(23)	(8,933)	-	(8,956)
At 31 December 2006	139,861	273,238	118,832	531,931
Net carrying amount	734,687	306,581	607,831	1,649,099

Notes To The Financial Statements

31 December 2007

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

* Buildings

	Leasehold land RM'000	Terminal buildings RM'000	Hotel property RM'000	Total RM'000
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Group (Contd.)

At 31 December 2007

Cost

At 1 January 2007	-	753,803	120,745	874,548
Additions	-	5,954	-	5,954
Transfers	-	1,198	-	1,198
At 31 December 2007	-	760,955	120,745	881,700

Accumulated depreciation

At 1 January 2007	-	128,227	11,634	139,861
Charge for the year	-	15,100	2,414	17,514
At 31 December 2007	-	143,327	14,048	157,375

Net carrying amount

	-	617,628	106,697	724,325
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At 31 December 2006

Cost

At 1 January 2006	9,196	691,077	120,762	821,035
Effect of FRS117	(9,196)	-	-	(9,196)
At 1 January 2006 (Restated)	-	691,077	120,762	811,839
Additions	-	596	-	596
Written off	-	(122)	-	(122)
Transfers	-	62,252	(17)	62,235
At 31 December 2006	-	753,803	120,745	874,548

Accumulated depreciation

At 1 January 2006	681	113,697	9,219	123,597
Effect of FRS117	(681)	-	-	(681)
At 1 January 2006 (Restated)	-	113,697	9,219	122,916
Charge for the year	-	14,553	2,415	16,968
Written off	-	(23)	-	(23)
At 31 December 2006	-	128,227	11,634	139,861

Net carrying amount

	-	625,576	109,111	734,687
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12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

** Vehicles, Office, Communications and Electronic Equipment, Furniture and Fittings, Plant and Machinery, Crockery, Glassware, Cutlery and Linen

	Vehicles RM'000	Office, communications and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Total RM'000
Group (Contd.)				
At 31 December 2007				
Cost				
At 1 January 2007	90,414	480,986	8,419	579,819
Additions	2,103	54,317	1,496	57,916
Disposals	(225)	(2,070)	(125)	(2,420)
Written off	-	(250)	-	(250)
Transfers	14,474	27,232	464	42,170
At 31 December 2007	106,766	560,215	10,254	677,235
Accumulated depreciation and amortisation				
At 1 January 2007	49,159	218,831	5,248	273,238
Charge for the year	12,148	60,106	505	72,759
Disposals	(86)	(2,061)	(125)	(2,272)
Written off	-	(236)	-	(236)
Impairment loss	-	752	-	752
At 31 December 2007	61,221	277,392	5,628	344,241
Net carrying amount	45,545	282,823	4,626	332,994

Notes To The Financial Statements

31 December 2007

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

** Vehicles, Office, Communications and Electronic Equipment, Furniture and Fittings, Plant and Machinery, Crockery, Glassware, Cutlery and Linen (Cont'd.)

	Vehicles RM'000	Office, communications and electronic equipment, furniture and fittings RM'000	Plant and machinery, crockery, glassware, cutlery and linen RM'000	Total RM'000
Group (Contd.)				
At 31 December 2006				
Cost				
At 1 January 2006	68,747	360,344	5,274	434,365
Additions	1,680	17,253	222	19,155
Disposals	(456)	(175)	-	(631)
Written off	(733)	(8,217)	(6)	(8,956)
Transfers	20,765	111,195	2,929	134,889
Acquisition of a subsidiary	411	586	-	997
At 31 December 2006	90,414	480,986	8,419	579,819
Accumulated depreciation and amortisation				
At 1 January 2006	45,131	179,697	4,970	229,798
Charge for the year	5,205	47,502	284	52,991
Disposals	(446)	(172)	-	(618)
Written off	(731)	(8,196)	(6)	(8,933)
At 31 December 2006	49,159	218,831	5,248	273,238
Net carrying amount	41,255	262,155	3,171	306,581

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

*** Racing Circuit, Capital Improvements and Capital Work-In-Progress

	Racing circuit (Note i) RM'000	Capital improvements RM'000	Capital work-in- progress (Note ii) RM'000	Total RM'000
Group (Contd.)				
At 31 December 2007				
Cost				
At 1 January 2007	399,828	66,435	260,400	726,663
Additions	26	666	180,665	181,357
Written off	-	-	(317)	(317)
Transfers	13,306	29,297	(85,971)	(43,368)
At 31 December 2007	413,160	96,398	354,777	864,335
Accumulated depreciation				
At 1 January 2007	71,497	47,335	-	118,832
Charge for the year	8,913	12,584	-	21,497
Impairment loss	-	-	1,248	1,248
At 31 December 2007	80,410	59,919	1,248	141,577
Net carrying amount	332,750	36,479	353,529	722,758
At 31 December 2006				
Cost				
At 1 January 2006	399,828	60,301	308,558	768,687
Additions	-	710	154,390	155,100
Transfers	-	5,424	(202,548)	(197,124)
At 31 December 2006	399,828	66,435	260,400	726,663
Accumulated depreciation				
At 1 January 2006	63,500	39,901	-	103,401
Charge for the year	7,997	7,434	-	15,431
At 31 December 2006	71,497	47,335	-	118,832
Net carrying amount	328,331	19,100	260,400	607,831

Notes To The Financial Statements

31 December 2007

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

- i) On 16 January 2003, the Company announced that the Minister 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 Group. The purchase consideration of RM389,350,000 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 (2006: RM159,635,000) incurred in relation to the proposed development of the National Exhibition and Convention Centre at Subang which have remained suspended.

The Group's negotiations with GoM to restructure its obligations include both items i) and ii) which are pending formalisation between the parties concerned.

	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Company					
At 31 December 2007					
Cost					
At 1 January 2007	1,363	1,687	7,476	-	10,526
Additions	-	162	2,737	1,387	4,286
At 31 December 2007	1,363	1,849	10,213	1,387	14,812
Accumulated depreciation					
At 1 January 2007	24	602	3,611	-	4,237
Charge for the year	50	347	2,076	-	2,473
At 31 December 2007	74	949	5,687	-	6,710
Net carrying amount	1,289	900	4,526	1,387	8,102

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Furniture and fittings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company (Cont'd.)				
At 31 December 2006				
Cost				
At 1 January 2006	-	1,187	4,514	5,701
Additions	1,363	602	2,962	4,927
Disposal	-	(102)	-	(102)
At 31 December 2006	1,363	1,687	7,476	10,526
Accumulated depreciation				
At 1 January 2006	-	422	1,860	2,282
Charge for the year	24	272	1,751	2,047
Disposal	-	(92)	-	(92)
At 31 December 2006	24	602	3,611	4,237
Net carrying amount	1,339	1,085	3,865	6,289

Included in the cost of property, plant and equipment of the Group and of the Company are cost of fully depreciated assets which are still in use amounting to RM165,297,000 (2006: RM120,788,000) and RM4,178,000 (2006: RM1,557,000) respectively.

The cost and net carrying amount of motor vehicles held under hire purchase arrangements are RM210,000 (2006: RM210,000) and RM84,000 (2006: RM136,000) respectively.

Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Notes 32 and 39.

Notes To The Financial Statements

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13. PLANTATION DEVELOPMENT EXPENDITURE

	Group	
	2007	2006
	RM'000	RM'000
Cost		
At 1 January	73,864	73,864
Disposal	(79)	-
At 31 December	73,785	73,864
Accumulated amortisation		
At 1 January	9,730	6,860
Amortisation recognised in income statement	2,869	2,870
Disposal	(1)	-
At 31 December	12,598	9,730
Net carrying amount	61,187	64,134

Disposal is in respect of compulsory acquisition of plantation area by the government authorities.

14. PREPAID LAND LEASE PAYMENTS

	Group	
	2007	2006
	RM'000	RM'000
Net carrying amount		
At 1 January	8,394	8,515
Amortisation during the year	(121)	(121)
At 31 December	8,273	8,394
Analysed as:		
Short term leasehold land	1,989	2,037
Long term leasehold land	6,284	6,357
	8,273	8,394

15. CONCESSION RIGHTS

	Group	
	2007	2006
	RM'000	RM'000
Cost		
At 1 January/31 December	1,308,350	1,308,350
Accumulated amortisation		
At 1 January	87,222	58,148
Charge for the year	29,074	29,074
At 31 December	116,296	87,222
Net carrying amount	1,192,054	1,221,128

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2007	2006
	RM'000	RM'000
Unquoted shares at cost	1,807,607	1,807,607
Less: Accumulated impairment losses	(9,891)	(9,891)
	1,797,716	1,797,716

Details of the subsidiaries, all of which are incorporated in Malaysia (except for Malaysia Airports (Mauritius) Pte Ltd and MAHB (Mauritius) Pte Ltd, both of which are incorporated in Mauritius, are as follows:

Notes To The Financial Statements

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16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2007 %	2006 %	
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 K. L. International Airport ("KLIA").
Malaysia Airports (Sepang) Sdn. Bhd. (320480-D)	50,000,003	100	100	Management, operations, maintenance and future development of KLIA and Low Cost Carrier Terminal ("LCCT") in Sepang 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.

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2007 %	2006 %	
Asia Pacific Auction Centre Sdn. Bhd. (488190-H)	10,556,000	100	100	Management and operations of an auction centre.
NECC Sdn. Bhd. (521231-V)	10,000,000	100	100	Undertaking the proposed development of the National Exhibition and Convention Centre at Subang. The activities of the Company have been suspended since 2001.
Airport Ventures Sdn. Bhd. (512527-U)	2	100	100	Investment holding.
Cargo One Restaurant & Lounge Sdn. Bhd. (528261-V)	2	100	100	Involved in the business of restaurant operations. The Company has ceased operations since 2001.
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 International Aerospace Centre Sdn. Bhd. (formerly known as 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.

Notes To The Financial Statements

31 December 2007

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Issued and Paid-up Capital RM	Effective Interest Held		Principal Activities
		2007 %	2006 %	
KLIA.com Sdn. Bhd. (516854-V)	2	100	100	Dormant. Intended principal activities are to provide internet services, development and incubation of electronic commerce, and to acquire, manage, lease, establish, equip, maintain and operate radio wireless, close circuit television and television telecast.
Malaysia Airports (Mauritius) Pte Ltd*	USD1,000	100	100	Investment holding.
MAHB (Mauritius) Pte Ltd*	USD2	100	100	Dormant. Intended principal activity is investment holding.
Malaysia Airports Management & Technical Services (Labuan) Pte Ltd (LL05298)	USD1,000	100	100	Dormant. Intended principal activity is investment holding.
Urusan Teknologi Wawasan Sdn. Bhd. (459878-D)	750,000	75	75	Provision of mechanical, electrical and civil engineering services at KLIA in Sepang.

* Audited by firms other than Ernst & Young

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)**(a) Acquisition of subsidiaries**

Analysis of subsidiaries acquired in prior year:

	Fair value recognised on acquisition RM'000	Acquiree's carrying amount RM'000
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
	<u>14,263</u>	<u>14,263</u>
Trade and other payables	(1,952)	(1,952)
Borrowings	(174)	(174)
Deferred tax liabilities	(77)	(77)
	<u>(2,203)</u>	<u>(2,203)</u>
		Fair value recognised on acquisition RM'000
Fair value of assets		12,060
Less: Minority interests		(3,014)
		<u>9,046</u>
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		<u>3,122</u>
The cash flow on acquisition was as follows:		2006 RM'000
Purchase consideration satisfied by cash, representing total cash outflow of the Company		2,754
Cash and cash equivalents of subsidiaries acquired		(5,201)
Net cash flow to the Group		<u>(2,447)</u>

Notes To The Financial Statements

31 December 2007

17. INVESTMENT IN ASSOCIATE

	Group	
	2007 RM'000	2006 RM'000
Unquoted shares at cost	10,463	18,234
Share of post-acquisition reserve	14,975	11,857
	25,438	30,091
Analysed as:		
Unquoted shares at cost:		
At 1 January	18,234	18,602
Redemption of preference shares by associate	(7,771)	-
Associate became a subsidiary	-	(368)
At 31 December	10,463	18,234
Share of post-acquisition reserve:		
At 1 January	11,857	14,446
Share of profit	3,556	3,387
Dividend received	(438)	(432)
Associate became a subsidiary	-	(5,544)
At 31 December	14,975	11,857

Details of the associate are as follows:

Name of Associate	Country of Incorporation	Issued and Paid-up Capital	Effective Interest Held		Financial Year End	Principal Activities
			2007 %	2006 %		
Kuala Lumpur Aviation Fueling 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		RM1,320,000 (2006: RM2,360,000)				

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 2007 have been used for the purpose of applying the equity method of accounting.

17. INVESTMENT IN ASSOCIATE (CONT'D.)

The summarised financial statements of the associate are as follows:

	2007 RM'000	2006 RM'000
Assets and liabilities		
Current assets	74,563	101,022
Non-current assets	97,831	105,609
Total assets	<u>172,394</u>	<u>206,631</u>
Current liabilities	(24,068)	(35,146)
Non-current liabilities	(20,503)	(21,031)
Total liabilities	<u>(44,571)</u>	<u>(56,177)</u>
Results		
Revenue	41,779	43,661
Profit for the year	<u>17,780</u>	<u>16,861</u>

During the year, the associate redeemed its preference shares for a redemption amount of RM7,800,000. The accretion of premium arising from the redemption of preference shares in this investment is RM29,000 as disclosed in Note 4.

18. OTHER INVESTMENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Bonds in Malaysia - net of amortisation of premium of RM4,683,000 (2006: RM4,504,000)	15,722	46,901	-	-
Unquoted shares at cost	91,031	86,854	56,814	48,620
	<u>106,753</u>	<u>133,755</u>	<u>56,814</u>	<u>48,620</u>
Market value of bonds	18,220	50,849	-	-

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18. OTHER INVESTMENTS (CONT'D.)

Movement in unquoted shares is as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	86,854	42,424	48,620	19,953
Additions	8,194	44,430	8,194	28,667
Redemption of preference shares	(3,609)	-	-	-
Foreign currency translation	(408)	-	-	-
At 31 December	91,031	86,854	56,814	48,620

Unquoted shares of RM24,722,000 (2006: RM17,953,000) are pledged as security in respect of certain agreement entered into by the Company.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current				
Trade receivables				
Third parties	389,548	257,920	-	-
Accrued revenue	63,727	35,258	-	-
	453,275	293,178	-	-
Less: Provision for doubtful debts				
Third parties	(83,910)	(72,154)	-	-
Trade receivables, net	369,365	221,024	-	-
Other receivables				
Amounts due from subsidiaries	-	-	493,166	585,381
Staff loans (Note 20)	3,051	2,893	-	-
Deposits received	3,545	4,070	9	16
Tax recoverable	2,846	884	2,060	399
Prepayment for event management activities	4,261	20,012	-	-
Amounts recoverable arising from event management activities	95,635	95,635	-	-
Other prepayments	2,932	3,467	18	-
Sundry receivables	13,952	10,290	5,404	946
	126,222	137,251	500,657	586,742
Less: Provision for doubtful debts	(1,618)	(1,512)	(8)	-
Other receivables, net	124,604	135,739	500,649	586,742
Total	493,969	356,763	500,649	586,742

19. TRADE AND OTHER RECEIVABLES (CONT'D.)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-current				
Trade receivables				
Third parties	27,505	29,522	-	-
Less: Provision for doubtful debts	(22,716)	(23,449)	-	-
	<u>4,789</u>	<u>6,073</u>	<u>-</u>	<u>-</u>

The movement in provision for doubtful debts is as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At beginning of year	97,115	129,987	-	-
Provision for/(writeback of) doubtful debts	11,237	(32,871)	8	-
Written off	(108)	(1)	-	-
At end of year	<u>108,244</u>	<u>97,115</u>	<u>8</u>	<u>-</u>

(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 (2006: five) customers representing approximately 55% (2006: 61%) 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)

The Group had negotiated with 2 debtors in prior year 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.

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19. TRADE AND OTHER RECEIVABLES (CONT'D.)

(d) Prepayment for event management activities

Prepayments of RM13,812,000 in prior years was in respect of amount paid to Formula One Administration Limited ("FOA"). Pursuant to the novation agreement dated 5 July 2007 between a subsidiary and Pantai Morib Ventures Sdn. Bhd. ("PMV"), a subsidiary of Khazanah, all payments in respect of FOA are to be borne by PMV with effect from the date of the agreement.

Other information on financial risks of other receivables are disclosed in Note 39.

20. STAFF LOANS

	Group	
	2007	2006
	RM'000	RM'000
Staff loans	34,427	33,238
Less: Current (Note 19)	(3,051)	(2,893)
Non-current portion	31,376	30,345
Analysed as:		
Current	3,051	2,893
Non-current:		
Later than 1 year but not later than 2 years	3,049	2,970
Later than 2 years but not later than 5 years	8,413	13,374
Later than 5 years	19,914	14,001
	31,376	30,345
	34,427	33,238

The staff loans attract interest rate at 4% (2006: 4%) per annum.

21. DEFERRED TAX (ASSETS) / LIABILITIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	13,760	6,081	-	-
Acquisition of a subsidiary	-	77	-	-
Recognised in income statement (Note 9)	8,500	7,602	(3,123)	-
At 31 December	22,260	13,760	(3,123)	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(5,539)	(748)	(3,697)	-
Deferred tax liabilities	27,799	14,508	574	-
	22,260	13,760	(3,123)	-

The component and movement of deferred tax liability and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Property, plant and equipment RM'000
At 1 January 2007	65,618
Recognised in the income statement	15,642
Deferred tax recognised at reduced tax rate	(3,011)
At 31 December 2007	78,249
Less: Set-off against deferred tax assets	(50,450)
	27,799
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)
At 31 December 2006	65,618
Less: Set-off against deferred tax assets	(51,110)
	14,508

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21. DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D.)

Deferred Tax Assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Receivables RM'000	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2007	(22,521)	(8,676)	(15,010)	(5,651)	(51,858)
Recognised in the income statement	6,662	(5,807)	(368)	(6,801)	(6,314)
Deferred tax recognised at reduced tax rate	587	536	570	490	2,183
At 31 December 2007	(15,272)	(13,947)	(14,808)	(11,962)	(55,989)
Less: Set-off against deferred tax liabilities					50,450
					(5,539)
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
At 31 December 2006	(22,521)	(8,676)	(15,010)	(5,651)	(51,858)
Less: Set-off against deferred tax liabilities					51,110
					(748)

Deferred Tax Liabilities of the Company:

	Property, plant and equipment RM'000
At 1 January 2007	-
Recognised in the income statement	596
Deferred tax recognised at reduced tax rate	(22)
At 31 December 2007	574

21. DEFERRED TAX (ASSETS) / LIABILITIES (CONT'D.)**Deferred Tax Assets of the Company:**

	Retirement benefits RM'000	Payables RM'000	Total RM'000
At 1 January 2007	-	-	-
Recognised in the income statement	(850)	(2,989)	(3,839)
Deferred tax recognised at reduced tax rate	31	111	142
At 31 December 2007	<u>(819)</u>	<u>(2,878)</u>	<u>(3,697)</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2007 RM'000	2006 RM'000
Unutilised tax losses	21,863	35,292
Unabsorbed capital allowances	1,451	7,596
Other deductible temporary differences	52,125	52,125
	<u>75,439</u>	<u>95,013</u>

The unutilised tax losses and unabsorbed capital allowances of the Group amounting to RM21,863,000 (2006: RM35,292,000) and RM1,451,000 (2006: RM7,596,000) respectively are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

22. INVENTORIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost				
Spares and consumables	22,935	19,718	418	374
Trading goods	33,743	29,477	-	-
Food and beverages	160	193	-	-
	<u>56,838</u>	<u>49,388</u>	<u>418</u>	<u>374</u>

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23. MARKETABLE SECURITIES

	Group	
	2007 RM'000	2006 RM'000
Shares quoted in Malaysia	-	163
Less: Impairment losses	-	(122)
At net realisable value	-	41
Market value of quoted shares	-	41

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash on hand and at banks	69,215	73,295	3,643	1,077
Deposits with:				
Licensed banks	429,298	553,267	241,490	-
Licensed finance companies	-	1,350	-	-
Licensed discount houses	8,700	14,500	-	-
Money on call with:				
Licensed banks	165,310	137,370	62,000	131,560
Licensed discount houses	16,134	2,000	-	-
Cash and bank balances	688,657	781,782	307,133	132,637

Other information on financial risks of cash and cash equivalents are disclosed in Note 39.

25. SHARE CAPITAL

	Number of Shares of RM1 Each		Amount	
	2007	2006	2007 RM	2006 RM
Authorised:				
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
	<u>2,000,000,001</u>	<u>2,000,000,001</u>	<u>2,000,000,001</u>	<u>2,000,000,001</u>
Issued and fully paid:				
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
	<u>1,100,000,001</u>	<u>1,100,000,001</u>	<u>1,100,000,001</u>	<u>1,100,000,001</u>

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.

Special Rights Redeemable Preference Share

- (a) The Special Rights Redeemable Preference Share ("Special Share") of RM1 enables the GoM, through the Minister 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.

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25. SHARE CAPITAL (CONT'D.)

Special Rights Redeemable Preference Share (Cont'd.)

- (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.

26. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Group and the Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Group and the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2007, the Company has sufficient tax credit in the 108 balance and the balance in tax exempt income account to pay franked dividends out of its entire retained earnings.

27. 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 (2006: RM2,000).

The minority shareholders' share of loss during the year and cumulative losses which are borne by the Group are approximately RM11,000 (2006: RM5,000) and RM510,000 (2006: RM499,000) respectively.

28. 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.

28. RETIREMENT BENEFITS (CONT'D.)

The Group's obligations under the Scheme is determined based on the latest actuarial valuation by an independent valuer dated 31 January 2008. 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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Present value of unfunded defined benefit obligations	56,990	57,628	3,150	3,334
Analysed as:				
Current (Note 33)	2,772	2,626	353	187
Non-current:				
Later than 1 year but not later than 2 years	3,428	2,807	293	59
Later than 2 years but not later than 5 years	7,605	6,723	786	517
Later than 5 years	43,185	45,472	1,718	2,571
	54,218	55,002	2,797	3,147
	56,990	57,628	3,150	3,334

The amount recognised in the income statement comprises:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest cost, included in employee benefits expense (Note 5)	2,806	3,504	209	196

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28. RETIREMENT BENEFITS (CONT'D.)

Movements in the net liability in the current year were as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	57,628	57,382	3,334	3,302
Recognised in income statement	2,806	3,504	209	196
Contributions paid	(3,444)	(3,258)	(393)	(164)
At 31 December	56,990	57,628	3,150	3,334

Principal actuarial assumption used:

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Discount rate	5.5	6.5	5.5	6.5

The rate used to discount post-employment benefit obligations is determined by reference to the market yields at the balance sheet date on high quality corporate bonds.

29. PROVISIONS FOR PENSION

	Group	
	2007 RM'000	2006 RM'000
At 1 January	34,352	34,352
Writeback of provision	(34,352)	-
At 31 December	-	34,352

During the year, the Group upon obtaining appropriate confirmations from the relevant authorities in respect of the Pension Funds relating to the services of the previous staff of the Department of Civil Aviation ("DCA") have written back the entire amount to the income statement.

30. OTHER FINANCIAL LIABILITY

	Group	
	2007	2006
	RM'000	RM'000
At 1 January	16,238	-
Issued during the year	-	16,238
Foreign currency translation	(413)	-
At 31 December	15,825	16,238

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.

31. BORROWINGS

	Group		Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Short term borrowings				
Unsecured:				
Term loans	6,000	106,000	6,000	106,000
Hire purchase and finance lease liabilities (Note 32)	46	49	-	-
	6,046	106,049	6,000	106,000
Long term borrowings				
Unsecured:				
Term loans	3,000	9,000	3,000	9,000
Hire purchase and finance lease liabilities (Note 32)	26	65	-	-
	3,026	9,065	3,000	9,000
Total borrowings				
Unsecured:				
Term loans	9,000	115,000	9,000	115,000
Hire purchase and finance lease liabilities	72	114	-	-
	9,072	115,114	9,000	115,000

Other information on financial risks of borrowings are disclosed in Note 39.

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32. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

Movements in the net liability in the current year were as follows:

	Group	
	2007 RM'000	2006 RM'000
Future minimum lease payments:		
Not later than 1 year	50	56
Later than 1 year and not later than 2 years	28	50
Later than 2 years and not later than 5 years	-	29
Total minimum future lease payments	78	135
Less: Future finance charges	(6)	(21)
Present value of finance lease liabilities	72	114
Analysis of present value of finance lease liabilities		
Not later than 1 year	46	49
Later than 1 year and not later than 2 years	26	46
Later than 2 years and not later than 5 years	-	19
	72	114
Less: Amount due within 12 months (Note 31)	(46)	(49)
Amount due after 12 months (Note 31)	26	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 39.

33. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current				
Trade payables				
Third parties	112,886	116,712	-	-

33. TRADE AND OTHER PAYABLES (CONT'D.)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Other payables				
Amounts due to subsidiaries	-	-	40,801	417,472
Accruals	75,948	65,829	1,316	-
Provisions for liabilities	66,911	65,528	1,044	864
Advances received in respect of event management activities	-	101,350	-	-
Sundry payables	135,695	68,576	64,287	9,643
Deferred income	15,895	-	-	-
Deposits	21,334	15,902	506	968
Retirement benefits (Note 28)	2,772	2,626	353	187
	318,555	319,811	108,307	429,134
	431,441	436,523	108,307	429,134

Movement for provisions for liabilities during the year is as follows:

	Short term accumulating absences RM'000	Lease rental RM'000	Assessment fees RM'000	Total RM'000
Group				
At 31 December 2007				
At 1 January 2007	4,678	52,000	8,850	65,528
Additional provision during the year	1,803	7,300	1,773	10,876
Utilised during the year	(90)	(7,300)	(2,103)	(9,493)
At 31 December 2007	6,391	52,000	8,520	66,911
At 31 December 2006				
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

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33. TRADE AND OTHER PAYABLES (CONT'D.)

	Short term accumulating absences RM'000
Company	
At 31 December 2007	
At 1 January 2007	864
Additional provision during the year	202
Utilised during the year	(22)
At 31 December 2007	<u>1,044</u>
At 31 December 2006	
At 1 January 2006	594
Additional provision during the year	311
Utilised during the year	(41)
At 31 December 2006	<u>864</u>

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2006: 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.

(c) Deferred income

Deferred income is in respect of funds received from GoM for the purpose of maintenance and upgrading the racing circuit. Income is recognised in the period which maintenance expenditure of circuit being incurred and on a systematic and rational basis over the useful life of the depreciation of the racing circuit.

	Group	
	2007 RM'000	2006 RM'000
At 1 January	-	-
Amount received	19,600	-
Recognised as income (Note 4)	(3,705)	-
At 31 December	<u>15,895</u>	-

Other information on financial risks of other payables are disclosed in Note 39.

34. 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.

Movement for concession rights is as follows:

	Group	
	2007 RM'000	2006 RM'000
At 1 January	826,680	836,680
Repayment	-	(10,000)
At 31 December	826,680	826,680

In accordance with the Concession Agreement entered into with the GoM, the subsidiary has not paid the concession fee according to the specified repayment schedule which resulted the liability becoming payable on demand. Accordingly, such obligation is now required to be classified as current liabilities.

35. 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:

	Group	
	2007 RM'000	2006 RM'000
Future minimum rental payments:		
Not later than 1 year	10,774	9,002
Later than 1 year and not later than 5 years	17,579	17,050
Later than 5 years	-	-
	28,353	26,052

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36. COMMITMENTS

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Group

(i) Approved and contracted for:

	Due year 2008 RM'000	Due year 2009 to 2012 RM'000	Due year 2013 to 2066 RM'000	Total RM'000
Lease rental payable to the GoM for Subang airport	2,300	9,200	124,200	135,700

	Due year 2008 RM'000	Due year 2009 to 2012 RM'000	Due year 2013 to 2048 RM'000	Total RM'000
Lease rental payable to the GoM for all airports managed other than KLIA and Subang	5,000	20,000	50,000	75,000
Fixed lease rental payable to the GoM in respect of KLIA (a)	324,980	309,990	6,626,800	7,261,770
Capital expenditure	101,190	-	-	101,190
	<u>431,170</u>	<u>329,990</u>	<u>6,676,800</u>	<u>7,437,960</u>

(ii) Approved but not contracted for:
Capital expenditure

	346,899	-	-	346,899
--	---------	---	---	---------

(iii) Other investment:

Investment in Hyderabad
International Airport Limited
("HIAL") (c)

	8,284	-	-	8,284
	<u>788,653</u>	<u>339,190</u>	<u>6,801,000</u>	<u>7,928,843</u>

Company

Approved but not contracted for:
Capital expenditure

	79,165	-	-	79,165
--	--------	---	---	--------

36. COMMITMENTS (CONT'D.)

	Due year 2007 RM'000	Due year 2008 to 2011 RM'000	Due year 2012 to 2048 RM'000	Total RM'000
31 December 2006				
Group				
(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
	<u>383,774</u>	<u>318,070</u>	<u>6,763,910</u>	<u>7,465,754</u>
(ii) Approved but not contracted for:				
Capital expenditure	383,450	-	-	383,450
	<u>767,224</u>	<u>318,070</u>	<u>6,763,910</u>	<u>7,849,204</u>
Company				
Approved but not contracted for:				
Capital expenditure	82,946	-	-	82,946
Analysed as:				
	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Not later than 1 year	788,653	767,224	79,165	82,946
Later than 1 year and not later than 5 years	339,190	318,070	-	-
Later than 5 years	6,801,000	6,763,910	-	-
	<u>7,928,843</u>	<u>7,849,204</u>	<u>79,165</u>	<u>82,946</u>

- (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.

Notes To The Financial Statements

31 December 2007

36. COMMITMENTS (CONT'D.)

- (a) The commitment amount of RM324.9 million due in the year 2008 is in relation to the fixed payment amount since the effective commencement year 2004. In addition, as at 31 December 2007, the accumulated variable payment in respect of financial year ended 31 December 2007 amounted to approximately RM182.1 million (2006: RM130.2 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 formalized between the parties concerned. Accordingly, the accumulated fixed and accumulated variable amounts have not been provided for and remains 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 provision has been made in the financial statements.

In addition to (a) and (b) above, the Group is also currently formalising other elements of its negotiations with the GoM which shall include the operations for all airports managed by the Group, the concession rights and its payables as disclosed in Notes 15 and 34 respectively. The negotiations also include the disposal of assets and contingent liabilities of the Group as disclosed in Notes 12 and 37 (a) respectively.

- (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 is involved in the airport management project of HIAL and will progressively make cash investments into HIAL up to a maximum of USD10 million.

As at balance sheet date, the Company has paid up RM24.7 million (2006: RM17.9 million) as share capital in HIAL and advances which are convertible into shares in HIAL.

- (d) On 19 March 2008, the Company entered into an agreement with GMR Infrastructure Limited ("GMR") and Limak Insaat Sanayi San Ve Tic A.S Turkey ("LIMAK") to form a Joint Venture Company ("JVC") for the development of the Sabiha Gokcen International Airport ("SGA") in Istanbul, Turkey. The Company will jointly undertake the airport terminal operations and management of SGA with GMR & LIMAK and will progressively make cash investments into the JVC for up to Euro 21 million or its 20% equity participation in the JVC whichever is lower.

37. 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 to date, 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.

- (b) Claims have been submitted by XY Base Sdn. Bhd. in respect of certain alleged breach of contract amounting to RM6,467,000. In consultation with the legal counsel, the directors are of opinion that there are indeed triable issues in this case which the Group has merits to contest its claims. Accordingly, no provision has been made in the financial statements.

38. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of other members of key management during the year was as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short term employee benefits	6,544	5,849	3,726	2,900
Post-employment benefit:				
Defined contribution plans	925	895	600	496
	7,469	6,744	4,326	3,396

Remuneration of directors is as disclosed in Note 8.

Notes To The Financial Statements

31 December 2007

39. 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. 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 of the Company's financial instruments that are exposed to interest rate risk :

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	Total RM'000
At 31 December 2007						
Group						
Fixed rate						
Term loans	31	5.30	6,000	3,000	-	9,000
Hire purchase and finance lease liabilities	32	6.00	46	26	-	72
Floating rate						
Cash and cash equivalents	24	3.30	619,442	-	-	619,442
Company						
Fixed rate						
Term loans	31	5.30	6,000	3,000	-	9,000
Floating rate						
Cash and cash equivalents	24	3.20	303,490	-	-	303,490

39. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Interest Rate Risk (Cont'd.)

	Note	WAEIR %	Within 1 Year RM'000	1-2 Years RM'000	2-3 Years RM'000	Total RM'000
At 31 December 2006						
Group						
Fixed rate						
Term loans	31	5.55	106,000	6,000	3,000	115,000
Hire purchase and finance lease liabilities	32	6.00	49	46	19	114
Floating rate						
Cash and cash equivalents	24	3.21	708,487	-	-	708,487
Company						
Fixed rate						
Term loans	31	5.55	106,000	6,000	3,000	115,000
Floating rate						
Cash and cash equivalents	24	3.23	131,560	-	-	131,560

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 22 (2006: 15) 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.

Notes To The Financial Statements

31 December 2007

39. 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			
	United States Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Total RM'000
At 31 December 2007				
Ringgit Malaysia	3,559	(268)	(6,451)	(3,160)
At 31 December 2006				
Ringgit Malaysia	(20,582)	(357)	(493)	(21,432)

39. FINANCIAL INSTRUMENTS (CONT'D.)

(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.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

As at balance sheet date, the concentration of credit risk in the form of outstanding balances is mainly due to five (2006: five) customers representing approximately 55% (2006: 61%) 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) subsidiaries due principally to a lack of fixed repayment terms entered into by the parties involved and without incurring excessive costs.

Notes To The Financial Statements

31 December 2007

39. FINANCIAL INSTRUMENTS (CONT'D.)

(f) Fair Values (Cont'd.)

(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:

	Group	
	Carrying Amount RM'000	Fair Value RM'000
At 31 December 2007		
Bonds	15,722	18,220
At 31 December 2006		
Bonds	46,901	50,849

40. 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) Duty Free and Non Dutiable Goods

To operate duty free, non duty free outlets and provide management service in respect of food and beverage outlets at designated airports.

40. SEGMENT INFORMATION (CONT'D.)

(b) Business Segments (Cont'd.)

The Group comprises the following main business segments: (Cont'd.)

- (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) Event 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.

Notes To The Financial Statements

31 December 2007

40. SEGMENTAL REPORTING

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	← Airport Operation →			Non-Airport Operation						
	Duty free & non dutiable goods	Airport services	Agriculture & horticulture	Hotel	Event management	Project & repair maintenance	Auction	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2007										
Revenue										
External sales:										
Aeronautical	-	633,239	-	-	-	-	-	-	-	633,239
Non-aeronautical:										
Retail	289,012	-	-	-	-	-	-	-	-	289,012
Others	-	248,505	48,884	54,078	73,622	32,643	4,722	-	-	462,454
Inter-segment sales	1,019	97,537	4,052	2,140	770	87,748	-	6,849	(200,115)	-
Inter-segment dividends	-	-	-	-	-	-	-	830,137	(830,137)	-
Total revenue	290,031	979,281	52,936	56,218	74,392	120,391	4,722	836,986	(1,030,252)	1,384,705
Results										
Segment results/profit from operations	22,072	352,410	22,021	940	11,149	12,735	(2,210)	821,341	(837,088)	403,370
Finance costs	-	-	-	-	-	(15)	-	(3,266)	-	(3,281)
Share of profit of associate	-	3,556	-	-	-	-	-	-	-	3,556
Profit before tax	22,072	355,966	22,021	940	11,149	12,720	(2,210)	818,075	(837,088)	403,645
Income tax expense	(5,905)	(106,230)	(3,258)	(77)	(131)	(3,217)	1	(221,684)	226,148	(114,353)
Profit for the year	16,167	249,736	18,763	863	11,018	9,503	(2,209)	596,391	(610,940)	289,292
Assets										
Segment assets	98,723	6,409,124	79,844	135,924	145,493	123,645	15,654	4,339,614	(6,918,509)	4,429,512
Investment in associate	-	25,438	-	-	-	-	-	-	-	25,438
Total assets	98,723	6,434,562	79,844	135,924	145,493	123,645	15,654	4,339,614	(6,918,509)	4,454,950

40. SEGMENTAL REPORTING (CONT'D.)

	← Airport Operation →			Non-Airport Operation						
	Duty free & non dutiable goods	Airport services	Agriculture & horticulture	Hotel	Event management	Project & repair maintenance	Auction	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2007 (Cont'd.)										
Liabilities										
Segment Liabilities										
representing total liabilities	35,046	4,350,524	59,416	36,437	156,505	59,994	15,203	1,781,270	(5,062,515)	1,431,880
Other segment information										
Capital expenditure	1,812	229,618	2,881	3,572	2,058	977	22	4,287	-	245,227
Depreciation	1,172	89,027	494	15,302	2,044	879	378	2,474	-	111,770
Amortisation of prepaid land lease payments	-	121	-	-	-	-	-	-	-	121
Amortisation of plantation development expenditure	-	-	2,869	-	-	-	-	-	-	2,869
Amortisation of concession rights	-	29,074	-	-	-	-	-	-	-	29,074
Other significant non cash items:										
Provision for employee benefits	95	3,732	43	4	35	245	43	412	-	4,609
(Writeback of)/ provision for doubtful debts	(233)	10,883	-	7	580	(8)	-	8	-	11,237
Writeback of provisions for pension	-	(34,352)	-	-	-	-	-	-	-	(34,352)

Notes To The Financial Statements

31 December 2007

40. SEGMENTAL REPORTING (CONT'D.)

	← Airport Operation →			Non-Airport Operation						Consolidated RM'000
	Duty free & non dutiable goods RM'000	Airport services RM'000	Agriculture & horticulture RM'000	Hotel RM'000	Event management RM'000	Project & repair maintenance RM'000	Auction RM'000	Others RM'000	Eliminations RM'000	
31 December 2006										
Revenue										
External sales:										
Aeronautical	-	539,429	-	-	-	-	-	-	-	539,429
Non-aeronautical:										
Retail	248,106	-	-	-	-	-	-	-	-	248,106
Others	-	199,878	22,991	50,433	67,045	11,034	7,924	-	-	359,305
Inter-segment sales	347	87,108	3,440	1,809	475	79,640	-	-	(172,819)	-
Inter-segment dividends	-	-	-	-	-	-	-	140,889	(140,889)	-
Total revenue	248,453	826,415	26,431	52,242	67,520	90,674	7,924	140,889	(313,708)	1,146,840
Results										
Segment results/profit from operations	19,090	229,244	715	(1,314)	10,541	11,946	1,233	135,262	(140,345)	266,372
Finance costs	-	-	-	-	-	(12)	-	(6,493)	-	(6,505)
Share of profit of associate	-	3,387	-	-	-	-	-	-	-	3,387
Profit before tax	19,090	232,631	715	(1,314)	10,541	11,934	1,233	128,769	(140,345)	263,254
Income tax expense	(4,926)	(84,174)	-	(240)	(273)	(3,075)	(124)	(39,020)	39,445	(92,387)
Profit for the year	14,164	148,457	715	(1,554)	10,268	8,859	1,109	89,749	(100,900)	170,867
Assets										
Segment assets	83,681	5,982,339	77,286	145,870	247,172	96,864	17,168	2,764,540	(5,113,270)	4,301,650
Investment in associate	-	30,091	-	-	-	-	-	-	-	30,091
Total assets	83,681	6,012,430	77,286	145,870	247,172	96,864	17,168	2,764,540	(5,113,270)	4,331,741

40. SEGMENTAL REPORTING (CONT'D.)

	← Airport Operation →			Non-Airport Operation						
	Duty free & non dutiable goods	Airport services	Agriculture & horticulture	Hotel	Event management	Project & repair maintenance	Auction	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2006 (Cont'd.)										
Liabilities										
Segment Liabilities										
representing total liabilities	26,168	3,572,782	75,621	47,245	269,203	36,717	14,508	733,342	(3,241,863)	1,533,723
Other segment information										
Capital expenditure	1,205	160,051	1,118	4,845	1,572	814	319	4,927	-	174,851
Depreciation	819	63,761	467	14,350	2,161	1,379	405	2,048	-	85,390
Amortisation of prepaid land lease payments	-	121	-	-	-	-	-	-	-	121
Amortisation of plantation development expenditure	-	-	2,870	-	-	-	-	-	-	2,870
Amortisation of concession rights	-	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	3,828	40	25	56	140	(1)	506	-	4,622
(Writeback of)/ provision for doubtful debts	(449)	(31,192)	-	(181)	51	10	-	(1,110)	-	(32,871)

We will remain steadfast in our focus to continuously add value in existing areas by identifying new resources from our vast core forte.



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Airports Operated by the Group

- 282 MAHB (Malaysia Airports Holdings Bhd) Traffic 2007
- 283 Passenger Movements 2007
- 285 Passenger Movements (1998-2007)
- 287 International Passenger Movements By Sectors At KL International Airport
- 296 Commercial Aircraft Movements 2007
- 298 Commercial Aircraft Movements (1998-2007)
- 300 All Aircraft Movements (1998-2007)
- 302 Cargo Movements 2007
- 304 Cargo Movements (1998-2007)
- 306 International Cargo Movements By Sectors At KL International Airport
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Airports Operated By The Group





International

Peninsular Malaysia

KL International Airport

Langkawi

Pulau Pinang

Sabah

Kota Kinabalu

Sarawak

Kuching

Domestic

Peninsular Malaysia

Alor Star • Kota Bharu •

Kuala Terengganu • Ipoh •

Kuantan • Subang • Melaka

Sabah

Sandakan • Labuan •

Tawau • Lahad Datu

Sarawak

Miri • Bintulu • Sibiu •

Limbang • Mulu

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

MAHB (Malaysia Airports Holdings Bhd) Traffic 2007

PASSENGER MOVEMENTS	2007	2006	+/-
Terminal passengers [international]	19,670,834	17,651,866	11.4%
Terminal passengers [domestic]	24,878,600	23,955,547	3.9%
Transit passengers	636,525	860,543	-26.0%
Total Passenger Movements	45,185,959	42,467,956	6.4%

AIRCRAFT MOVEMENTS	2007	2006	+/-
Commercial aircraft [international]	151,008	142,683	5.8%
Commercial aircraft [domestic]	300,326	319,577	-6.0%
Total commercial aircraft	451,334	462,260	-2.4%
All other aircraft	252,629	212,603	18.8%
Total Aircraft Movements	703,963	674,863	4.3%

CARGO MOVEMENTS [kg]	2007	2006	+/-
Cargo movements [international]	817,345,563	861,836,478	-5.2%
Cargo movements [domestic]	161,295,413	177,571,474	-9.2%
Transit cargo	18,527,513	11,175,601	65.8%
Total Cargo Movements	997,168,489	1,050,583,553	-5.1%

MAIL MOVEMENTS [kg]	2007	2006	+/-
Mail movements [international]	4,082,914	4,143,695	-1.5%
Mail movements [domestic]	13,470,683	12,175,418	10.6%
Transit mail	1,141,077	566,630	101.4%
Total Mail Movements	18,694,674	16,885,743	10.7%

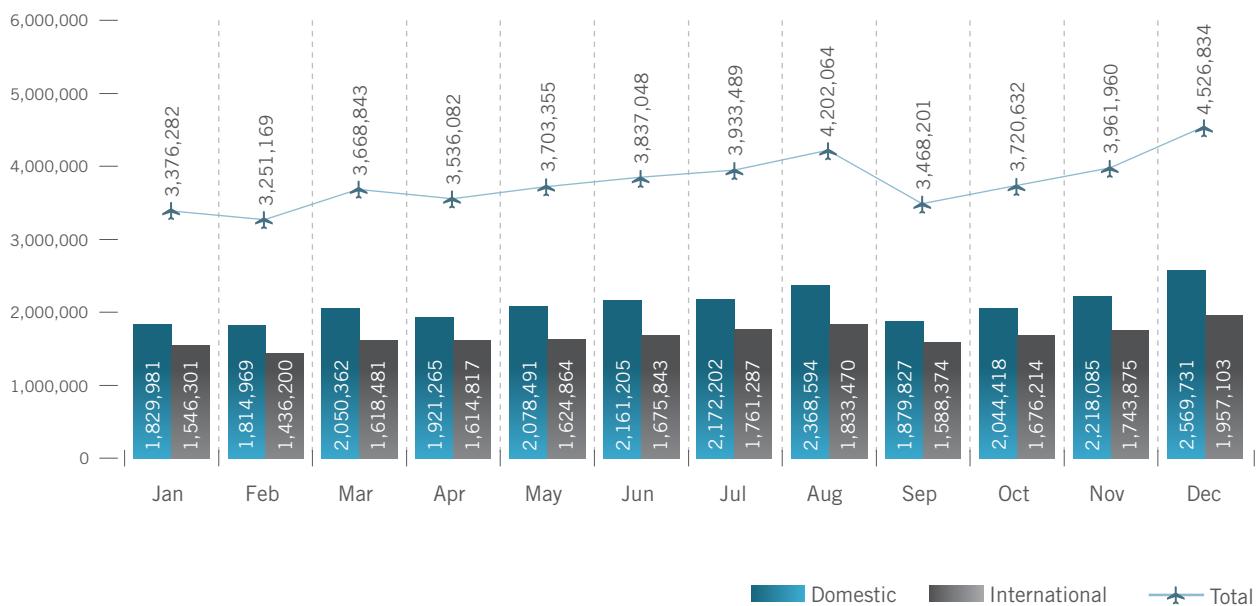
Passenger Movements 2007

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2007*	2006*	% +/-	Domestic	Int'l	Total
KLIA	4,605,496	4,526,314	9,131,810	8,573,351	8,391,945	16,965,296	26,453,379	24,129,748	9.6%	233	356,040	356,273
Penang	847,100	854,812	1,701,912	721,536	748,329	1,469,865	3,173,117	3,103,772	2.2%	1,076	264	1,340
Kota Kinabalu	1,652,320	1,737,720	3,390,040	439,225	433,778	873,003	4,399,939	4,015,221	9.6%	94,025	42,871	136,896
Kuching	1,489,067	1,494,491	2,983,558	90,323	88,230	178,553	3,236,468	3,196,352	1.3%	67,537	6,820	74,357
Langkawi	494,549	517,013	1,011,562	56,203	54,940	111,143	1,122,911	934,024	20.2%	206	0	206
Kota Bharu	366,614	392,702	759,316	0	0	0	759,316	678,306	11.9%	0	0	0
Ipoh	0	0	0	457	357	814	814	64,711	-98.7%	0	0	0
Kuala Terengganu	213,676	215,326	429,002	0	0	0	430,800	398,252	8.2%	1,798	0	1,798
Alor Star	143,973	147,033	291,006	0	0	0	291,006	292,549	-0.5%	0	0	0
Melaka	35	31	66	14,356	12,787	27,143	27,209	18,509	47.0%	0	0	0
Subang	44,529	44,983	89,512	3,148	2,923	6,071	95,583	83,502	14.5%	0	0	0
Kuantan	126,579	124,967	251,546	3,665	3,833	7,498	262,486	273,005	-3.9%	3,442	0	3,442
Tioman	14,489	15,387	29,876	7,915	8,469	16,384	46,260	57,559	-19.6%	0	0	0
Pangkor	4,318	4,588	8,906	0	0	0	8,906	9,866	-9.7%	0	0	0
Redang	12,585	12,532	25,117	4,289	4,332	8,621	33,738	28,928	16.6%	0	0	0
Labuan	249,665	242,209	491,874	226	52	278	535,294	575,684	-7.0%	43,142	0	43,142
Lahad Datu	38,429	38,595	77,024	0	0	0	77,024	108,697	-29.1%	0	0	0
Sandakan	306,992	311,821	618,813	2,432	2,344	4,776	626,192	633,194	-1.1%	2,603	0	2,603
Tawau	359,551	377,095	736,646	0	0	0	736,646	660,331	11.6%	0	0	0
Bintulu	189,708	185,508	375,216	6	6	12	381,158	449,673	-15.2%	5,930	0	5,930
Miri	725,863	728,304	1,454,167	0	0	0	1,454,167	1,559,379	-6.7%	0	0	0
Sibu	403,530	401,869	805,399	617	760	1,377	809,955	898,923	-9.9%	3,179	0	3,179
Mulu	18,791	18,602	37,393	0	0	0	37,463	48,825	-23.3%	70	0	70
Limbang	24,813	24,521	49,334	0	0	0	50,107	89,814	-44.2%	773	0	773
STOL Sabah	962	862	1,824	0	0	0	1,942	5,933	-67.3%	118	0	118
STOL Sarawak	61,723	65,958	127,681	0	0	0	134,079	153,199	-12.5%	6,398	0	6,398
Peninsular Malaysia	6,873,943	6,855,688	13,729,631	9,384,920	9,227,915	18,612,835	32,705,525	30,072,731	8.8%	6,755	356,304	363,059
Sabah	2,607,919	2,708,302	5,316,221	441,883	436,174	878,057	6,377,037	5,999,060	6.3%	139,888	42,871	182,759
Sarawak	2,913,495	2,919,253	5,832,748	90,946	88,996	179,942	6,103,397	6,396,165	-4.6%	83,887	6,820	90,707
Total 2007	12,395,357	12,483,243	24,878,600	9,917,749	9,753,085	19,670,834	45,185,959	42,467,956	6.4%	230,530	405,995	636,525
Total 2006	11,902,435	12,053,112	23,955,547	8,816,955	8,834,911	17,651,866	42,467,956			338,734	521,809	860,543
% change	4.1%	3.6%	3.9%	12.5%	10.4%	11.4%	6.4%			-31.9%	-22.2%	-26.0%

Note: *Including transit passengers

Passenger Movements 2007

PASSENGER MOVEMENTS AT MAHB AIRPORTS

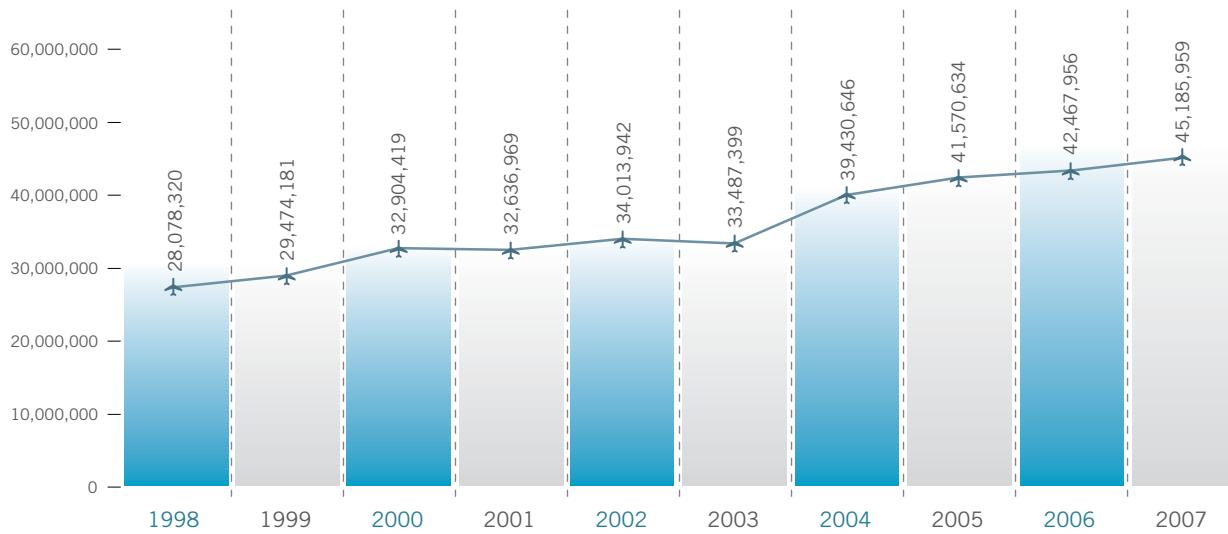


Passenger Movements (1998-2007)

AIRPORTS	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% + / -
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	26,453,379	9.6%
Penang	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	3,173,117	2.2%
Kota Kinabalu	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	4,399,939	9.6%
Kuching	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	3,236,468	1.3%
Langkawi	739,771	802,151	958,066	829,498	712,988	726,817	845,276	830,334	934,024	1,122,911	20.2%
Johor Bahru	866,710	897,851	1,026,729	998,693	874,278	0	0	0	0	0	-
Kota Bharu	487,541	471,085	512,834	506,632	534,959	589,950	639,871	635,397	678,306	759,316	11.9%
Ipoh	148,565	132,154	148,095	131,730	132,314	115,286	103,123	74,451	64,711	814	-98.7%
Kuala Terengganu	272,618	297,271	343,186	355,063	309,202	394,240	435,620	419,475	398,252	430,800	8.2%
Alor Star	239,797	273,933	311,224	306,514	287,465	353,778	346,502	323,669	292,549	291,006	-0.5%
Melaka	7,190	15,053	13,917	9,171	7,438	31,108	46,692	27,683	18,509	27,209	47.0%
Subang	8,263,930	1,999,302	2,100,727	1,955,688	1,130,169	72,491	90,593	83,602	83,502	95,583	14.5%
Kuantan	403,489	387,375	419,441	433,270	388,746	351,179	349,375	298,184	273,005	262,486	-3.9%
Tioman	80,959	75,425	74,762	83,358	64,067	56,900	57,957	54,054	57,559	46,260	-19.6%
Pangkor	0	4,453	6,498	8,999	8,811	6,095	10,247	11,193	9,866	8,906	-9.7%
Redang	0	0	0	0	0	0	20,750	30,650	28,928	33,738	16.6%
Labuan	412,801	449,216	558,877	619,260	635,458	696,961	686,103	642,582	575,684	535,294	-7.0%
Lahad Datu	79,881	88,632	102,492	104,270	108,151	107,914	117,584	116,973	108,697	77,024	-29.1%
Sandakan	377,843	405,439	452,824	449,679	449,613	497,999	574,213	621,513	633,194	626,192	-1.1%
Tawau	391,164	442,503	464,784	472,301	495,462	551,168	620,847	680,901	660,331	736,646	11.6%
Bintulu	290,370	322,925	352,154	384,201	422,715	427,894	464,576	487,077	449,673	381,158	-15.2%
Miri	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	1,454,167	-6.7%
Sibu	555,483	620,830	657,375	725,449	759,704	817,687	903,108	920,930	898,923	809,955	-9.9%
Mulu	24,762	26,940	31,016	36,601	44,371	41,280	54,767	52,914	48,825	37,463	-23.3%
Limbang	70,292	59,674	71,526	76,642	77,821	83,459	96,209	105,652	89,814	50,107	-44.2%
STOL Sabah	7,702	7,076	6,809	6,850	6,896	6,945	7,099	6,009	5,933	1,942	-67.3%
STOL Sarawak	170,795	132,935	130,735	155,339	173,123	165,704	167,805	173,956	153,199	134,079	-12.5%
Peninsular Malaysia	20,487,498	21,039,006	23,388,860	22,716,446	23,357,360	22,487,077	26,992,571	28,837,163	30,072,731	32,705,525	8.8%
Sabah	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	6,377,037	6.3%
Sarawak	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	6,103,397	-4.6%
Grand Total	28,078,320	29,474,181	32,904,419	32,636,969	34,013,942	33,487,399	39,430,646	41,570,634	42,467,956	45,185,959	6.4%
% change	-11.2%	5.0%	11.6%	-0.8%	4.2%	-1.5%	17.7%	5.4%	3.4%	6.4%	

Passenger Movements (1998-2007)

PASSENGER MOVEMENTS AT MAHB AIRPORTS (1998 - 2007)



International Passenger Movements by Sectors at KL International Airport

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
SOUTH EAST ASIA							
Balikpapan	0	3,023	0	3,306	0	6,329	-100.0%
Banda Aceh	3,080	0	3,185	0	6,265	0	-
Bandar Seri Begawan	84,264	64,119	87,792	66,492	172,056	130,611	31.7%
Bandung	44,302	36,306	48,321	42,070	92,623	78,376	18.2%
Bangkok	678,524	615,410	667,166	635,800	1,345,690	1,251,210	7.6%
Cebu	8,307	7,252	8,141	7,327	16,448	14,579	12.8%
Chiang Mai	44,404	39,210	44,426	40,434	88,830	79,644	11.5%
Clark Field	48,357	44,142	47,696	43,527	96,053	87,669	9.6%
Denpasar Bali	242,938	172,643	228,856	170,526	471,794	343,169	37.5%
Hanoi	135,123	96,004	137,113	83,307	272,236	179,311	51.8%
Hat Yai	0	6,969	1	6,091	1	13,060	-100.0%
Ho Chi Minh City	136,177	126,503	126,356	110,580	262,533	237,083	10.7%
Jakarta	537,481	464,368	568,848	486,887	1,106,329	951,255	16.3%
Krabi	6,476	0	6,434	0	12,910	0	-
Manila	95,606	67,300	87,207	62,639	182,813	129,939	40.7%
Mataram	0	0	13,800	13,500	13,800	13,500	2.2%
Medan	173,470	143,038	174,651	147,573	348,121	290,611	19.8%
Padang	47,323	38,099	47,822	41,354	95,145	79,453	19.8%
Palembang	25,033	2,571	24,409	2,271	49,442	4,842	921.1%
Pekan Baru	7,759	17,139	7,805	16,720	15,564	33,859	-54.0%
Phnom Penh	89,402	71,400	82,003	66,195	171,405	137,595	24.6%
Phuket	148,585	115,120	143,865	112,342	292,450	227,462	28.6%
Siem Reap	39,859	37,629	40,655	39,709	80,514	77,338	4.1%
Singapore	860,448	842,170	838,660	836,549	1,699,108	1,678,719	1.2%
Solo City	56,567	37,211	61,397	43,111	117,964	80,322	46.9%
Surabaya	194,280	169,236	205,477	181,501	399,757	350,737	14.0%
Surat Thani	0	0	0	146	0	146	-100.0%
Vientiane	1,688	0	1,779	0	3,467	0	-
Yangon	57,347	58,306	35,505	34,004	92,852	92,310	0.6%
Yogyakarta	0	5,026	0	5,650	0	10,676	-100.0%
Total	3,766,800	3,280,194	3,739,370	3,299,611	7,506,170	6,579,805	14.1%

International Passenger Movements by Sectors at KL International Airport

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
NORTH EAST ASIA							
Beijing	120,284	104,575	120,639	105,558	240,923	210,133	14.7%
Changsha	508	0	1,231	285	1,739	285	510.2%
Chengdu	926	11,630	2,224	12,519	3,150	24,149	-87.0%
Chongqing	1,195	142	1,665	783	2,860	925	209.2%
Fukuoka	0	12,709	0	13,519	0	26,228	-100.0%
Fuzhou	25,324	23,161	23,691	22,333	49,015	45,494	7.7%
Guangzhou	119,524	120,041	115,824	115,859	235,348	235,900	-0.2%
Guilin	5,042	3,201	5,438	4,221	10,480	7,422	41.2%
Haikou	2,425	7,802	2,642	8,576	5,067	16,378	-69.1%
Hangzhou	654	730	654	981	1,308	1,711	-23.6%
Hong Kong	433,008	403,332	462,631	441,171	895,639	844,503	6.1%
Kaohsiung	19,001	26,553	19,227	26,547	38,228	53,100	-28.0%
Kunming	21,704	24,813	22,370	27,097	44,074	51,910	-15.1%
Macau	169,523	95,386	176,121	97,494	345,644	192,880	79.2%
Nagoya	23,609	29,639	23,985	29,507	47,594	59,146	-19.5%
Nanjing	854	600	596	598	1,450	1,198	21.0%
Nanning	1,437	6,665	1,556	6,978	2,993	13,643	-78.1%
Ningbo	0	578	0	575	0	1,153	-100.0%
Osaka	64,692	69,970	78,463	76,257	143,155	146,227	-2.1%
Qingdao	297	0	456	0	753	0	-
Seoul	125,367	129,860	126,341	130,850	251,708	260,710	-3.5%
Shanghai Pu Dong	177,676	153,893	178,292	152,775	355,968	306,668	16.1%
Shenyang	446	523	444	259	890	782	13.8%
Shenzhen	76,489	31,260	81,638	32,702	158,127	63,962	147.2%
Taipei	179,668	150,682	180,493	152,185	360,161	302,867	18.9%
Tokyo	188,441	188,969	194,663	191,922	383,104	380,891	0.6%
Wuhan	287	148	289	481	576	629	-8.4%
Xi An	890	4,500	1,154	4,779	2,044	9,279	-78.0%
Xiamen	53,044	59,369	51,863	57,557	104,907	116,926	-10.3%
Zhengzhou	392	0	196	0	588	0	-
Total	1,812,707	1,660,731	1,874,786	1,714,368	3,687,493	3,375,099	9.3%

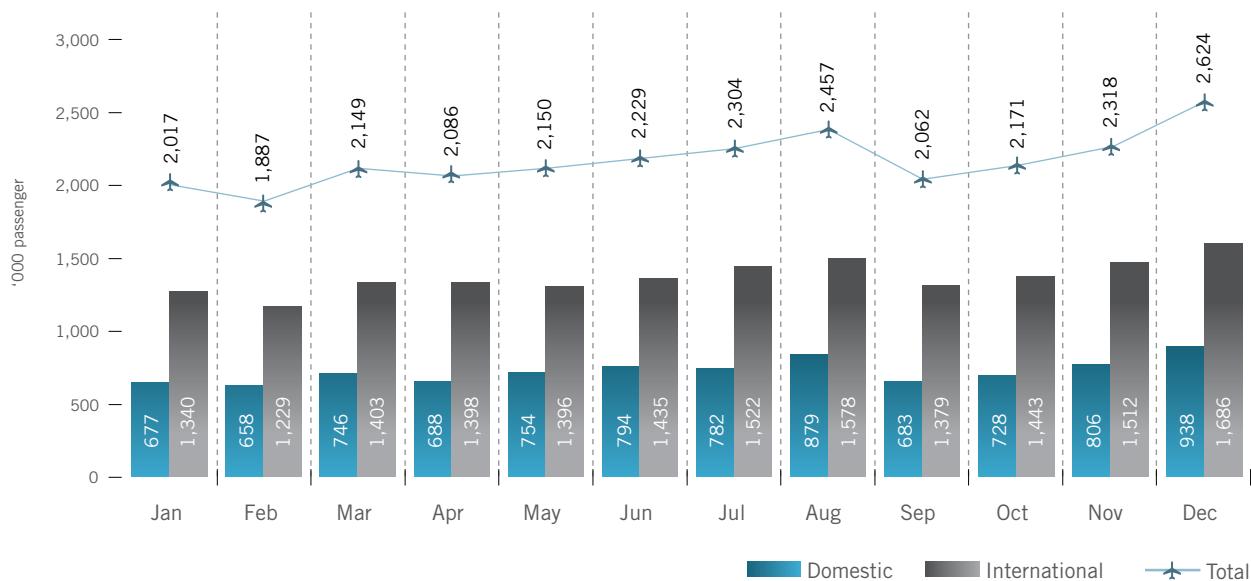
	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
SOUTHWEST PACIFIC							
Adelaide	47,458	45,508	49,088	46,533	96,546	92,041	4.9%
Auckland	57,625	74,330	59,820	71,318	117,445	145,648	-19.4%
Brisbane	52,971	65,046	57,028	62,964	109,999	128,010	-14.1%
Christmas Island	715	532	739	352	1,454	884	64.5%
Gold Coast	8,179	0	6,836	0	15,015	0	-
Melbourne	178,463	170,023	183,983	176,436	362,446	346,459	4.6%
Nadi	223	0	0	0	223	0	-
Perth	111,632	103,142	111,497	102,522	223,129	205,664	8.5%
Sydney	187,198	175,902	185,885	177,505	373,083	353,407	5.6%
Total	644,464	634,483	654,876	637,630	1,299,340	1,272,113	2.1%
SOUTH ASIA							
Ahmedabad	0	4,275	0	3,086	0	7,361	-100.0%
Bangalore	38,382	32,185	38,833	33,833	77,215	66,018	17.0%
Chennai	215,225	186,332	198,353	164,912	413,578	351,244	17.7%
Chittagong	0	0	4	0	4	0	-
Colombo	107,718	93,154	94,616	90,899	202,334	184,053	9.9%
Delhi	122,248	107,607	103,681	89,163	225,929	196,770	14.8%
Dhaka	296,231	108,183	113,492	78,616	409,723	186,799	119.3%
Hyderabad	30,721	24,993	27,161	24,415	57,882	49,408	17.2%
Islamabad	0	0	497	1,900	497	1,900	-73.8%
Jaipur	0	0	0	80	0	80	-100.0%
Karachi	33,861	31,963	29,692	28,086	63,553	60,049	5.8%
Kathmandu	27,524	36,595	23,209	29,408	50,733	66,003	-23.1%
Kolkata	0	4,360	0	3,737	0	8,097	-100.0%
Lahore	0	199	243	277	243	476	-48.9%
Male	15,823	16,007	14,836	21,901	30,659	37,908	-19.1%
Mumbai	94,353	74,494	86,397	68,993	180,750	143,487	26.0%
Peshawar	0	0	477	0	477	0	-
Total	982,086	720,347	731,491	639,306	1,713,577	1,359,653	26.0%
CENTRAL ASIA							
Tashkent	13,282	10,822	12,545	10,455	25,827	21,277	21.4%
Total	13,282	10,822	12,545	10,455	25,827	21,277	21.4%

International Passenger Movements by Sectors at KL International Airport

	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
MIDDLE EAST							
Abu Dhabi	68,980	0	64,522	396	133,502	396	33612.6%
Amman	0	0	89	0	89	0	-
Bahrain	33,571	9,158	37,456	18,372	71,027	27,530	158.0%
Beirut	12,489	7,510	12,503	8,774	24,992	16,284	53.5%
Cairo	8,683	14,620	8,790	15,343	17,473	29,963	-41.7%
Damascus	0	1,142	0	194	0	1,336	-100.0%
Dammam	2,992	2,573	916	578	3,908	3,151	24.0%
Doha	71,050	68,179	69,075	63,047	140,125	131,226	6.8%
Dubai	177,081	130,384	181,159	133,734	358,240	264,118	35.6%
Jeddah	78,891	72,027	86,973	77,217	165,864	149,244	11.1%
Kuwait	11,220	3,333	11,928	3,524	23,148	6,857	237.6%
Madinah	19,184	6,785	21,169	21,570	40,353	28,355	42.3%
Muscat	3,553	21,998	1,762	14,543	5,315	36,541	-85.5%
Riyadh	31,116	25,623	20,242	17,183	51,358	42,806	20.0%
Sanaa	6,364	4,296	5,942	5,312	12,306	9,608	28.1%
Tehran	36,471	27,078	36,003	26,122	72,474	53,200	36.2%
Total	561,645	394,706	558,529	405,909	1,120,174	800,615	39.9%
EUROPE							
Amsterdam	187,240	177,991	193,639	189,349	380,879	367,340	3.7%
Ankara	0	0	0	4	0	4	-100.0%
Frankfurt	68,232	68,022	73,546	73,614	141,778	141,636	0.1%
Istanbul	15,975	15,189	16,463	15,641	32,438	30,830	5.2%
London	213,928	245,942	214,980	242,329	428,908	488,271	-12.2%
Manchester	104	18,523	104	21,292	208	39,815	-99.5%
Moscow	612	173	550	271	1,162	444	161.7%
Munich	0	1,973	0	1,499	0	3,472	-100.0%
Paris	77,433	62,686	82,510	63,642	159,943	126,328	26.6%
Rome	44,591	39,400	46,198	38,467	90,789	77,867	16.6%
Stockholm	19,765	15,559	18,958	15,055	38,723	30,614	26.5%
Vienna	6,137	32,185	6,825	38,988	12,962	71,173	-81.8%
Zurich	30,906	31,365	32,877	32,689	63,783	64,054	-0.4%
Total	664,923	709,008	686,650	732,840	1,351,573	1,441,848	-6.3%

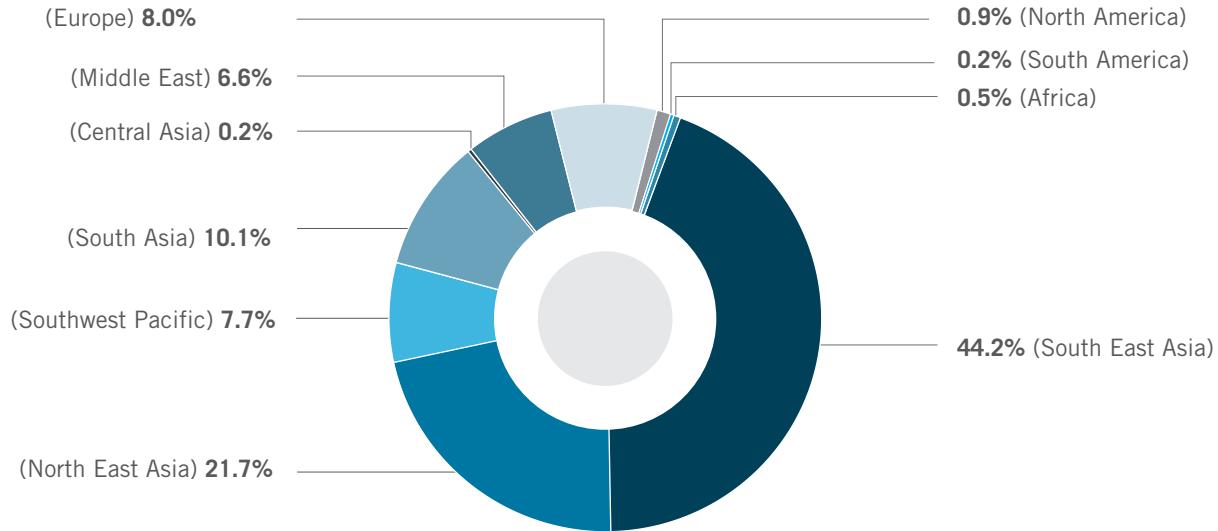
	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
NORTH AMERICA							
Los Angeles	56,428	46,979	60,765	48,688	117,193	95,667	22.5%
New York	16,193	18,542	16,077	18,268	32,270	36,810	-12.3%
Total	72,621	65,521	76,842	66,956	149,463	132,477	12.8%
SOUTH AMERICA							
Buenos Aires	15,616	12,672	17,426	16,472	33,042	29,144	13.4%
Total	15,616	12,672	17,426	16,472	33,042	29,144	13.4%
AFRICA							
Cape Town	9,595	11,319	11,521	13,105	21,116	24,424	-13.5%
Johannesburg	16,918	17,179	15,513	18,379	32,431	35,558	-8.8%
Mauritius	12,694	11,582	12,396	13,531	25,090	25,113	-0.1%
Total	39,207	40,080	39,430	45,015	78,637	85,095	-7.6%
Grand Total	8,573,351	7,528,564	8,391,945	7,568,562	16,965,296	15,097,126	12.4%

KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS 2007



International Passenger Movements by Sectors at KL International Airport

KL INTERNATIONAL AIRPORT PASSENGER MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 16,965,296



Airlines with more than 1% International Market Share at KLIA

AIRLINES	PASSENGER MOVEMENTS	MARKET SHARE %
Malaysia Airlines	7,838,025	45.4
AirAsia	2,820,305	16.3
Singapore Airlines	1,033,113	6.4
Cathay Pacific Airways	577,954	3.3
Thai Airways International	500,750	2.9
Emirates	355,197	2.1
KLM Royal Dutch Airlines	354,077	2.1
China Airlines	274,204	1.6
Indonesia AirAsia	225,782	1.3
Japan Airlines	204,702	1.2

10 Highest Growth International Performance at KLIA

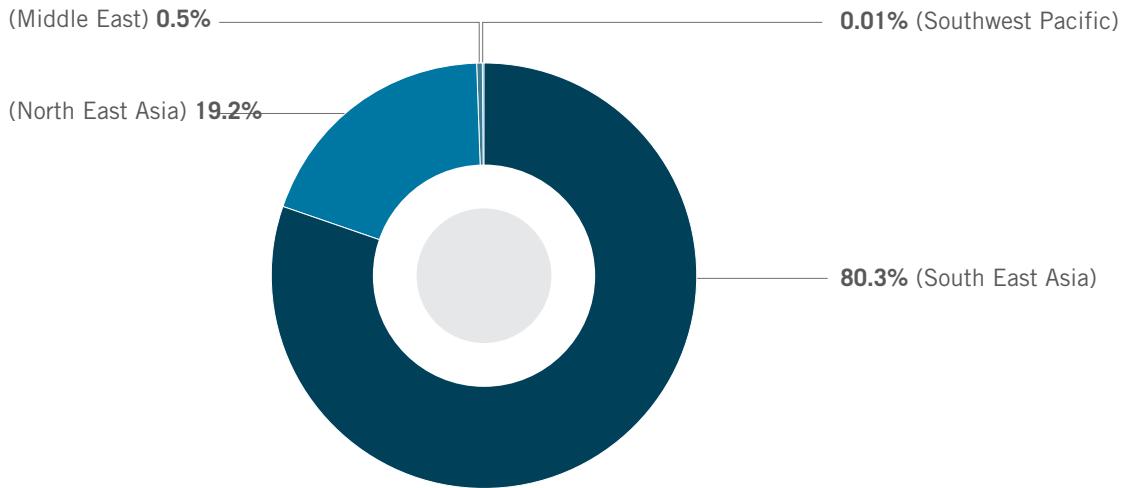
AIRLINES	PASSENGER MOVEMENTS	% CHANGE OVER 2006
Kuwait Airways	44,139	1317.9
Cebu Pacific Air	54,441	1128.4
Transaero Airlines	1,301	193.0
Biman Bangladesh Airlines	186,624	154.0
Thai AirAsia	150,091	85.6
Indonesia AirAsia	225,782	71.4
China Eastern Airlines	82,639	69.6
Air China	94,441	42.4
Eva Airways	107,577	40.6
Emirates	355,197	39.0

Domestic Traffic at KLIA

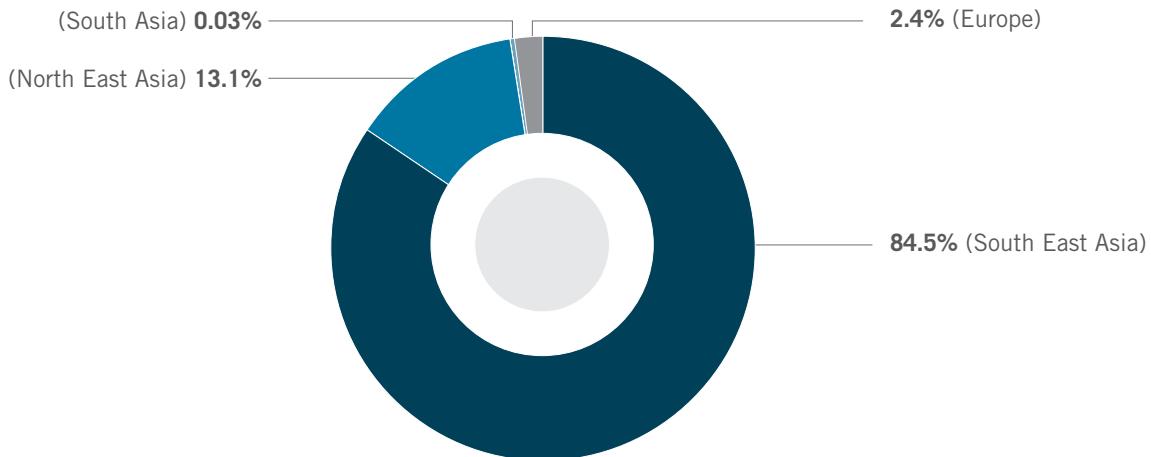
AIRLINES	PASSENGER MOVEMENTS	% CHANGE OVER 2006
Malaysia Airlines	4,695,776	-6.1
AirAsia	4,434,347	23.5

International Passenger Movements by Sectors at KL International Airport

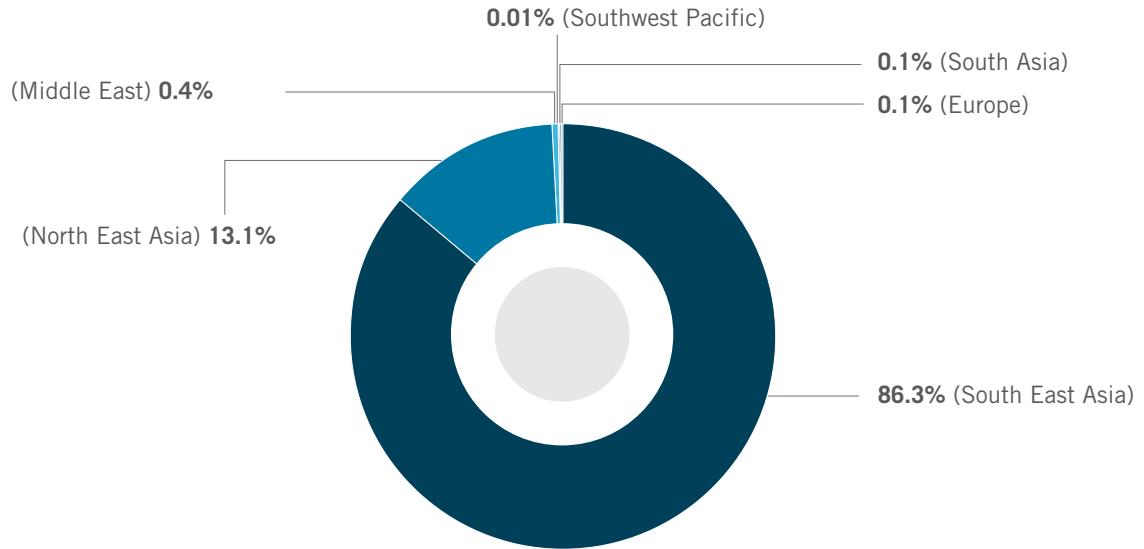
PENANG INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 1,470,129



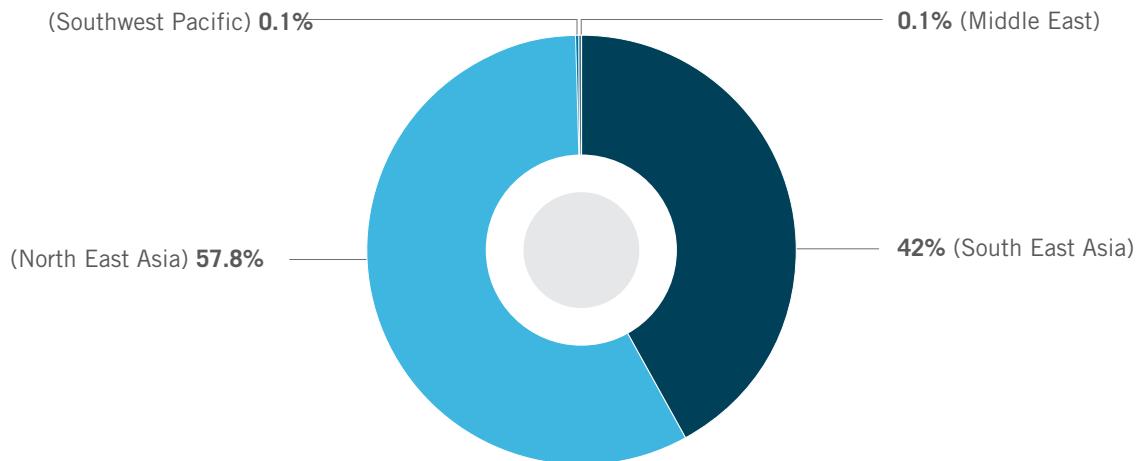
LANGKAWI INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 111,473



KUCHING INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 185,373



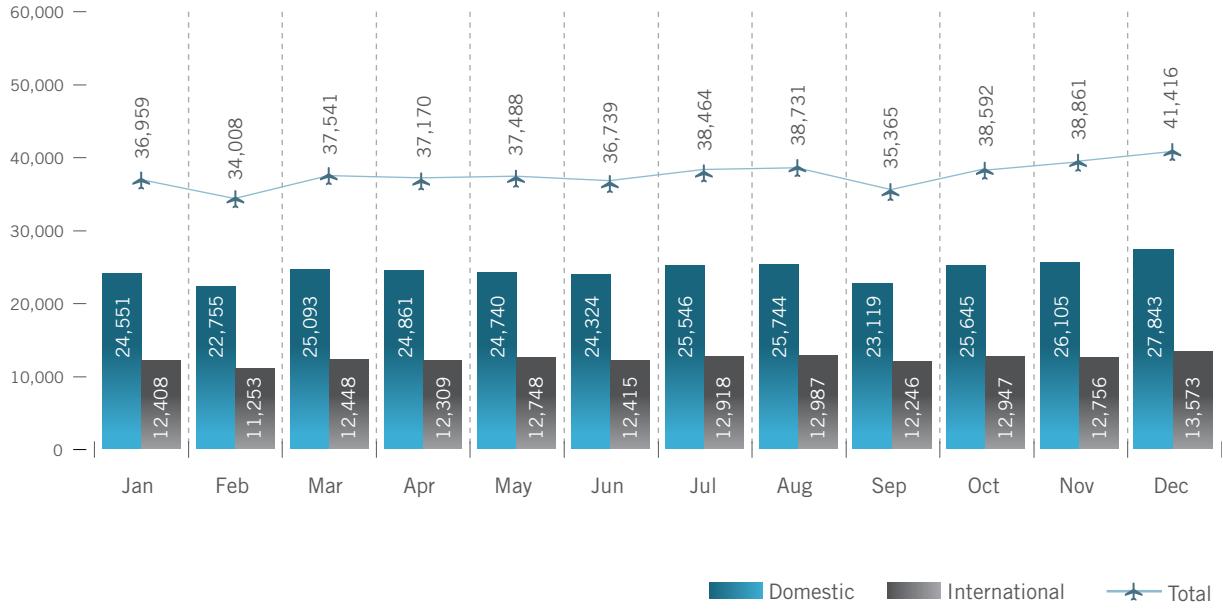
KOTA KINABALU INTERNATIONAL PASSENGER MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 915,874



Commercial Aircraft Movements 2007

AIRPORTS	DOMESTIC			INTERNATIONAL			TOTAL		
	Scheduled	Non-scheduled	Total	Scheduled	Non-scheduled	Total	2007	2006	% + / -
KLIA	76,522	249	76,793	113,570	1,941	115,511	192,304	182,548	5.3%
Penang	17,748	18	17,766	16,733	9	16,742	34,508	31,448	9.7%
Kota Kinabalu	36,680	3,639	40,319	9,509	53	9,562	49,881	50,594	-1.4%
Kuching	27,686	3,980	31,666	2,290	236	2,526	34,192	37,167	-8.0%
Langkawi	9,515	0	9,515	1,279	34	1,313	10,828	8,287	30.7%
Kota Bharu	7,044	6,030	13,074	0	0	0	13,074	10,368	26.1%
Ipoh	0	0	0	12	0	12	12	954	-98.7%
Kuala Terengganu	4,533	0	4,533	0	0	0	4,533	3,792	19.5%
Alor Star	2,666	2	2,668	0	0	0	2,668	2,820	-5.4%
Melaka	0	0	0	714	0	714	714	596	19.8%
Subang	4,127	0	4,127	3,107	0	3,107	7,234	9,158	-21.0%
Kuantan	3,193	0	3,193	8	52	60	3,253	2,748	18.4%
Tioman	969	2	971	625	1	626	1,597	1,836	-13.0%
Pangkor	517	0	517	0	0	0	517	514	0.6%
Redang	718	0	718	335	0	335	1,053	934	12.7%
Labuan	6,940	2,907	9,847	1	279	280	10,127	9,332	8.5%
Lahad Datu	2,080	115	2,195	0	0	0	2,195	3,203	-31.5%
Sandakan	6,502	1,062	7,564	138	17	155	7,719	10,034	-23.1%
Tawau	6,674	158	6,832	0	31	31	6,863	8,005	-14.3%
Bintulu	5,643	887	6,530	0	12	12	6,542	11,388	-42.6%
Miri	25,086	7,936	33,022	0	0	0	33,022	39,462	-16.3%
Sibu	10,844	899	11,743	0	22	22	11,765	15,092	-22.0%
Mulu	1,638	0	1,638	0	0	0	1,638	2,220	-26.2%
Limbang	2,300	0	2,300	0	0	0	2,300	4,242	-45.8%
STOL Sabah	338	0	338	0	0	0	338	800	-57.8%
STOL Sarawak	12,457	0	12,457	0	0	0	12,457	14,718	-15.4%
Peninsular Malaysia	127,552	6,301	133,875	136,383	2,037	138,420	272,295	256,003	6.4%
Sabah	59,214	7,881	67,095	9,648	380	10,028	77,123	81,968	-5.9%
Sarawak	85,654	13,702	99,356	2,290	270	2,560	101,916	124,289	-18.0%
Total 2007	272,420	27,884	300,326	148,321	2,687	151,008	451,312	462,260	-2.4%
Total 2006	293,004	26,573	319,577	140,870	1,813	142,683	462,260		
% change	-7.0%	4.9%	-6.0%	5.3%	48.2%	5.8%	-2.4%		

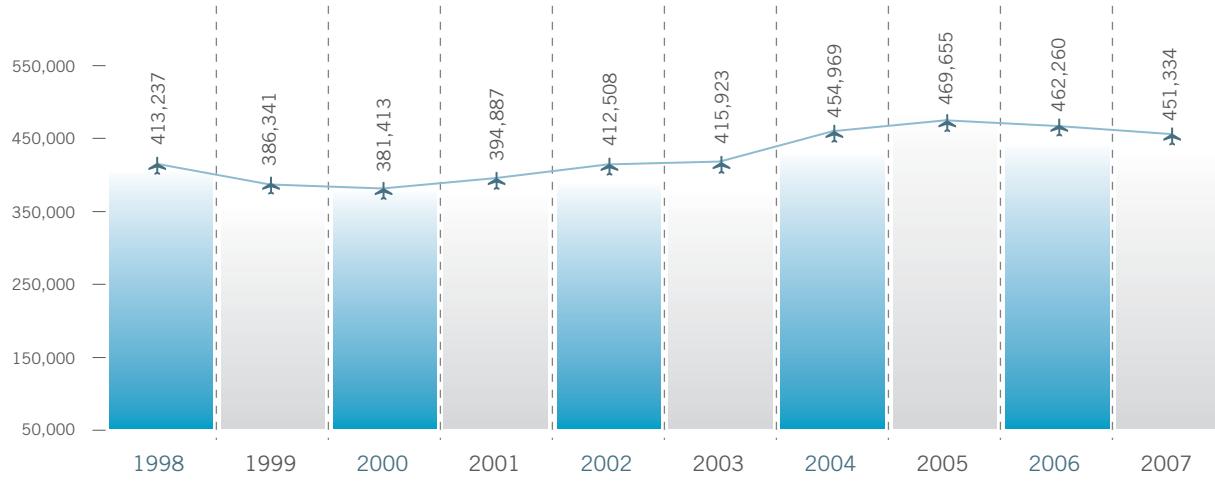
COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS



Commercial Aircraft Movements (1998-2007)

AIRPORTS	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% + / -
KLIA	63,513	116,012	109,339	113,147	127,462	139,101	164,483	181,341	182,548	192,304	5.3%
Penang	30,191	27,470	27,672	28,866	28,861	26,516	29,182	31,173	31,448	34,508	9.7%
Kota Kinabalu	37,639	38,049	39,889	38,680	42,177	42,491	50,313	49,680	50,594	49,881	-1.4%
Kuching	33,141	31,561	34,551	36,625	39,477	38,676	41,353	39,430	37,167	34,192	-8.0%
Pulau Langkawi	8,916	8,306	8,947	9,448	7,910	7,168	7,352	8,021	8,287	10,828	30.7%
Johor Bahru	13,018	10,678	11,432	11,513	9,291	8,848	0	0	0	0	-
Kota Bharu	8,452	5,642	4,588	4,808	6,255	7,520	8,888	8,765	10,368	13,074	26.1%
Ipoh	3,782	2,102	2,117	1,946	1,662	1,572	1,402	1,145	954	12	-98.7%
Kuala Terengganu	4,198	3,512	3,210	3,366	3,196	4,221	4,776	4,623	3,792	4,533	19.5%
Alor Star	3,762	3,164	2,968	2,978	2,940	3,646	3,568	3,267	2,820	2,668	-5.4%
Melaka	430	436	458	278	182	1,102	2,135	1,328	596	714	19.8%
Subang	87,488	23,461	25,423	22,441	14,685	5,140	6,981	8,988	9,158	7,234	-21.0%
Kuantan	5,703	4,590	3,782	4,046	3,764	3,743	3,748	3,500	2,748	3,253	18.4%
Tioman	4,920	3,440	2,000	2,708	2,357	2,173	1,885	1,668	1,836	1,597	-13.0%
Pangkor	0	586	520	652	519	511	534	530	514	517	0.6%
Redang	0	0	0	0	0	0	741	1,110	934	1,053	12.7%
Labuan	10,780	8,340	7,261	7,572	8,358	9,661	10,450	9,292	9,332	10,127	8.5%
Lahad Datu	2,268	2,322	2,556	2,694	2,886	2,882	2,948	3,010	3,203	2,195	-31.5%
Sandakan	7,998	8,559	9,214	9,325	9,474	9,985	10,184	10,876	10,034	7,719	-23.1%
Tawau	7,085	6,346	6,428	6,547	6,928	7,450	8,019	8,531	8,005	6,863	-14.3%
Bintulu	10,126	10,043	11,642	12,646	14,111	13,288	13,240	13,146	11,388	6,542	-42.6%
Miri	29,486	36,602	32,706	36,010	39,545	40,468	42,306	40,302	39,462	33,022	-16.3%
Sibu	16,574	14,631	15,301	16,589	16,791	16,593	17,162	16,683	15,092	11,765	-22.0%
Mulu	2,984	2,708	2,684	3,484	4,536	3,422	3,066	2,620	2,220	1,638	-26.2%
Limbang	5,374	4,134	4,840	5,130	4,688	4,994	5,625	5,490	4,242	2,300	-45.8%
STOL Sabah	1,144	1,074	905	902	922	936	812	814	800	338	-57.8%
STOL Sarawak	14,265	12,573	10,980	12,486	13,531	13,816	13,816	14,322	14,718	12,457	-15.4%
Peninsular Malaysia	234,373	209,399	202,456	206,197	209,084	211,261	235,675	255,459	256,003	272,295	6.4%
Sabah	66,914	64,690	66,253	65,720	70,745	73,405	82,726	82,203	81,968	77,123	-5.9%
Sarawak	111,950	112,252	112,704	122,970	132,679	131,257	136,568	131,993	124,289	101,916	-18.0%
Grand Total	413,237	386,341	381,413	394,887	412,508	415,923	454,969	469,655	462,260	451,334	-2.4%
% change	-9.6%	-6.5%	-1.3%	3.5%	4.5%	0.8%	9.4%	3.2%	-1.6%	-2.4%	

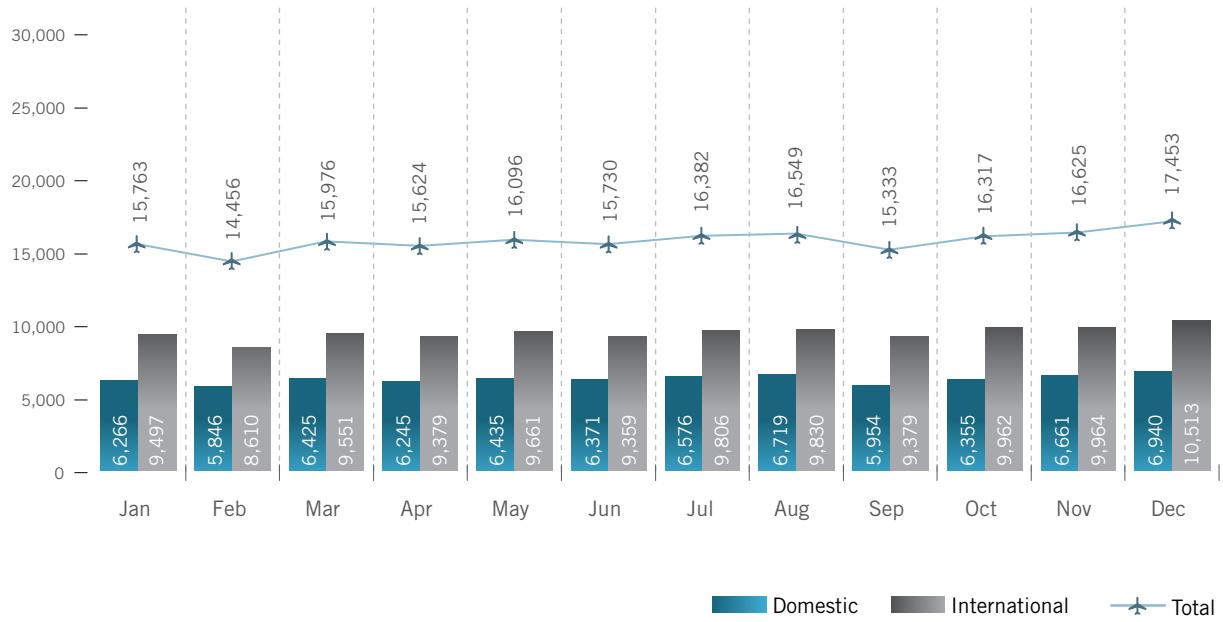
COMMERCIAL AIRCRAFT MOVEMENTS AT MAHB AIRPORTS (1998 - 2007)



All Aircraft Movements (1998-2007)

AIRPORTS	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% + / -
KLIA	64,123	116,589	109,925	113,590	127,952	139,947	165,115	182,537	183,869	193,710	5.4%
Penang	32,445	29,203	29,788	32,676	32,503	30,558	33,069	34,616	36,259	39,265	8.3%
Kota Kinabalu	38,716	40,634	41,411	40,157	44,528	44,748	52,352	51,824	52,055	52,047	-0.02%
Kuching	35,147	34,868	37,203	39,815	42,975	42,138	45,340	43,253	40,292	37,348	-7.3%
Pulau Langkawi	10,894	12,050	11,267	12,724	9,686	8,913	8,711	8,964	27,622	43,234	56.5%
Johor Bahru	17,392	15,944	17,780	18,591	28,759	22,253	-	-	-	-	-
Kota Bharu	8,692	6,700	5,348	5,668	8,527	10,010	11,869	11,194	38,352	58,996	53.8%
Ipoh	6,085	5,721	5,096	6,330	8,562	8,505	7,075	26,657	30,626	32,462	6.0%
Kuala Terengganu	4,338	3,876	3,668	3,880	4,159	5,508	5,834	5,622	3,792	8,781	131.6%
Alor Star	33,042	43,560	29,846	36,592	24,539	18,318	14,784	17,632	18,495	20,277	9.6%
Melaka	9,058	11,612	26,132	33,274	40,030	57,636	70,369	77,504	74,888	64,936	-13.3%
Subang	88,882	27,753	38,129	35,691	28,170	19,616	22,757	29,668	36,626	44,302	21.0%
Kuantan	5,859	4,830	4,132	4,294	4,043	4,054	4,088	3,757	2,973	3,487	17.3%
Tioman	5,086	3,688	2,354	2,994	2,641	2,633	2,447	2,146	2,256	1,989	-11.8%
Pangkor	49	1,113	837	898	764	657	698	752	541	589	8.9%
Redang	0	0	0	0	0	0	741	1,121	934	1,053	12.7%
Labuan	10,944	8,550	7,585	7,750	8,871	9,896	10,668	9,510	9,554	10,349	8.3%
Lahad Datu	2,278	2,372	2,674	2,774	2,990	3,035	3,055	3,160	3,376	2,336	-30.8%
Sandakan	8,680	9,309	10,395	10,257	10,569	10,588	10,823	11,662	10,776	8,410	-22.0%
Tawau	7,321	7,113	7,669	7,787	8,148	8,368	8,900	9,814	9,215	7,992	-13.3%
Bintulu	10,793	11,050	12,097	12,972	14,485	13,627	13,546	13,619	11,804	7,093	-39.9%
Miri	33,605	39,760	36,250	39,580	42,714	43,460	45,269	42,865	42,680	35,502	-16.8%
Sibu	17,099	16,096	15,743	16,995	17,113	16,885	17,650	17,330	15,638	12,536	-19.8%
Mulu	2,984	2,708	2,684	3,484	4,654	3,524	3,122	2,642	2,220	1,660	-25.2%
Limbang	5,374	4,134	4,840	5,130	4,688	5,046	5,691	5,568	4,366	2,552	-41.5%
STOL Sabah	1,144	1,074	905	902	922	938	812	814	800	338	-57.8%
STOL Sarawak	14,265	12,573	10,980	12,486	13,531	13,305	13,838	14,394	14,854	12,719	-14.4%
Peninsular Malaysia	285,945	282,639	284,302	307,202	320,335	328,608	347,557	402,170	457,233	513,081	12.2%
Sabah	69,083	69,052	70,639	69,627	76,028	77,573	86,610	86,784	85,776	81,472	-5.0%
Sarawak	119,267	121,189	119,797	130,462	140,160	137,985	144,456	139,671	131,854	109,410	-17.0%
Grand Total	474,295	472,880	474,738	507,291	536,523	544,166	578,623	628,625	674,863	703,963	4.3%
% change	-13.4%	-0.3%	0.4%	6.9%	5.8%	1.4%	6.3%	8.6%	7.4%	4.3%	

KL INTERNATIONAL AIRPORT COMMERCIAL AIRCRAFT MOVEMENTS 2007

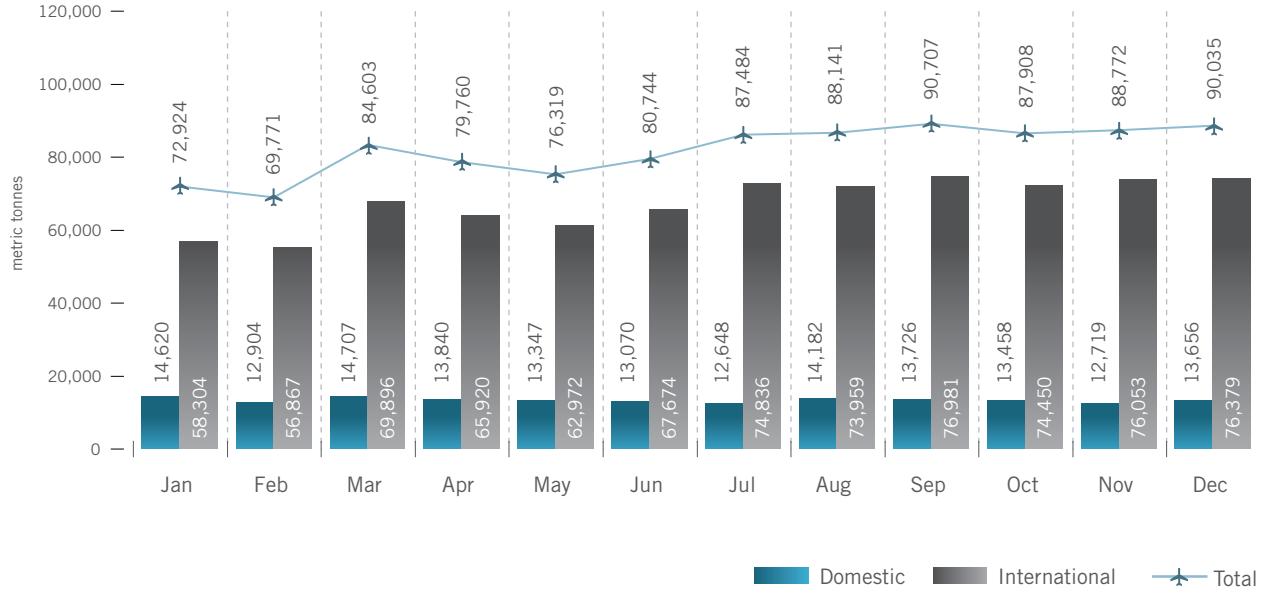


Cargo Movements 2007

AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2007*	2006*	% +/-	Domestic	Int'l	Total
KLIA	21,416,440	37,600,205	59,016,645	271,468,757	313,615,070	585,083,827	644,100,472	672,887,795	-4.3%	0	0	0
Penang	14,198,497	8,055,752	22,254,249	67,252,144	102,130,891	169,383,035	208,581,847	225,952,476	-7.7%	0	16,944,563	16,944,563
Kota Kinabalu	17,507,898	13,820,520	31,328,418	1,931,864	2,378,184	4,310,048	35,638,466	28,355,526	25.7%	0	0	-
Kuching	12,863,619	8,802,918	21,666,537	733,601	658,431	1,392,032	23,817,896	29,715,519	-19.8%	757,787	1,540	759,327
Langkawi	375,323	32,669	407,992	113,380	2,946	116,326	524,318	486,779	7.7%	0	0	-
Kota Bharu	116,394	47,039	163,433	-	-	-	163,433	210,384	-22.3%	0	0	-
Ipoh	-	-	-	4,963	4,879	9,842	9,842	357,055	-97.2%	0	0	-
Kuala Terengganu	36,358	10,288	46,646	-	-	-	47,127	69,668	-32.4%	481	0	481
Alor Star	11,961	42,960	54,921	-	-	-	54,921	110,908	-50.5%	0	0	-
Melaka	-	-	-	98,997	120,351	219,348	219,348	146,123	50.1%	0	0	-
Subang	2,730,106	4,786,449	7,516,556	26,839,543	29,025,648	55,865,191	63,381,746	71,953,205	-11.9%	0	0	-
Kuantan	98,351	4,235	102,586	-	-	-	102,586	108,626	-5.6%	0	0	-
Tioman	-	-	-	-	-	-	0	-	-	0	0	-
Pangkor	-	-	-	-	-	-	0	-	-	0	0	-
Labuan	1,891,050	319,977	2,211,027	631,052	334,862	965,914	3,984,716	3,207,004	24.3%	807,775	0	807,775
Lahad Datu	-	-	-	-	-	-	0	169,894	-100.0%	0	0	-
Sandakan	2,789,868	3,434,620	6,224,488	-	-	-	6,224,488	5,474,737	13.7%	0	0	-
Tawau	698,250	1,435,379	2,133,629	-	-	-	2,133,629	3,030,155	-29.6%	0	0	-
Bintulu	1,470,554	778,583	2,249,137	-	-	-	2,251,766	2,204,958	2.1%	2,629	0	2,629
Miri	2,270,538	1,293,576	3,564,114	-	-	-	3,564,114	4,079,767	-12.6%	0	0	-
Sibu	702,279	189,483	891,762	-	-	-	891,762	1,039,994	-14.3%	0	0	-
Mulu	190,733	-	190,733	-	-	-	190,733	240,478	-20.7%	0	0	-
Limbang	125,277	314,551	439,828	-	-	-	439,828	378,876	16.1%	0	0	-
STOL Sabah	79	326	405	-	-	-	405	1,023	-60.4%	0	0	-
STOL Sarawak	382,222	450,086	832,308	-	-	-	845,046	402,603	109.9%	12,738	0	12,738
Peninsular Malaysia	38,983,430	50,579,597	89,563,027	365,777,783	444,899,785	810,677,569	917,185,640	972,283,018	-5.7%	481	16,944,563	16,945,044
Sabah	22,887,145	19,010,822	41,897,967	2,562,916	2,713,046	5,275,962	47,981,704	40,238,339	19.2%	807,775	-	807,775
Sarawak	18,005,222	11,829,197	29,834,419	733,601	658,431	1,392,032	32,001,145	38,062,196	-15.9%	773,154	1,540	774,694
Total 2007	79,875,797	81,419,616	161,295,413	369,074,301	448,271,262	817,345,563	997,168,489	1,050,583,553	-5.1%	1,581,410	16,946,103	18,527,513
Total 2006	87,491,387	90,080,087	177,571,474	387,572,198	474,264,281	861,836,478	1,050,583,553			1,797,287	9,378,314	11,175,601
% change	-8.7%	-9.6%	-9.2%	-4.8%	-5.5%	-5.2%	-5.1%			-12.0%	80.7%	65.8%

Note: *Including transit cargo

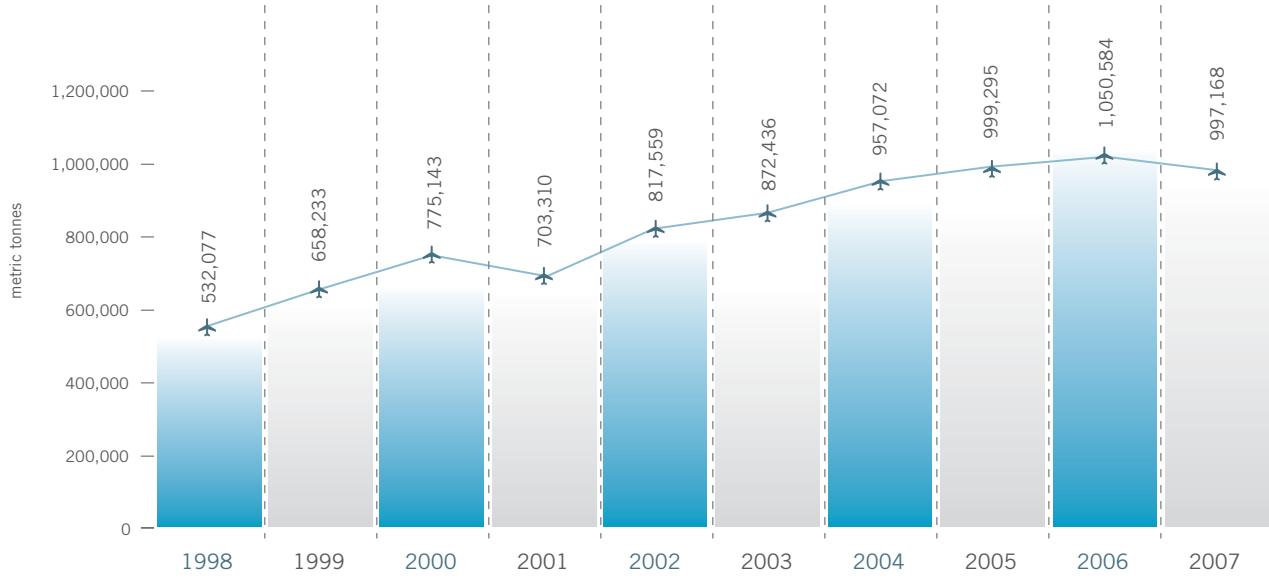
CARGO MOVEMENTS AT MAHB AIRPORTS



Cargo Movements (1998-2007)

AIRPORTS (Metric tonnes)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% + / -
KLIA	159,641	417,068	510,594	440,864	527,124	586,195	651,747	653,654	672,888	644,100	-4.3%
Penang	137,021	158,654	171,787	176,317	202,044	197,567	212,369	221,971	225,952	208,582	-7.7%
Kota Kinabalu	27,942	27,087	27,347	24,887	28,112	25,638	27,191	25,473	28,356	35,638	25.7%
Kuching	17,447	22,055	24,200	22,897	24,835	26,278	26,073	28,407	29,716	23,818	-19.8%
Langkawi	420	244	403	213	210	287	325	449	487	524	7.7%
Johor Bahru	1,411	2,072	6,014	4,157	3,849	3,697	0	0	0	0	-
Kota Bharu	346	317	343	407	404	315	235	168	210	163	-22.3%
Ipoh	362	371	359	361	388	498	735	437	357	10	-97.2%
Kuala Terengganu	156	146	160	186	151	160	124	94	70	47	-32.4%
Alor Star	165	131	95	54	30	17	67	118	111	55	-50.5%
Melaka	55	83	86	48	49	214	602	370	146	219	50.1%
Subang	166,794	14,069	15,893	14,445	12,261	14,358	18,670	46,082	71,953	63,382	-11.9%
Kuantan	136	110	109	121	96	64	64	75	109	103	-5.6%
Tioman	0	0	0	0	0	0	0	0	0	0	-
Pangkor	0	46	2	0	0	0	0	0	0	0	-
Labuan	1,629	1,745	2,597	2,946	3,176	2,733	2,653	3,077	3,207	3,985	24.3%
Lahad Datu	312	345	353	389	469	400	390	334	170	0	-100.0%
Sandakan	2,345	2,767	2,527	2,562	2,665	3,713	4,053	4,531	5,475	6,224	13.7%
Tawau	3,188	3,216	3,781	3,935	3,612	2,701	2,968	3,885	3,030	2,134	-29.6%
Bintulu	740	978	1,167	1,196	1,176	940	1,375	2,110	2,205	2,252	2.1%
Miri	3,158	3,837	4,200	4,096	3,903	3,881	4,721	5,392	4,080	3,564	-12.6%
Sibu	1,499	1,745	1,874	2,006	1,916	1,701	1,567	1,377	1,040	892	-14.3%
Mulu	3	0	0	0	18	4	102	459	240	191	-20.7%
Limbang	4,249	164	217	173	249	226	179	289	379	440	16.1%
STOL Sabah	17	5	34	3,658	4	2	2	1	1	0.4	-60.4%
STOL Sarawak	3,042	976	1,000	1,046	818	847	862	540	403	845	109.9%
Peninsular Malaysia	466,505	593,311	705,846	637,173	746,607	803,372	884,937	923,419	972,283	917,186	-5.7%
Sabah	35,434	35,166	36,639	34,723	38,037	35,187	37,257	37,301	40,238	47,982	19.2%
Sarawak	30,138	29,757	32,658	31,414	32,915	33,876	34,878	38,575	38,062	32,001	-15.9%
Grand Total	532,077	658,233	775,143	703,310	817,559	872,436	957,072	999,295	1,050,584	997,168	-5.1%
% change	-14.1%	23.7%	17.8%	-9.3%	16.2%	6.7%	9.7%	4.4%	5.1%	-5.1%	

CARGO MOVEMENTS AT MAHB AIRPORTS (1998 - 2007)



International Cargo Movements by Sectors at KL International Airport

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
SOUTH EAST ASIA							
Bandar Seri Begawan	93,171	146,177	1,248,781	1,148,038	1,341,952	1,294,215	3.7%
Bangkok	10,357,735	9,407,913	14,284,636	14,083,489	24,642,371	23,491,402	4.9%
Cebu	144,418	107,359	193,485	142,688	337,903	250,047	35.1%
Clark Field	1,853,238	1,586,105	2,108,087	2,120,682	3,961,325	3,706,787	6.9%
Denpasar Bali	750,773	545,424	133,575	63,807	884,348	609,231	45.2%
Hanoi	461,287	446,328	792,414	689,953	1,253,701	1,136,281	10.3%
Ho Chi Minh City	1,828,537	1,725,791	2,085,160	1,888,493	3,913,697	3,614,284	8.3%
Jakarta	8,787,337	6,906,967	8,137,144	7,866,984	16,924,481	14,773,951	14.6%
Manila	2,550,700	1,544,604	3,889,209	2,285,656	6,439,909	3,830,260	68.1%
Mataram	0	0	5,492	0	5,492	0	-
Medan	861,921	834,463	291,261	207,168	1,153,182	1,041,631	10.7%
Padang	0	57,928	0	1,052	0	58,980	-100.0%
Phnom Penh	681,183	514,729	498,189	409,363	1,179,372	924,092	27.6%
Phuket	32,931	7,688	11,589	13,224	44,520	20,912	112.9%
Siem Reap	1,002	0	117,322	45,993	118,324	45,993	157.3%
Singapore	23,164,126	23,545,070	27,543,039	28,607,882	50,707,165	52,152,952	-2.8%
Subic Bay	8,048,924	7,345,872	2,819,754	2,885,156	10,868,678	10,231,028	6.2%
Surabaya	702,886	1,234,352	608,485	598,778	1,311,371	1,833,130	-28.5%
Yangon	70,733	195,014	498,537	403,593	569,270	598,607	-4.9%
Yogyakarta	0	2,095	0	90	0	2,185	-100.0%
Total	60,390,902	56,153,879	65,266,159	63,462,089	125,657,061	119,615,968	5.1%

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
NORTH EAST ASIA							
Beijing	3,964,260	5,199,340	3,057,559	3,272,502	7,021,819	8,471,842	-17.1%
Chengdu	0	126,681	0	260,076	0	386,757	-100.0%
Fukuoka	0	997,055	0	1,292,210	0	2,289,265	-100.0%
Fuzhou	117,365	61,700	120,969	113,419	238,334	175,119	36.1%
Guangzhou	6,429,036	6,615,108	1,481,846	3,187,803	7,910,882	9,802,911	-19.3%
Haikou	0	13,836	0	0	0	13,836	-100.0%
Hangzhou	0	2,118,711	0	26,726	0	2,145,437	-100.0%
Hong Kong	28,516,376	27,723,298	23,254,836	24,581,404	51,771,212	52,304,702	-1.0%
Kaoshiung	371,590	408,902	211,540	211,701	583,130	620,603	-6.0%
Kunming	694,031	647,243	257,552	223,154	951,583	870,397	9.3%
Macau	0	0	103,095	0	103,095	0	-
Nagoya	1,908,533	2,363,536	1,595,246	2,032,181	3,503,779	4,395,717	-20.3%
Nanning	7,210	5,279	0	0	7,210	5,279	36.6%
Osaka	4,688,222	4,970,227	4,890,090	5,657,699	9,578,312	10,627,926	-9.9%
Seoul	18,993,068	17,257,964	17,213,045	17,629,735	36,206,113	34,887,699	3.8%
Shanghai Pu Dong	25,511,390	36,284,575	14,585,605	15,049,517	40,096,995	51,334,092	-21.9%
Shenzhen	697,647	652,669	405,024	861,423	1,102,671	1,514,092	-27.2%
Taipei	19,488,404	17,002,331	18,166,920	14,657,264	37,655,324	31,659,595	18.9%
Tokyo	9,992,646	10,634,414	14,546,235	16,074,818	24,538,881	26,709,232	-8.1%
Xi An	0	66,167	0	10,127	0	76,294	-100.0%
Xiamen	2,285,495	2,900,111	1,741,321	1,561,211	4,026,816	4,461,322	-9.7%
Total	123,665,273	136,049,147	101,630,883	106,702,970	225,296,156	242,752,117	-7.2%
SOUTHWEST PACIFIC							
Adelaide	706,153	615,917	1,996,557	2,139,140	2,702,710	2,755,057	-1.9%
Auckland	1,148,775	1,088,412	2,748,644	3,112,493	3,897,419	4,200,905	-7.2%
Avalon	0	0	94,796	176,629	94,796	176,629	-46.3%
Brisbane	2,800,109	3,061,993	1,478,250	3,155,090	4,278,359	6,217,083	-31.2%
Darwin	112,785	0	0	0	112,785	0	-
Gold Coast	0	0	90,604	0	90,604	0	-
Melbourne	7,610,284	6,247,711	14,334,728	11,294,933	21,945,012	17,542,644	25.1%
Perth	1,367,928	1,385,619	4,395,766	3,922,625	5,763,694	5,308,244	8.6%
Sydney	4,562,109	3,220,725	22,066,312	21,136,996	26,628,421	24,357,721	9.3%
Total	18,308,143	15,620,377	47,205,657	44,937,906	65,513,800	60,558,283	8.2%

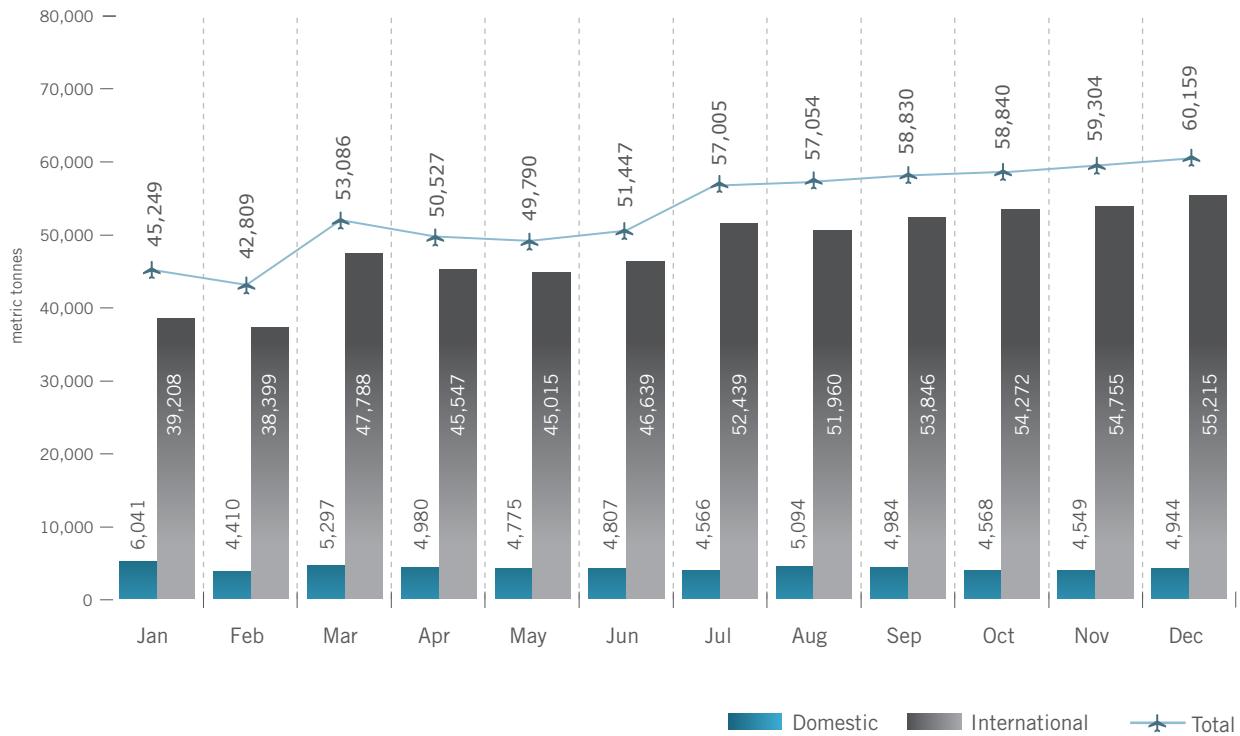
International Cargo Movements by Sectors at KL International Airport

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
SOUTH ASIA							
Ahmedabad	0	31,042	0	25,625	0	56,667	-100.0%
Bangalore	867,030	1,097,510	2,108,462	2,056,120	2,975,492	3,153,630	-5.6%
Chennai	3,671,852	3,242,057	5,142,598	5,076,429	8,814,450	8,318,486	6.0%
Colombo	2,174,002	1,394,965	2,427,803	1,662,290	4,601,805	3,057,255	50.5%
Dhaka	4,043,315	4,607,307	6,022,719	3,991,148	10,066,034	8,598,455	17.1%
Delhi	1,787,572	1,862,108	3,627,932	2,739,596	5,415,504	4,601,704	17.7%
Hyderabad	550,047	746,569	984,036	1,678,742	1,534,083	2,425,311	-36.7%
Jaipur	0	0	0	601	0	601	-100.0%
Karachi	1,690,108	1,757,961	2,025,170	1,783,194	3,715,278	3,541,155	4.9%
Kathmandu	265,654	287,610	27,189	28,726	292,843	316,336	-7.4%
Kolkata	0	100,417	0	62,269	0	162,686	-100.0%
Lahore	0	0	329	192	329	192	71.4%
Male	506,647	878,299	2,018,627	2,075,268	2,525,274	2,953,567	-14.5%
Mumbai	2,194,474	2,009,437	3,310,506	3,520,890	5,504,980	5,530,327	-0.5%
Total	17,750,701	18,015,282	27,695,371	24,701,090	45,446,072	42,716,372	6.4%
CENTRAL ASIA							
Tashkent	21,206	9,458	270,153	238,622	291,359	248,080	17.4%
Total	21,206	9,458	270,153	238,622	291,359	248,080	17.4%
MIDDLE EAST							
Abu Dhabi	417,627	0	2,841,727	49,764	3,259,354	49,764	6449.6%
Bahrain	71,358	8,841	1,050,128	334,148	1,121,486	342,989	227.0%
Beirut	56,276	23,744	584,445	419,434	640,721	443,178	44.6%
Cairo	0	480,400	80,417	951,652	80,417	1,432,052	-94.4%
Damascus	994	15	0	0	994	15	6526.7%
Dammam	0	0	38,097	0	38,097	0	-
Doha	484,832	406,466	1,329,659	1,242,155	1,814,491	1,648,621	10.1%
Dubai	2,196,438	2,081,271	9,126,755	8,001,457	11,323,193	10,082,728	12.3%
Jeddah	1,070,893	920,567	2,478,908	2,225,453	3,549,801	3,146,020	12.8%
Kuwait	67,270	10,237	530,212	232,098	597,482	242,335	146.6%
Madinah	18,735	2,127	108,960	273,919	127,695	276,046	-53.7%
Muscat	11,469	78,572	34,860	397,274	46,329	475,846	-90.3%
Riyadh	34,395	44,008	215,067	292,572	249,462	336,580	-25.9%
Sanaa	36,531	9,251	166,732	87,241	203,263	96,492	110.7%
Tehran	80,088	93,989	960,456	571,329	1,040,544	665,318	56.4%
Total	4,546,906	4,159,488	19,546,423	15,078,496	24,093,329	19,237,984	25.2%

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
EUROPE							
Amsterdam	12,907,156	14,378,839	16,669,788	23,452,138	29,576,944	37,830,977	-21.8%
Basel	9,019	899,750	0	230,068	9,019	1,129,818	-99.2%
Frankfurt	14,531,822	15,854,815	9,483,062	15,141,207	24,014,884	30,996,022	-22.5%
Istanbul	1,032,402	918,401	1,051,227	1,170,666	2,083,629	2,089,067	-0.3%
London	4,619,789	5,357,978	7,664,008	10,509,589	12,283,797	15,867,567	-22.6%
Luxembourg	2,852,504	2,786,312	5,146,268	4,754,704	7,998,772	7,541,016	6.1%
Maastricht	0	34,292	0	10,639	0	44,931	-100.0%
Manchester	0	265,818	0	794,799	0	1,060,617	-100.0%
Milan	2,481,210	1,513,588	793,399	1,136,704	3,274,609	2,650,292	23.6%
Moscow	80,666	0	5,660	6,676	86,326	6,676	1193.1%
Munich	0	222,956	0	254,216	0	477,172	-100.0%
Paris	2,549,474	2,504,789	3,782,909	3,233,588	6,332,383	5,738,377	10.4%
Rome	2,340,303	1,932,838	1,367,539	1,413,282	3,707,842	3,346,120	10.8%
Stockholm	407,539	778,345	1,518,083	1,492,515	1,925,622	2,270,860	-15.2%
Vienna	27,677	638,759	557,795	3,000,444	585,472	3,639,203	-83.9%
Zurich	1,466,952	2,282,693	1,438,576	1,632,722	2,905,528	3,915,415	-25.8%
Total	45,306,513	50,370,173	49,478,314	68,233,957	94,784,827	118,604,130	-20.1%
AMERICA							
Los Angeles	683,899	721,182	1,044,852	1,064,628	1,728,751	1,785,810	-3.2%
New York	281,825	281,779	41,821	81,858	323,646	363,637	-11.0%
Total	965,724	1,002,961	1,086,673	1,146,486	2,052,397	2,149,447	-4.5%
SOUTH AMERICA							
Buenos Aires	201,089	254,325	461,429	366,437	662,518	620,762	6.7%
Total	201,089	254,325	461,429	366,437	662,518	620,762	6.7%
AFRICA							
Cape Town	171,759	409,615	258,220	371,344	429,979	780,959	-44.9%
Johannesburg	82,370	236,039	460,904	779,647	543,274	1,015,686	-46.5%
Mauritius	58,171	71,656	254,884	280,463	313,055	352,119	-11.1%
Total	312,300	717,310	974,008	1,431,454	1,286,308	2,148,764	-40.1%
Grand Total	271,468,757	282,352,400	313,615,070	326,299,507	585,083,827	608,651,907	-3.9%

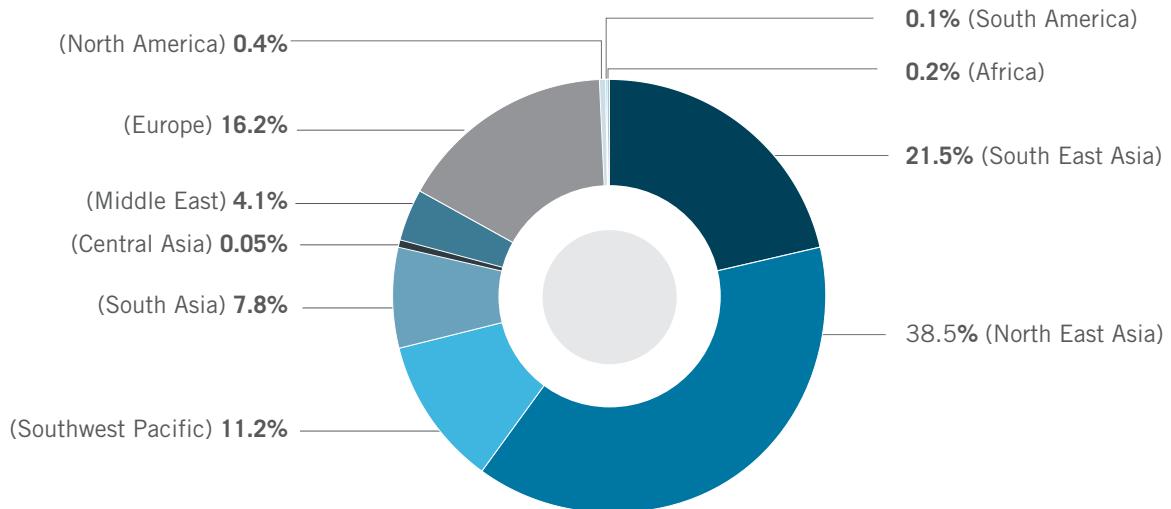
International Cargo Movements by Sectors at KL International Airport

KL INTERNATIONAL AIRPORT CARGO MOVEMENTS 2007



International Cargo Movements by Sectors at KL International Airport

KL INTERNATIONAL AIRPORT CARGO MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 585,084 METRIC TONNES



International Cargo Movements

Airlines with more than 1% International Market Share at KLIA

AIRLINES	CARGO (MT)	MARKET SHARE %
Malaysia Airlines	367,572	62.8
Korean Air	31,261	5.3
Singapore Airlines	29,966	5.1
Cathay Pacific Airways	23,452	4.0
China Airlines	18,124	3.1
Thai Airways International	16,438	2.8
KLM Royal Dutch Airlines	15,555	2.7
Japan Airlines	13,219	2.3
Federal Express	10,869	1.9
Eva Airways	10,429	1.8

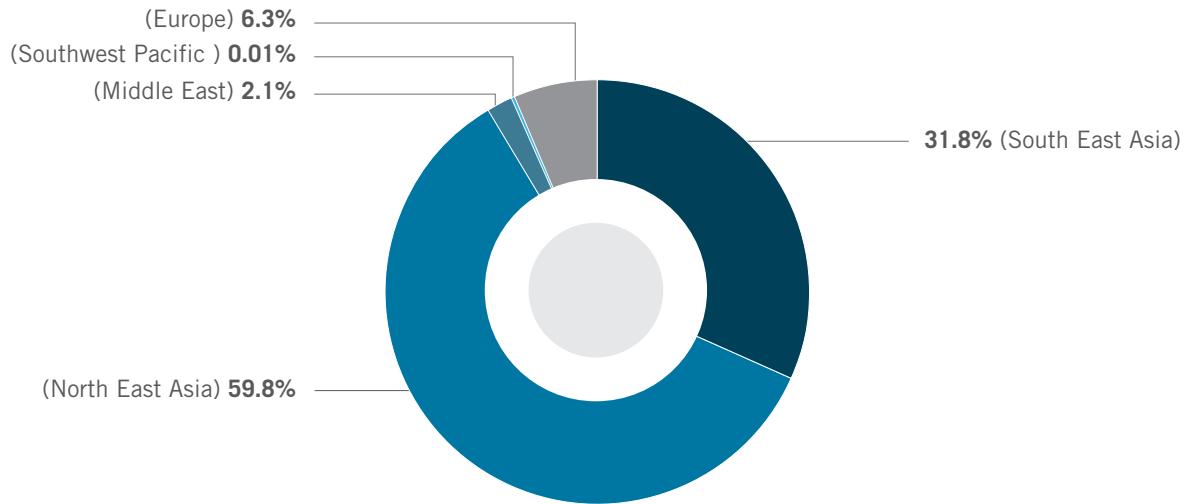
10 Highest Growth International Performance* at KLIA

AIRLINES	CARGO (MT)	% CHANGE OVER 2006
Iran Air	1,040	56.4
SriLankan Airlines	3,700	47.5
KLM Royal Dutch Airlines	15,555	44.7
Thai Airways International	16,438	22.2
Lufthansa German Airlines	3,312	21.1
China Airlines	18,125	20.1
Eva Airways	10,429	14.6
Emirates	7,079	13.0
Qatar Airways	1,880	12.0
United Parcel Services	3,961	6.9

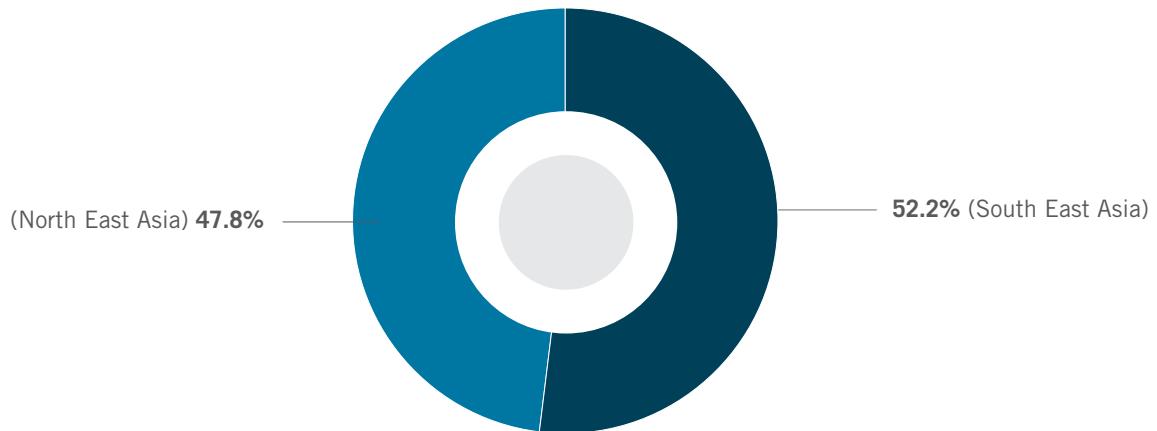
Note: *1,000 metric tonnes and above



PENANG INTERNATIONAL CARGO MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 186,328 METRIC TONNES

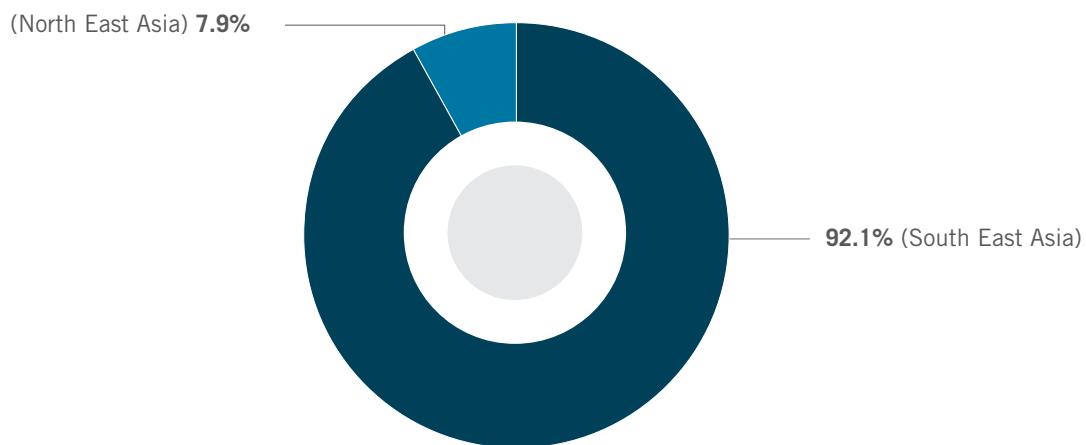


KOTA KINABALU INTERNATIONAL CARGO MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 4,310 METRIC TONNES



International Cargo Movements

KUCHING INTERNATIONAL CARGO MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 1,394 METRIC TONNES



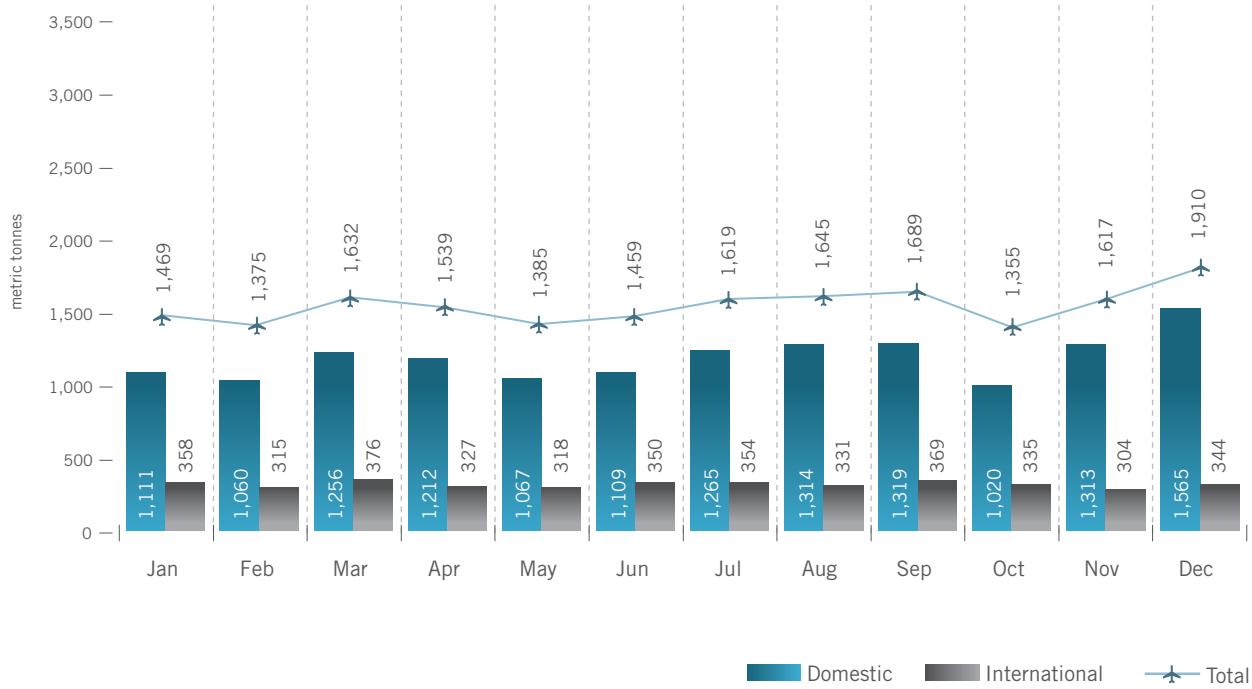
Mail Movements 2007

AIRPORTS (kg)	DOMESTIC			INTERNATIONAL			TOTAL			TRANSIT		
	Arrival	Departure	Total	Arrival	Departure	Total	2007*	2006*	% +/-	Domestic	Int'l	Total
KLIA	1,091,758	3,648,204	4,739,962	2,507,854	1,546,422	4,054,276	8,794,238	4,558,016	92.9%	0	0	0
Penang	169	169	338	669	396	1,065	1,403	1,812	-22.6%	0	0	0
Kota Kinabalu	3,420,829	612,367	4,033,196	8,357	2,917	11,274	4,044,470	3,787,233	6.8%	0	0	0
Kuching	1,344,626	635,040	1,979,666	13,801	2,424	16,225	3,136,968	3,467,149	-9.5%	1,141,077	0	1,141,077
Langkawi	44,079	14,167	58,246	-	74	74	58,320	58,087	0.4%	0	0	0
Kota Bharu	115,147	59,528	174,675	-	-	-	174,675	170,738	2.3%	0	0	0
Ipoh	-	-	-	-	-	-	0	-	-	0	0	0
Kuala Terengganu	2,948	920	3,868	-	-	-	3,868	9,606	-59.7%	0	0	0
Alor Star	-	-	-	-	-	-	0	-	-	0	0	0
Melaka	-	-	-	-	-	-	0	-	-	0	0	0
Subang	-	-	-	-	-	-	0	1,656,292	-100.0%	0	0	0
Kuantan	-	26	26	-	-	-	26	-	-	0	0	0
Tioman	-	-	-	-	-	-	0	-	-	0	0	0
Pangkor	-	-	-	-	-	-	0	-	-	0	0	0
Labuan	278,179	55,931	334,110	-	-	-	334,110	290,788	14.9%	0	0	0
Lahad Datu	153,120	3,544	156,664	-	-	-	156,664	211,699	-26.0%	0	0	0
Sandakan	7,707	1,576	9,283	-	-	-	9,283	89,600	-89.6%	0	0	0
Tawau	24,454	2,688	27,142	-	-	-	27,142	101,540	-73.3%	0	0	0
Bintulu	68,504	14,458	82,962	-	-	-	82,962	239,600	-65.4%	0	0	0
Miri	1,439,673	366,220	1,805,893	-	-	-	1,805,893	1,438,956	25.5%	0	0	0
Sibu	26,429	32,477	58,906	-	-	-	58,906	698,338	-91.6%	0	0	0
Mulu	-	-	-	-	-	-	0	-	-	0	0	0
Limbang	-	-	-	-	-	-	0	80,834	-100.0%	0	0	0
STOL Sabah	-	-	-	-	-	-	0	56	-100.0%	0	0	0
STOL Sarawak	-	5,746	5,746	-	-	-	5,746	25,399	-77.4%	0	0	0
Peninsular Malaysia	1,254,101	3,723,014	4,977,115	2,508,523	1,546,892	4,055,415	9,032,530	6,454,551	39.9%	-	-	0
Sabah	3,884,289	676,106	4,560,395	8,357	2,917	11,274	4,571,669	4,480,916	2.0%	-	-	0
Sarawak	2,879,232	1,053,941	3,933,173	13,801	2,424	16,225	5,090,475	5,950,276	-14.4%	1,141,077	-	1,141,077
Total 2007	8,017,622	5,453,061	13,470,683	2,530,681	1,552,233	4,082,914	18,694,674	16,885,743	10.7%	1,141,077	0	1,141,077
Total 2006	7,417,565	4,757,853	12,175,418	2,539,628	1,604,067	4,143,695	16,885,742	-	-	566,630	-	566,630
% change	8.1%	14.6%	10.6%	-0.4%	-3.2%	-1.5%	10.7%	-	-	101.4%	-	101.4%

Note: *Including transit mail

Mail Movements 2007

MAIL MOVEMENTS AT MAHB AIRPORTS

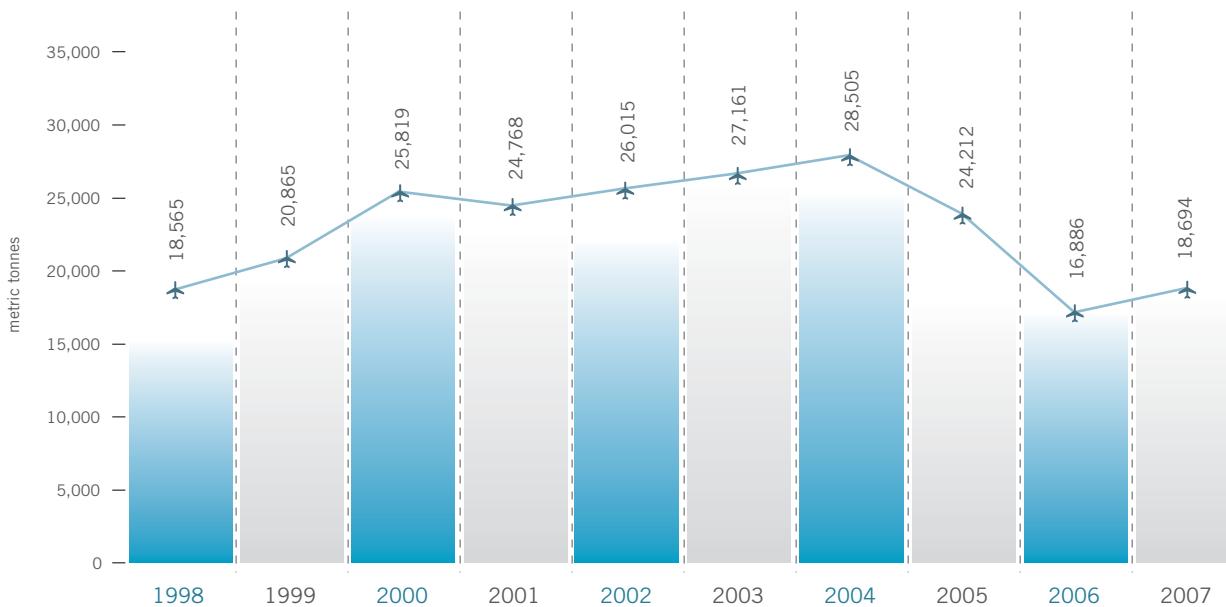


Mail Movements (1998-2007)

AIRPORTS (Metric tonnes)	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% +/-
KLIA	2,919	3,758	4,618	4,947	4,858	3,787	3,621	2,999	4,558	8,794	92.9%
Penang	50	54	63	32	1	992	1,563	9	2	1	-22.6%
Kota Kinabalu	3,442	4,210	4,795	3,019	5,214	5,737	5,940	5,032	3,787	4,044	6.8%
Kuching	2,681	2,760	4,575	5,503	5,181	5,131	5,344	5,086	3,467	3,137	-9.5%
Langkawi	28	27	37	22	25	42	44	46	58	58	0.4%
Johor Bahru	3	0	4	0	0	0	0	0	0	0	-
Kota Bharu	185	206	237	285	287	305	384	226	171	175	2.3%
Ipoh	0	0	13	0	0	0	0	0	0	0	-
Kuala Terengganu	92	109	119	112	136	164	174	132	10	4	-59.7%
Alor Star	4	1	1	0	0	0	0	0	0	0	-
Melaka	0	0	9	0	0	0	0	0	0	0	-
Subang	5,449	6,780	7,642	7,120	7,142	7,860	8,003	7,006	1,656	0	-100.0%
Kuantan	1	0	6	6	0	9	12	2	0	0	-
Tioman	0	0	0	0	0	0	0	0	0	0	-
Pangkor	0	0	0	0	0	0	0	0	0	0	-
Labuan	253	270	251	269	288	307	276	257	291	334	14.9%
Lahad Datu	7	152	224	199	201	155	165	154	212	157	-26.0%
Sandakan	401	460	493	514	360	216	202	52	90	9	-89.6%
Tawau	562	417	510	606	510	453	431	264	102	27	-73.3%
Bintulu	32	110	171	168	151	122	151	134	240	83	-65.4%
Miri	954	1,001	1,287	1,441	1,118	1,283	1,255	1,633	1,439	1,806	25.5%
Sibu	1,501	550	763	527	543	598	909	1,089	698	59	-91.6%
STOL Sabah	0	0	0	0	0	0	0.011	0.047	0.06	0	-100.0%
STOL Sarawak	0	0	0	0	0	0	32	90	106	6	-77.4%
Peninsular Malaysia	8,732	10,935	12,749	12,524	12,449	13,160	13,801	10,421	6,455	9,033	39.9%
Sabah	4,665	5,509	6,274	4,607	6,573	6,868	7,013	5,759	4,481	4,572	2.0%
Sarawak	5,168	4,421	6,797	7,638	6,993	7,133	7,691	8,032	5,950	5,090	-14.5%
Grand Total	18,565	20,865	25,819	24,768	26,015	27,161	28,505	24,212	16,886	18,695	10.7%
% change	2.2%	12.4%	23.7%	-4.1%	5.0%	4.4%	4.9%	-15.1%	-30.3%	10.7%	

Mail Movements (1998-2007)

MAIL MOVEMENTS AT MAHB AIRPORTS (1998 - 2007)



International Mail Movements by Sectors at KL International Airport

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
<i>SOUTH EAST ASIA</i>							
Bandar Seri Begawan	4,204	2,822	61,299	74,715	65,503	77,537	-15.5%
Bangkok	349,986	381,687	230,509	93,279	580,495	474,966	22.2%
Denpasar Bali	25	0	0	39	25	39	-35.9%
Hanoi	0	491	1,639	232	1,639	723	126.7%
Ho Chi Minh City	350	5,170	6,086	13,760	6,436	18,930	-66.0%
Jakarta	140,564	66,326	202,034	160,556	342,598	226,882	51.0%
Manila	210	26	4,313	1,146	4,523	1,172	285.9%
Medan	2,009	4,096	25,544	26,058	27,553	30,154	-8.6%
Phnom Penh	0	0	20,861	37,461	20,861	37,461	-44.3%
Phuket	0	30	0	0	0	30	-
Singapore	415,114	304,983	83,353	42,559	498,467	347,542	43.4%
Surabaya	122	0	0	100	122	100	22.0%
Yangon	0	0	3,957	6,350	3,957	6,350	-37.7%
Total	912,584	765,631	639,595	456,255	1,552,179	1,221,886	27.0%
<i>NORTH EAST ASIA</i>							
Beijing	0	0	4,208	8,810	4,208	8,810	-52.2%
Fuzhou	100	0	0	0	100	0	-
Guangzhou	49,481	48,610	33,817	66,035	83,298	114,645	-27.3%
Hong Kong	560,717	470,126	198,240	116,376	758,957	586,502	29.4%
Nagoya	0	763	0	0	0	763	-100.0%
Osaka	18	3,510	899	1,391	917	4,901	-81.3%
Seoul	105,750	106,002	6,630	21,202	112,380	127,204	-11.7%
Shanghai Pu Dong	0	0	6,804	13,157	6,804	13,157	-48.3%
Shenzhen	0	0	18	125	18	125	-85.6%
Taipei	241,666	362,374	73,358	157,031	315,024	519,405	-39.3%
Tokyo	245,265	197,270	57,780	88,231	303,045	285,501	6.1%
Total	1,202,997	1,188,655	381,754	472,358	1,584,751	1,661,013	-4.6%
<i>SOUTHWEST PACIFIC</i>							
Adelaide	0	0	0	22	0	22	-
Auckland	0	0	9,163	30,996	9,163	30,996	-70.4%
Brisbane	0	0	33	79	33	79	-58.2%
Melbourne	0	0	33,381	72,327	33,381	72,327	-53.8%
Perth	18	4	7,088	23,001	7,106	23,005	-69.1%
Sydney	11,378	17,705	37,948	86,372	49,326	104,077	-52.6%
Total	11,396	17,709	87,613	212,797	99,009	230,506	-57.0%

International Mail Movements by Sectors at KL International Airport

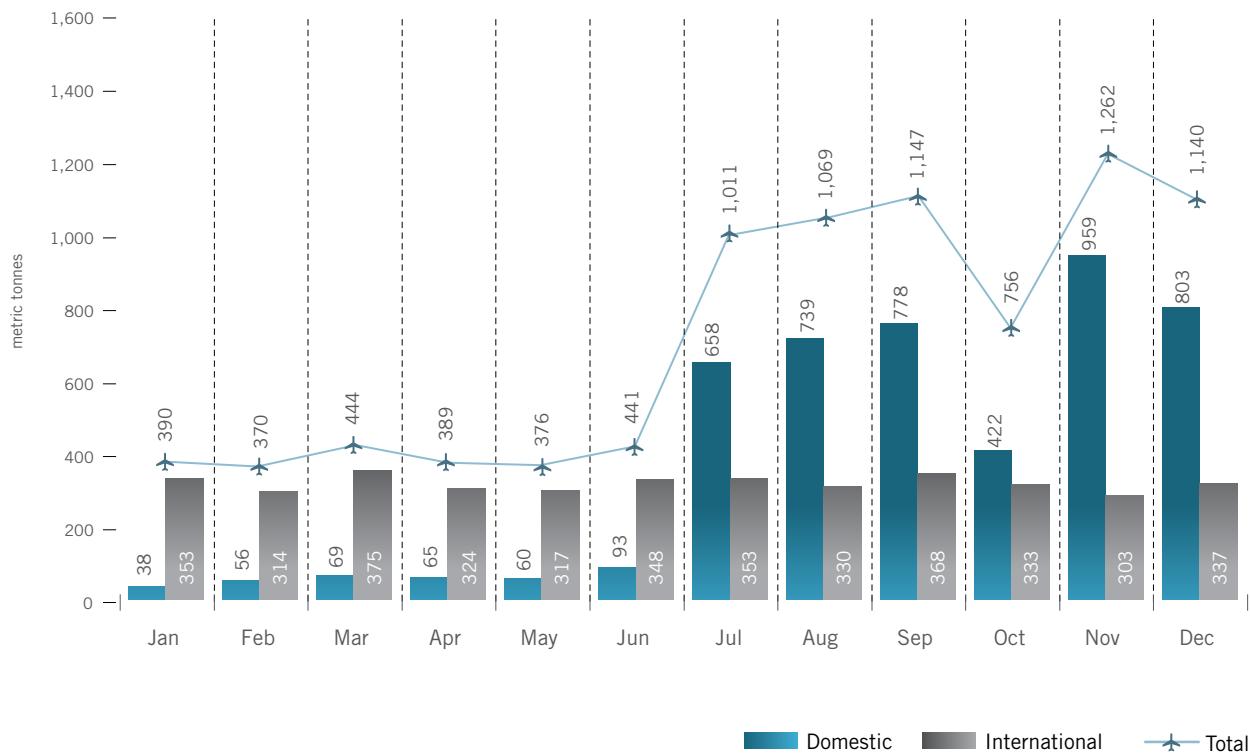
(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
SOUTH ASIA							
Chennai	515	7,317	14,975	23,147	15,490	30,464	-49.2%
Colombo	3,583	2,825	4,186	2,927	7,769	5,752	35.1%
Delhi	409	1,167	4,236	5,046	4,645	6,213	-25.2%
Dhaka	5,981	3,722	3,980	3,234	9,961	6,956	43.2%
Karachi	164	33	4,395	4,646	4,559	4,679	-2.6%
Kathmandu	0	0	0	86	0	86	-
Male	0	0	2,396	608	2,396	608	294.1%
Mumbai	1,343	1,822	1,541	8,531	2,884	10,353	-72.1%
Total	11,995	16,886	35,709	48,225	47,704	65,111	-26.7%
MIDDLE EAST							
Abu Dhabi	11	0	0	0	11	0	-
Bahrain	330	114	0	1	330	115	187.0%
Cairo	0	0	0	2,352	0	2,352	-100.0%
Dammam	7	20	0	0	7	20	-65.0%
Doha	5,313	9,802	33	4	5,346	9,806	-45.5%
Dubai	41,839	55,398	17,359	15,175	59,198	70,573	-16.1%
Jeddah	1,267	1,861	9,134	4,686	10,401	6,547	58.9%
Kuwait	2,326	493	144	0	2,470	493	401.0%
Madinah	65	0	1,753	383	1,818	383	374.7%
Muscat	115	289	1	3	116	292	-60.3%
Riyadh	5,097	3,275	10	0	5,107	3,275	55.9%
Sanaa	259	2,709	26	2,029	285	4,738	-94.0%
Tehran	7,331	3,479	2,820	0	10,151	3,479	191.8%
Total	63,960	77,440	31,280	24,633	95,240	102,073	-6.7%
CENTRAL ASIA							
Tashkent	24	20	245	0	269	20	1245.0%
Total	24	20	245	0	269	20	1245.0%

International Mail Movements by Sectors at KL International Airport

(kg)	ARRIVAL		DEPARTURE		TOTAL		%+/-
	2007	2006	2007	2006	2007	2006	
EUROPE							
Amsterdam	288,569	426,054	192,820	117,715	481,389	543,769	-11.5%
Frankfurt	13,536	4,560	9,724	14,546	23,260	19,106	21.7%
Istanbul	0	13	60	468	60	481	-87.5%
London	0	10,872	133,107	236,131	133,107	247,003	-46.1%
Munich	0	1,491	0	54	0	1,545	-100.0%
Paris	0	0	9,402	10,116	9,402	10,116	-7.1%
Stockholm	0	0	0	341	0	341	-100.0%
Vienna	2,479	8,441	745	1,172	3,224	9,613	-66.5%
Zurich	0	0	4,135	1,722	4,135	1,722	140.1%
Total	304,584	451,431	349,993	382,265	654,577	833,696	-21.5%
NORTH AMERICA							
Los Angeles	0	932	18,634	207	18,634	1,139	1536.0%
New York	0	15	148	0	148	15	886.7%
Total	0	947	18,782	207	18,782	1,154	1527.6%
SOUTH AMERICA							
Buenos Aires	0	83	0	55	0	138	-
Total	0	83	0	55	0	138	-
AFRICA							
Johannesburg	0	0	632	562	632	562	12.5%
Mauritius	314	834	819	181	1,133	1,015	11.6%
Total	314	834	1,451	743	1,765	1,577	11.9%
Grand Total	2,507,854	2,519,636	1,546,422	1,597,538	4,054,276	4,117,174	-1.5%

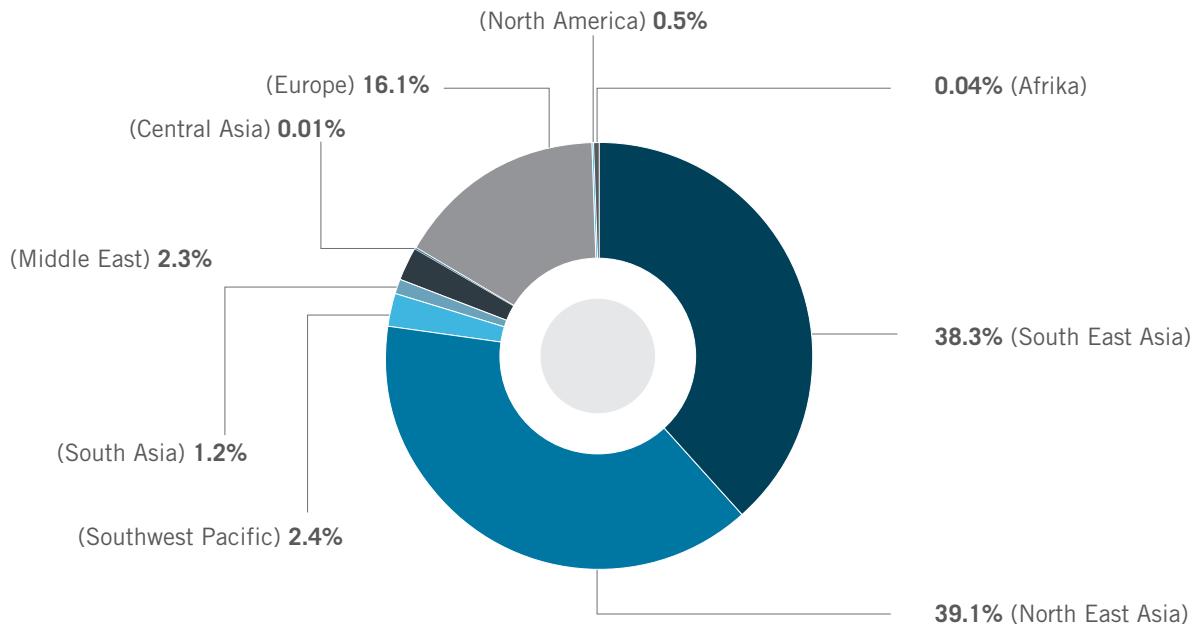
KL International Airport Mail Movements 2007

KL INTERNATIONAL AIRPORT MAIL MOVEMENTS 2007



KL International Airport Mail Movements 2007

KL INTERNATIONAL AIRPORT MAIL MOVEMENTS BY SECTORS • INTERNATIONAL MOVEMENTS : 4,054 METRIC TONNES



Movements at MAHB STOLports in Sabah & Sarawak 2007/2006

STOLports	Aircraft Movements	% Chg	Passenger Movements	% Chg	Cargo & Mail (kg)	% Chg
SARAWAK REGION						
Bakalalan	445	-4.1%	4,943	-0.7%	0	-100.0%
Bario	1,706	-7.9%	15,789	-0.4%	536,341	136.6%
Lawas	3,484	-22.7%	43,457	-15.5%	173,621	761.5%
Long Banga	224	-8.9%	2,385	6.0%	0	-
Long Lellang	284	10.9%	1,932	-18.4%	0	-
Long Akah	208	-31.6%	1,234	-25.2%	0	-
Long Seridan	226	3.7%	1,631	25.0%	16,481	82.1%
Marudi	3,456	-11.9%	41,677	-12.2%	118,603	-22.6%
Mukah	2,378	-17.9%	20,908	-19.2%	0	-100.0%
Belaga	46	-8.0%	123	105.0%	0	-
Long Semado	-	-	-	-	-	-
Kapit	-	-	-	-	-	-
Total	12,457	-15.4%	134,079	-12.5%	845,046	109.9%
SABAH REGION						
Kudat	338	-57.8%	1,942	-67.3%	405	-60.4%
Long Pasia	-	-	-	-	-	-
Semporna	-	-	-	-	-	-
Total	338	-57.8%	1,942	-67.3%	405	-60.4%
Grand Total	12,795	-17.5%	136,021	-14.5%	845,451	109.5%

Airlines Operating at KL International Airport 2007 (December)

		Weekly flight frequency			Weekly flight frequency
1	Air China	7	28	Japan Airlines International	14+3c
2	Air India	2	29	Jet Airways India	7
3	Air India Express	10	30	Jetstar Airways	3
4	Air Mauritius	3	31	KLM-Royal Dutch Airlines	7+1c
5	AirAsia	235 int / 357 dom	32	Korean Air	7+7c
6	AirAsia X	4	33	Kuwait Airways	2
7	Biman Bangladesh Airlines	7	34	Lion Airlines	7
8	Cargolux Airlines International (cargo)	3c	35	Lufthansa German Airlines	4
9	Cathay Pacific Airways	21	36	Malaysia Airlines	(448 + 19c) int / (424 + 3c) dom
10	Cebu Pacific Air	7	37	Merpati Nusantara Airlines	7
11	China Airlines	14+3c	38	Myanmar Airways International	4
12	China Eastern Airlines	14	39	Pakistan International Airlines	2
13	China Southern Airlines	7	40	Qatar Airways	10
14	Egyptair	3	41	Royal Brunei Airlines	7
15	Emirates	9	42	Royal Nepal Airlines	2
16	Etihad Airways	6	43	Saudi Arabian Airlines	4
17	EVA Airways	4+1c	44	Shenzhen Airlines	9
18	FedEx(cargo)	11c	45	Singapore Airlines	42
19	Gading Sari (cargo)	11c	46	SriLankan Airlines	7
20	Garuda Indonesia	7	47	Thai AirAsia	21
21	GMG Airlines	7	48	Thai Airways International	21
22	Gulf Air	4	49	Transaero Airlines	1
23	Hainan Airlines	2	50	Transmile Air (cargo)	9c (3 int + 6 dom)
24	Hong Kong Express Airways	7	51	United Parcel Services(cargo)	5c
25	Indian Airlines	10	52	Uzbekistan Airways	2
26	Indonesia AirAsia	42	53	Vietnam Airlines	7
27	Iran Air	2	54	Xiamen Airlines	11
			55	Yemenia Yemen Airways	2

Definitions

1 Flight, International

A flight operated with one or both terminals in the territory of a State, other than the State in which the airline is registered. The term State includes all territories subject to the sovereignty, protection, or mandate of such State.

2 Flight, Domestic

A flight operated between points within the domestic boundaries of a State by an airline registered in that State. A flight between a State and territories belonging to it, as well as a flight between two such territories, should be classified as domestic. This applies even though the flight may cross international waters or over the territory subject to the sovereignty, suzerainty, protection or mandate of such State.

3 Commercial Air Transport Operation

An aircraft operation involving the transport of passengers, baggage, cargo or mail for remuneration or hire.

4 Air Services, Scheduled

Air services provided by flights scheduled and performed for remuneration according to a published timetable, or so regular or frequent as to constitute a recognizably 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 Services

- 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.



Statistics of Shareholdings

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 25 of the Financial Statements.

ANALYSIS OF SHAREHOLDINGS AS AT 23 APRIL 2008

A. DISTRIBUTION OF SHAREHOLDINGS (MALAYSIAN & FOREIGN – SEPARATE)

Size of Holdings	No. of Holders		No. of Shares		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 to 99	17	1	618	66	0.00	0.00
100 to 1,000	8,814	24	8,769,500	21,300	0.80	0.00
1,001 to 10,000	6,167	61	22,397,749	319,300	2.04	0.03
10,001 to 100,000	468	47	13,047,500	1,875,900	1.19	0.17
100,001 to 54,999,999 (*)	57	33	133,833,800	119,584,267	12.17	10.87
55,000,000 & above (**)	1	0	800,150,000	0	72.74	0.00
TOTAL	15,524	166	978,199,167	121,800,833	88.93	11.07
	No. of Holders		No. of Shares		%	
Grand Total	15,690		1,100,000,000		100.00	

* Less than 5% of Issued Shares

** 5% and above of Issued Shares

Note(s): The above information is based on records as provided by Bursa Malaysia Depository Sdn Bhd and number of holders reflected is in reference to CDS account numbers.

Statistics of Shareholdings

ANALYSIS OF SHAREHOLDINGS (CONT'D)

B. LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 23 APRIL 2008

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>	48,189,300	4.38
3. HSBC Nominees (Asing) Sdn. Bhd. <i>(HSBC-FS For Arisaig Asean Fund Limited)</i>	27,417,600	2.49
4. Employees Provident Fund Board	24,610,500	2.24
5. HSBC Nominees (Tempatan) Sdn. Bhd. <i>(Nomura Asset Mgmt Malaysia For Employees Provident Fund)</i>	14,000,000	1.27
6. HSBC Nominees (Asing) Sdn. Bhd. <i>(SG Nantes For Socgen International Sicav)</i>	13,782,310	1.25
7. Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>(Amanah Saham Wawasan 2020)</i>	12,855,700	1.17
8. Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>(Skim Amanah Saham Bumiputera)</i>	12,150,000	1.10
9. Cartaban Nominees (Asing) Sdn. Bhd. <i>(SSBT Fund S71Z For First Eagle Overseas Variable Fund)</i>	7,378,180	0.67
10. BHR Enterprise Sdn. Bhd.	6,151,600	0.56
11. Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>(Pheim Asset Management Sdn. Bhd. For Employees Provident Fund)</i>	5,143,400	0.47
12. Setiausaha Kerajaan Pulau Pinang	5,000,000	0.45
13. Tabung Amanah Warisan Negeri Johor	4,900,000	0.45
14. Chief Minister, State of Sabah	4,500,000	0.41
15. State Financial Secretary Sarawak	4,500,000	0.41
16. Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>(Kumpulan Wang Amanah Pencen For Kerajaan Negeri Sembilan)</i>	4,400,000	0.40
17. State Secretary Kedah Incorporated	4,100,000	0.37
18. Kerajaan Negeri Pahang	4,100,000	0.37
19. Kumpulan Wang Persaraan (Diperbadankan)	3,387,600	0.31
20. HSBC Nominees (Asing) Sdn. Bhd. <i>(BBH (LUX) SCA For Fidelity Funds – Asia Pacific Growth & Income Fund)</i>	3,000,000	0.27
21. HSBC Nominees (Asing) Sdn. Bhd. <i>(Exempt AN For Morgan Stanley & Co. International PLC (IPB Client ACCT))</i>	2,555,000	0.23
22. Tabung Amanah Melaka	2,413,700	0.22
23. Cartaban Nominees (Asing) Sdn. Bhd. <i>(Exempt AN For Cacies Bank Luxembourg (CLT ACCT-LUX))</i>	2,411,400	0.22
24. Kerajaan Negeri Perak Darul Ridzuan	2,300,000	0.21
25. Kerajaan Negeri Kelantan	1,900,000	0.17

B. LIST OF TOP THIRTY (30) SHAREHOLDERS AS AT 23 APRIL 2008

Name of Shareholders	No. of Shares Held	%
26. Citigroup Nominees (Asing) Sdn. Bhd. <i>(Exempt AN For Mellon Bank (Mellon))</i>	1,716,000	0.16
27. Citigroup Nominees (Tempatan) Sdn. Bhd. <i>(Nomura Asset Management Malaysia For Kumpulan Wang Persaraan (Diperbadankan))</i>	1,400,000	0.13
28. Yeoh Kean Hua	1,355,000	0.12
29. Menteri Besar Incorporation	1,240,000	0.11
30. Citigroup Nominees (Asing) Sdn. Bhd. <i>(Bear Stearns Securities Corp. For Iva Global Master Fund, L.P.)</i>	1,238,580	0.11

C. LIST OF SECURITIES ACCOUNT HOLDERS OF SPECIAL RIGHTS REDEEMABLE PREFERENCE SHARE

1. 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		%
		Direct	Indirect	
Khazanah Nasional Berhad	800,150,000	-	-	72.74

E. DIRECTOR'S SHAREHOLDERS

(as shown in the register of directors' shareholding)

Name of Directors	Direct	No. of Shares Held		%
		Direct	Indirect	
Tan Sri Datuk Dr. Aris bin Osman @ Othman	-	-	-	-
Dato' Seri Bashir Ahmad bin Abdul Majid	-	-	-	-
Dato' Zaharaah binti Shaari	-	-	-	-
Eshah binti Meor Suleiman	-	-	-	-
Datuk Alias bin Haji Ahmad	-	-	-	-
Datuk Siti Maslamah binti Osman	-	-	-	-
Jeremy bin Nasrulhaq @ Jeremy Boyce	-	-	-	-
Izlan bin Izhab	-	-	-	-
Dato' Ahmad Fuaad bin Mohd Dahalan	-	-	-	-
Hajah Jamilah binti Dato' Haji Hashim	-	-	-	-
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>	-	-	-	-

Shareholders and Investor Information

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel: 603-2084 9000
Fax: 603-2094 9940 / 2095 0292

LISTING

The Company's shares are listed on the Bursa Malaysia Securities Berhad in Malaysia.

MALAYSIAN TAXES ON DIVIDEND

Malaysia practices 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 26% from dividends paid by a company residing in Malaysia.

The income tax deducted or deemed to have been deducted from dividend is accounted for by the income tax of the company. There is no further tax or withholding tax on the payment of dividends to all shareholders.

The Annual Report is available to the public who are not shareholders of the Company, by writing to:

Company Secretary
Malaysia Airports Holdings Berhad
Head Office of MAB
Sultan Abdul Aziz Shah Airport
47200 Subang
Selangor Darul Ehsan
Fax: 603-7845 2254

List of Properties

Registered Owner And Location	Description And Existing Use	Tenure	Land Area	Built-up Area (s.q.m.)	Net Book Value as at 31 December 2007 (RM'000)
LEASED PROPERTIES					
Malaysia Airports (Sepang) Sdn. Bhd. Federal Land Commissioner* Location: District of Sepang, Selangor Malaysia	KLIA	A total right of occupation of 50 years (Expiry date of 4 May 2048)	22,620 acres	-	-
Malaysia Airports Holdings Berhad Federal Land Commissioner** Location: District of Petaling, Selangor Malaysia	SAAS Airport	A total right of occupation of 60 years (Expiry on 31 December 2067)	1,122 acres	-	-
LANDED PROPERTIES OWNED BY THE GROUP					
Malaysia Airports Sdn. Bhd. Location: Genting Permai Park & Resort District of Bentong, Pahang	4 units of apartments	Freehold	-	342	1,058
Malaysia Airports (Niaga) Sdn. Bhd. Location: Desa Cempaka Bandar Baru Nilai, Mukim Nilai District of Seremban Negeri Sembilan	48 units of apartments	Freehold	-	3,791	2,654
Malaysia Airports Sdn. Bhd. Location: Telok Dalam, Pulau Pangkor Mukim Lumut, Perak	10 units of apartments	Freehold	-	744	1,006

List of Properties

LANDED PROPERTIES OWNED BY THE GROUP (CONT'D)

Registered Owner And Location	Description And Existing Use	Tenure	Land Area	Built-up Area (s.q.m.)	Net Book Value as at 31 December 2007 (RM'000)
Malaysia Airports Sdn. Bhd. Location: CL 205357688 Sierra Estates Condominium Jalan Ranca-Ranca Federal Territory of Labuan	32 units of apartments	Leasehold 99 years (Expiry date of 31 December 2089)	-	3,175	2,496
Malaysia Airports Sdn. Bhd. Location: CL 205359593 Kg Nagalang Federal Territory of Labuan	Land (Residential)	Leasehold 99 years (Expiry date of 31 December 2090)	1.10 acres	-	282
Malaysia Airports Sdn. Bhd. Location: CL 205317951 Kg Nagalang Federal Territory of Labuan	Land (Agriculture)	Leasehold 99 years (Expiry date of 31 December 2077)	1.22 acres	-	233

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.

** Pursuant to the Land Lease Agreement dated 26 October 2007 entered into between Malaysia Airports Holdings Berhad and The Federal Land Commissioner, Malaysia Airports has been granted a lease of land of Sultan Abdul Aziz Shah (SAAS) Airport for a period of 60 years.



Group Corporate Directory

MALAYSIA AIRPORTS HOLDINGS BERHAD

(487092-W)

Registered / Business Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel : 603-7846 7777

Fax : 603-7846 3300 / 603-7846 3366 /

603-7845 2254

MALAYSIA AIRPORTS SDN. BHD.

(230646-U)

Registered / Business Address:

Head Office of MAB

Sultan Abdul Aziz Shah Airport

47200 Subang, Selangor Darul Ehsan

Tel : 603-7846 7777

Fax : 603-7846 3300 / 603-7846 3366 /

603-7845 2254

MALAYSIA AIRPORTS (SEPADANG) 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

Group Corporate Directory

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:

Block C, Ground Floor

Short Term Car Park

64000, KLIA, Sepang, Selangor Darul Ehsan

Tel : 603-8776 8401

Fax : 603-8776 8181

K.L. AIRPORT HOTEL SDN. BHD.

(330863-D)

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

Selangor, 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 : 03-8776 7002

Fax : 03-8787 2455

AIRPORT AUTOMOTIVE WORKSHOP SDN. BHD.

(808167-P)

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:

Motor Transport Workshop

Engineering Complex

KL International Airport

64000 KLIA, Selangor Darul Ehsan

MALAYSIA INTERNATIONAL AEROSPACE CENTRE SDN. BHD.

(438244-H)

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

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, Penang, Malaysia
Tel : 604-643 4411
Fax: 604-643 5339

LANGKAWI INTERNATIONAL AIRPORT

07100 Padang Mat Sirat
Langkawi, Kedah, 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

30350 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 4301
Fax: 604-714 5345

BATU BERENDAM AIRPORT

75350 Melaka, Malaysia
Tel : 606-317 5860
Fax: 606-317 5214

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

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, P.O. Box 80569
87015 Labuan, Sabah, Malaysia
Tel : 6087-415 015
Fax: 6087-410 129

SANDAKAN AIRPORT

P.O.Box 1719
90719 Sandakan, Sabah, Malaysia
Tel : 6089-667 786
Fax: 6089-667 778

BINTULU AIRPORT

97000 Bintulu, Sarawak, Malaysia
Tel : 6086-339 163
Fax : 6086-337 011

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: 6089-950 780/781

KUCHING INTERNATIONAL AIRPORT

P.O. Box 1070
93722 Kuching, Sarawak, Malaysia
Tel : 6082- 454 242
Fax: 6082- 458 587

SIBU AIRPORT

P.O. Box 645,
96007 Sibu, Sarawak, Malaysia
Tel : 6084-307 770
Fax : 6084-307 709

MIRI AIRPORT

P.O. Box 851
98008 Miri, Sarawak, Malaysia
Tel : 6085-615 204
Fax : 6085-615 208

LIMBANG AIRPORT

98700 Limbang, Sarawak, Malaysia
Tel : 6085-212 090
Fax : 6085-214 979

MULU AIRPORT

98000 Mulu, Sarawak, Malaysia
Tel : 6085-792 103
Fax : 6085-792 102



Proxy Form

Malaysia Airports Holdings Berhad (487092-W)
Incorporated In Malaysia

No. of Shares Held:	
---------------------	--

I/We _____ NRIC No. _____
FULL NAME IN CAPITAL LETTERS

of _____
FULL ADDRESS

being a Member(s) of **MALAYSIA AIRPORTS HOLDINGS BERHAD**, hereby appoint _____

_____ NRIC. No. _____
FULL NAME IN CAPITAL LETTERS

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 Ninth 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, 29 May, 2008 at 11.00 a.m. for the following purposes: -

Please indicate with an 'X' in the space provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.

		For	Against
<i>Resolution 1</i>	Receiving of the Audited Financial Statements and Reports of the Directors and Auditors for the financial year ended 31 December 2007.		
<i>Resolution 2</i>	Declaration and approval for the payment of a final dividend of 13.80 sen less income tax of 26% for the financial year ended 31 December 2007.		
<i>Resolution 3</i>	Approval of the payment of Directors' Fee for the financial year ended 31 December 2007.		
<i>Resolution 4</i>	Re-election of Jeremy bin Nasrulhaq as Director.		
<i>Resolution 5</i>	Re-election of Tan Sri Datuk Dr. Aris bin Othman as Director.		
<i>Resolution 6</i>	Re-election of Dato' Zaharaah binti Shaari as Director.		
<i>Resolution 7</i>	Re-election of Izlan bin Izhah as Director.		
<i>Resolution 8</i>	Re-appointment of Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
<i>Resolution 9</i>	Authority under Section 132D of the Companies Act, 1965 for Directors to issue shares.		

As witness my/our hands this _____ day of _____ 2008

Signature of Member/Common Seal



Notes :

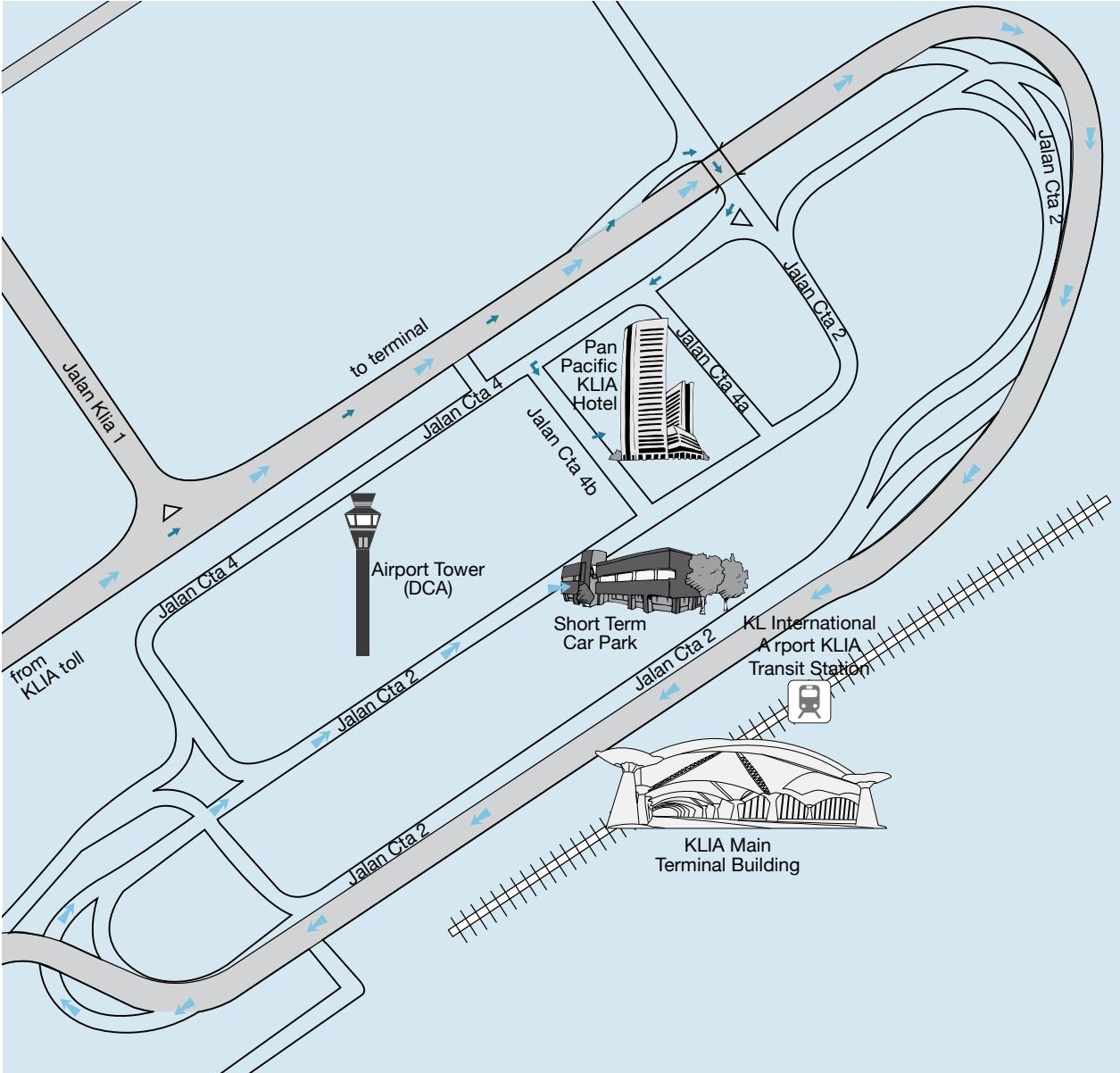
1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in printing or writing under the hand of the appointer or his duly constituted 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



Map To The AGM Venue



-  Route to Hotel car park
-  Route to short term car park