



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	INDIVIDUAL QUARTER	
	Current Year	*Restated
	Quarter	Preceding Year
Note	31.03.2011	31.03.2010
	RM'000	RM'000
Revenue	610,388	498,613
Other income	24,271	21,507
Changes in inventories	(293)	5,338
Purchases of inventories	(59,312)	(57,870)
Employee benefits expense	(91,264)	(86,376)
Depreciation and amortisation	(38,995)	(40,335)
Other expenses	(293,886)	(190,526)
<b>Operating profits</b>	<b>150,909</b>	<b>150,351</b>
Finance costs	-	(4,083)
Net (gain) / loss from fair value adjustments on financial instruments	68	(3,102)
Share of results of associates	(18,029)	(23,442)
<b>Profit before tax and zakat</b>	<b>132,948</b>	<b>119,724</b>
Taxation and zakat	20 (44,684)	(46,518)
<b>Profit for the period</b>	<b>88,264</b>	<b>73,206</b>
Attributable to:		
Equity holders of the Company	88,120	73,135
Minority interests	144	71
	<b>88,264</b>	<b>73,206</b>
Earnings per share attributable to equity holders of the Company (sen)	8.02	6.66

\* Restated due to changes in accounting policies as further described in Note 2.

*The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	<b>INDIVIDUAL QUARTER</b>	
	<b>Current Year Quarter 31.03.2011 RM'000</b>	<b>*Restated Preceding Year Corresponding Quarter 31.03.2010 RM'000</b>
Profit for the year, net of tax and zakat	88,264	73,206
Exchange differences on translation of foreign operations	(498)	(1,493)
Gain on available-for-sale investment	375	191
Other comprehensive income for the period, net of tax and zakat	(123)	(1,302)
<b>Total comprehensive income</b>	<b>88,141</b>	<b>71,904</b>
<b>Attributable to:</b>		
Equity holders of the Company	87,997	71,833
Minority interests	144	71
	<b>88,141</b>	<b>71,904</b>

\* Restated due to changes in accounting policies as further described in Note 2.

*The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2011**

	<b>31.03.2011</b>	<b>*Restated</b>
	<b>RM'000</b>	<b>31.12.2010</b>
	<b>Unaudited</b>	<b>RM'000</b>
		<b>Audited</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	416,607	422,898
Plantation development expenditure	46,601	47,237
Land use rights	7,882	7,910
Intangible Assets	3,718,266	3,573,098
Investment in associates	49,537	67,429
Investment in jointly controlled entity	100	100
Available for sale investments	281,097	242,114
Trade receivables	9,964	9,170
Other receivables	214,765	212,294
Staff loans	32,773	32,076
Deferred tax assets	23,727	16,845
	<u>4,801,319</u>	<u>4,631,171</u>
<b>Current Assets</b>		
Inventories	59,226	60,947
Trade receivables	294,097	314,583
Other receivables	562,240	494,718
Cash and bank balances	1,332,886	1,539,770
	<u>2,248,449</u>	<u>2,410,018</u>
Assets of disposal group classified as held for disposal	496	496
<b>TOTAL ASSETS</b>	<u><u>7,050,264</u></u>	<u><u>7,041,685</u></u>



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2011 (CONTD.)**

	<b>31.03.2011</b>	<b>*Restated</b>
	<b>RM'000</b>	<b>31.12.2010</b>
	<b>unaudited</b>	<b>RM'000</b>
		<b>Audited</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,100,000	1,100,000
Share premium	822,744	822,744
Retained earnings	1,483,131	1,395,011
Fair value adjustment reserve	447	72
Foreign exchange reserve	(5,894)	(5,396)
	<u>3,400,428</u>	<u>3,312,431</u>
Minority interests	5,642	5,498
<b>Total equity</b>	<u>3,406,070</u>	<u>3,317,929</u>
<b>Non-current Liabilities</b>		
Retirement benefits obligations	52,132	51,029
Other financial liability	174,831	177,716
Borrowings	2,500,000	2,500,000
Deferred income	133,672	134,396
Deferred tax liabilities	58,273	47,903
Other payables	121,186	98,755
	<u>3,040,094</u>	<u>3,009,799</u>
<b>Current Liabilities</b>		
Retirement benefits obligations	3,087	3,889
Trade payables	84,804	119,655
Other payables	460,529	548,404
Income tax payable	55,451	41,780
	<u>603,871</u>	<u>713,728</u>
Liabilities of disposal group classified as held for disposal	<u>229</u>	<u>229</u>
<b>Total liabilities</b>	<u>3,644,194</u>	<u>3,723,756</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>7,050,264</u>	<u>7,041,685</u>

\* Restated by due to changes in accounting policies as further described in Note 2.

*The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2011**

	Attributable to equity holders of the Company							Total equity RM'000
	Share Capital RM'000	Share Premium RM'000	Non-distributable		Distributable		Minority interests RM'000	
			Fair Value Adjustment Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Earnings RM'000	Total RM'000		
<b>At 1 January 2010</b>	1,100,000	822,744	-	(2,011)	1,421,407	3,342,140	4,714	3,346,854
Effect of adopting FRS 139	-	-	399	-	(159,944)	(159,545)	-	(159,545)
<b>At 1 January 2010, as restated</b>	1,100,000	822,744	399	(2,011)	1,261,463	3,182,595	4,714	3,187,309
Total comprehensive income for the period, as previously reported	-	-	191	(1,493)	72,545	71,243	71	71,314
Adjustment (Note 2)	-	-	-	-	591	591	-	591
<b>At 31 March 2010</b>	1,100,000	822,744	590	(3,504)	1,334,599	3,254,429	4,785	3,259,214
<b>At 31 December 2010</b>	1,100,000	822,744	72	(5,396)	1,366,449	3,283,869	5,498	3,289,367
Adjustment (Note 2)	-	-	-	-	28,562	28,562	-	28,562
<b>At 31 December 2010 / 1 January 2011, as restated</b>	1,100,000	822,744	72	(5,396)	1,395,011	3,312,431	5,498	3,317,929
Total comprehensive income for the period	-	-	375	(498)	88,120	87,997	144	88,141
<b>At 31 March 2011</b>	1,100,000	822,744	447	(5,894)	1,483,131	3,400,428	5,642	3,406,070

*The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	<b>31.03.2011</b>	<b>*Restated</b>
	<b>RM'000</b>	<b>31.03.2010</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax and zakat	132,948	119,724
Adjustments for:		
Depreciation	28,787	30,584
Amortisation of:		
- plantation development expenditure	636	636
- land use rights	30	30
- concession rights	9,542	9,085
- premium on investments	23	17
- deferred income	(719)	(757)
Interest expense	-	4,083
Net allowance for doubtful debts	4,164	4,489
Retirement benefits	503	576
Inventories written off	-	56
Property, plant and equipment written off	423	1
Interest income	(1,798)	(3,228)
Investment income	(82)	(1,880)
Gain on disposal of:		
- property ,plant and equipment	(8)	-
Fair value adjustments on financial instruments of:		
- Loans and receivables	(2,683)	(264)
- Financial liabilities	2,615	3,366
Share of results of associates	18,029	23,442
Operating profit before working capital changes	192,410	189,960
Decrease in inventories	1,721	3,959
Increase in receivables	(52,475)	(16,531)
Decrease in payables	(168,663)	(224,368)
Cash flow generated from operations	(27,007)	(46,980)
Taxes and zakat paid	(27,524)	(20,967)
Retirement benefits paid	(598)	(961)
Net cash flow generated from operating activities	(55,129)	(68,908)



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2011**

	<b>31.03.2011</b>	<b>*Restated</b>
	<b>RM'000</b>	<b>31.03.2010</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of:		
- property, plant and equipment and intangibles	(177,629)	(42,215)
- unquoted shares	(41,995)	-
Proceeds from sales of:		
- property, plant and equipment	8	-
- investments	-	43,029
Interest received	1,798	3,228
Dividend income	82	1,880
Net cash flow used in investing activities	<u>(217,736)</u>	<u>5,922</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(4,083)
Repayment of term loans	-	(250)
Net cash flow generated from financing activities	<u>-</u>	<u>(4,333)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(272,865)	(67,319)
EFFECTS OF FOREIGN CURRENCY TRANSLATION	(18)	(156)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>1,605,773</u>	<u>268,286</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>1,332,890</u>	<u>200,811</u>
<b>CASH AND CASH EQUIVALENTS COMPRISING:</b>		
Cash and bank balances	107,274	91,257
Short term deposits	1,225,612	109,550
	<u>1,332,886</u>	<u>200,807</u>
Cash and bank balances classified as held for disposal	4	4
	<u>1,332,890</u>	<u>200,811</u>

\* Restated due to changes in accounting policies as further described in Note 2.

*The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
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**1. BASIS OF PREPARATION**

The interim condensed consolidated financial statements have been prepared under the historical cost convention.

The interim condensed consolidated financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements.

The interim condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim condensed consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2011.

On 1 January 2011, the Group adopted the following FRSs:-

FRSs, Amendments to FRSs and Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation-Classification of Rights Issues
Amendment to FRS 138	Intangible Assets
Amendment to IC	Reassessment of embedded Derivatives
Interpretation 9	
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 4	Determining whether an Arrangement contains a lease





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## **2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)**

IC Interpretation 18	Transfers of Assets from Customers
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139, and Amendments to IC Interpretation 13.	Improvements to FRSs (2010)

Other than for the application of IC Interpretation 12, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and the presentation of the financial results of the Group. The disclosures under the Amendments to FRS 7 will affect the 2011 annual financial statements. The nature of the impending changes on adoption of the IC Interpretation 12 are described below.

### IC Interpretation 12: Service Concession Arrangements ("IC 12")

IC 12 considered the nature of the rights conveyed to the operator in a service concession arrangement. It first examined whether the infrastructure used to provide public services could be classified as property, plant and equipment of the operator under FRS 116. It started from the principle that infrastructure used to provide public services should be recognised as property, plant and equipment of the party that controls its use. This principle determines which party should recognise the property, plant and equipment as its own.

The interpretation also concluded that treatment of infrastructure that the operator constructs or acquires or to which the grantor gives the operator access for the purpose of the service arrangement should be determined by whether the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and the grantor control through ownership, beneficial entitlement or otherwise any significant residual interest in the infrastructure at the end of the term of the arrangement.

Under IC 12, the operator may provide construction services to the grantor in exchange for an intangible asset, i.e. a right to collect revenue in accordance with the Operating Agreements. In accordance with FRS 138 Intangible Assets, the operator recognises the intangible asset at its fair value. The fair value of the intangible asset is calculated by including a certain mark-up on the actual cost incurred, estimated to reflect a margin consistent with other similar construction works. However, during the current quarter under review, the Group has not included in the fair value of the intangible asset any mark up on the actual cost incurred, as the appropriate mark up cannot be reliably measured and as such the contract revenue and contract costs associated with the construction contract is recognised as revenue and expense respectively by reference to the stage of completion of the contract activity at the balance sheet date. The Group will periodically review and re-assess the appropriate mark up with the ongoing construction of Klia2 and expansion of the Penang International Airport and make appropriate adjustments to the fair value of the intangible assets accordingly (if required).

The changes in accounting policies will be accounted for in accordance with FRS 108 retrospectively and the comparatives are restated accordingly.



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**2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)**

The following are effects arising from the said changes in accounting policies:

	<b>Increase/(decrease)</b>	
	<b>As at 31 March 2011 RM'000</b>	<b>As at 31 December 2010 RM'000</b>
<b>Statements of financial position</b>		
Intangibles	2,051,957	1,897,247
Property, plant and equipment	(2,051,957)	(1,897,247)
Investment in associates	28,562	28,562
Retained earnings	<u>28,562</u>	<u>28,562</u>

	<b>Increase</b>	
	<b>Q1 2011 RM'000</b>	<b>Q1 2010 RM'000</b>
<b>Statements of comprehensive income</b>		
Revenue	155,033	62,202
Other expenses	155,033	62,202
Share of results of associates	-	591
Profit before tax from continuing operations	-	591
Profit net of tax	<u>-</u>	<u>591</u>

As at 31 March 2011, the following FRSs and IC Interpretations were in issue but not yet effective and have not been applied by the Group:

<b>FRSs, Amendments to FRSs and Interpretation</b>		<b>Effective for financial year beginning on or after</b>
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretations 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011



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**3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the year ended 31 December 2010 was not qualified.

**4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The core airport services and retail business of the Group were not materially affected by any seasonality or cyclicity during the current quarter under review.

**5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter under review.



**MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)**  
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**6. SEGMENTAL INFORMATION**

	Continuing Operations						Discontinued Operations	Total Operations		
	Airport Operations		Non Airport Operations							
	Airport services	Retail	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others			Consolidation	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Segment Revenue</b>										
External:										
Aeronautical	204,589	-	-	-	-	-	-	204,589	-	204,589
Non-aeronautical:										
Retail	-	113,720	-	-	-	-	-	113,720	-	113,720
Others	259,507	-	3,038	15,819	13,715	-	-	292,079	-	292,079
Internal	31,197	357	16,401	31	675	-	(48,661)	-	-	-
	<u>495,293</u>	<u>114,077</u>	<u>19,439</u>	<u>15,850</u>	<u>14,390</u>	<u>-</u>	<u>(48,661)</u>	<u>610,388</u>	<u>-</u>	<u>610,388</u>
<b>Segment Results</b>										
Profits from operations	164,525	8,933	5,132	4,024	8,103	(813)	-	189,904	-	189,904
Depreciation and amortisation	(33,189)	(938)	(52)	(1,952)	(843)	(2,021)	-	(38,995)	-	(38,995)
Net loss from fair value adjustments of financial	68	-	-	-	-	-	-	68	-	68
Share of results of associates	752	-	-	-	-	(18,781)	-	(18,029)	-	(18,029)
Profit/(loss) before tax and zakat	<u>132,156</u>	<u>7,995</u>	<u>5,080</u>	<u>2,072</u>	<u>7,260</u>	<u>(21,615)</u>	<u>-</u>	<u>132,948</u>	<u>-</u>	<u>132,948</u>
<b>Assets and Liabilities</b>										
Segment assets	7,213,225	152,542	186,687	121,573	89,260	6,824,055	(7,587,112)	7,000,230	496	7,000,726
Investment in associates	600	-	-	-	-	135,554	(86,616)	49,538	-	49,538
Total assets	<u>7,213,825</u>	<u>152,542</u>	<u>186,687</u>	<u>121,573</u>	<u>89,260</u>	<u>6,959,609</u>	<u>(7,673,728)</u>	<u>7,049,768</u>	<u>496</u>	<u>7,050,264</u>
Segment liabilities representing										
Total liabilities	<u>4,339,708</u>	<u>74,937</u>	<u>108,356</u>	<u>18,304</u>	<u>28,343</u>	<u>4,783,521</u>	<u>(5,709,204)</u>	<u>3,643,965</u>	<u>229</u>	<u>3,644,194</u>



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**7. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES**

There were no changes in estimates that have had a material effect in the current quarter results.

**8. DEBT AND EQUITY SECURITIES**

There were no issuance and/or repayment of debt and/or equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter under review.

**9. DIVIDENDS PAID**

There were no dividends paid during the current quarter under review.

**10. CARRYING AMOUNT OF REVALUED ASSETS**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

**11. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current quarter under review.

**12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

There were no contingent assets and no changes in contingent liabilities since 31 December 2010.



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**13. CAPITAL COMMITMENTS**

The amount of commitments for lease rental, purchase of property, plant and equipment and other investment not provided for in the interim condensed consolidated financial statements as at 31 March 2011 were as follows:

	Due year 2011 RM'000	Due year 2012 to 2016 RM'000	Due year 2017 to 2026 RM'000	Due year 2027 to 2066 RM'000	Total RM'000
(i) Approved and contracted for:					
Lease rental payable to the GoM for Subang airport	-	10,010	20,019	80,077	110,105
	Due year 2011 RM'000	Due year 2012 to 2016 RM'000	Due year 2017 to 2026 RM'000	Due year 2027 to 2033 RM'000	Total RM'000
Lease rental payable to the GoM for all airports managed other than KLIA	-	10,050	20,100	14,070	44,220
Lease rental payable to the GoM in respect of KLIA	-	8,700	17,400	12,180	38,280
Capital expenditure	1,520,431	501,688	-	-	2,022,119
	1,520,431	520,438	37,500	26,250	2,104,619
	1,520,431	530,448	57,519	106,327	2,214,724
(ii) Approved but not contracted for:					
Capital expenditure	280,410	773,630	-	-	1,054,040
(iii) Other investment:					
Investment in Istanbul Sabiha Gokcen International Airport	-	173,766	-	-	173,766
Investment in GMR Male International Airport	43,710	43,400	-	-	87,110
	43,710	217,166	-	-	260,876
	1,844,551	1,521,244	57,519	106,327	3,529,640

**14. SUBSEQUENT EVENTS**

There were no other material events subsequent to the end of the current quarter under review that requires disclosure or adjustments to the unaudited interim financial statement.



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## 15. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2011 RM'000	*Restated Preceding Year Corresponding Quarter 31.03.2010 RM'000
Revenue	610,388	498,613
Profit before tax and zakat	132,948	119,724

### **Revenue**

The consolidated revenue of the Group for the current quarter under review was 22.4% or RM111.8 million higher than the same corresponding period in the previous year.

The improved revenue in the current quarter was mainly attributed to the adoption of IC 12 which resulted in a recognition of a RM155.0 million construction revenue in relation to the construction of Klia2 and expansion of Penang International Airport as compared to RM62.2 million recognised in the same period last year.

Stripping out the construction revenue, the consolidated revenue for the current quarter under review was RM18.9 million or 4.3% higher than the same corresponding period in the previous year.

The improvement in revenue for the current quarter under review was mainly contributed by a positive growth of 3.5% from airport operations, driven by an increase in non-aeronautical revenue of 7.3% which was mostly derived from the Group's retail business.

Passenger movements for the current quarter under review were 11.9% higher than the corresponding period last year, in which the international and domestic passenger movements increased by 13.6% and 10.2% respectively.

The Group's airport operation revenue was, however, impacted by higher airline incentives accrued in current quarter of RM20.0 million or more than 100%. The airline incentives were granted to eligible airlines under the Airlines Recovery Program ("ARP") announced on 18 November 2009 and effective for a period of three years ending 2011.

Net revenue from non-airport operations showed an increase of 17% or RM4.7 million compared with the previous corresponding period. The positive variance was derived from the agriculture and hotel segments. Despite the lower total crop harvested by 2,721MT or 13.9% as a result of the 1,672 hectares of land surrendered for the construction of Klia2, revenue from the agriculture segment increased due to the higher fresh fruit bunch price which had increased by RM284 per MT (2011:16,811MT/ RM791, 2010: 19,532MT / RM507).

Hotel revenue grew by 9.3% or RM1.3 million due to higher rooms occupancy rate which had improved to 71.5% from 66.3% in the corresponding period in the previous year.



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**15. PERFORMANCE REVIEW (Contd.)**

**Profit before tax and zakat**

Profit before tax and zakat for the current quarter under review was RM13.2 million or 11.1% higher than the corresponding period last year. The favourable variance was due to lower interest on borrowings due to the settlement of short term borrowings at the end of 2010. Interest on long term borrowings for the current quarter under review has been capitalised as part of Klia2 construction costs as allowed under FRS 123 - Accounting for Borrowing Costs. In addition, the favourable variance was also contributed by lower share of associate losses.





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**15. PERFORMANCE REVIEW (Contd.)**

**ECONOMIC PROFIT STATEMENT**

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2011 RM'000	Restated Preceding Year Corresponding Quarter 31.03.2010 RM'000
<b>Net Operating Profit Less Adjusted Tax (NOPLAT) computation.</b>		
Earnings before interest and tax (EBIT*)	149,179	144,021
Adjusted Tax	<u>(37,295)</u>	<u>(36,005)</u>
NOPLAT	<u>111,884</u>	<u>108,016</u>
<b>Economic charge computation</b>		
Average invested capital	4,081,963	3,466,266
Weighted average cost of capital per annum	<u>7.18%</u>	<u>8.08%</u>
Economic Charge	<u>73,271</u>	<u>70,019</u>
Economic Profit	<u>38,613</u>	<u>37,997</u>

\* EBIT is earning before finance costs, interest income and share of results of associates.

The EP statement is disclosed on a voluntary basis. 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 RM38.6 million for current quarter under review as compared with RM38.0 million in the corresponding period in the previous year.



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**15. PERFORMANCE REVIEW (Contd.)**

**HEADLINE KEY PERFORMANCE INDICATORS (“KPIs”)**

The Group’s financial and operational performances for the current quarter under review against the annual Headline KPIs were as follows:-

	Headline KPIs	Actual achievement	% achieved
i) EBITDA (RM'000)	773,398	189,905	24.6%
ii) ROE	10.7%	2.6%	24.5%
iii) Airport Service Quality Survey Ranking	KLIA Ranking top 5 Worldwide	i) 25-40 mppa - ranking at no.3 ii) Worldwide - ranking at no. 11	

**16. MATERIAL CHANGE IN PROFIT BEFORE TAX AND ZAKAT OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER**

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2011 RM'000	Restated Immediate Preceding Quarter 31.12.2010 RM'000
Revenue	610,388	792,171
Profit before tax and zakat	132,948	153,643

**Revenue**

The consolidated revenue of the Group for the current quarter under review dropped by 23.0% or RM181.8 million as compared with the immediate preceding quarter, mainly due to lower construction revenue of RM142.8 million. The construction revenue of RM155.0 million was recognised in the current quarter under review as compared with RM297.8 million recognised in respect of the immediate preceding quarter.

In addition, the decline in revenue was also due to higher amount of incentives payable to eligible airlines. The amount of incentives granted to airlines in the preceding quarter was RM5.5 million, whereas RM30.0 million was accrued in the current quarter under review. Credit Notes will be issued to the eligible airlines upon finalisation of the incentives amount.

The adverse variance was also due to lower aeronautical revenue recorded as a result of a 3.0% decline in passenger movements. The fourth quarter typically records a higher number of passengers due to school holidays and the festive season.



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**16. MATERIAL CHANGE IN PROFIT BEFORE TAX AND ZAKAT OF CURRENT QUARTER AS COMPARED WITH PRECEDING QUARTER (Contd.)**

**Profit before tax and zakat**

Profit before tax and zakat for the current quarter under review was lower than the immediate preceding quarter by 20.7% or RM13.5 million mainly due to lower revenue which was negated to some extent by lower costs. Total costs decreased by 27.0% or RM179.1 million mainly due to lower utilities, repair maintenance and construction costs. Construction costs recognised under IC 12 was RM155.0 million in the current quarter, which was 48.0% lower compared to RM297.8 million recognised in respect of the preceding quarter.

**17. DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL**

Assets and liabilities classified as held for sale in the consolidated balance sheet was for the auction segment of the Group, namely APAC, which ceased operation since October 2008. MAHB is currently in the process of having APAC dissolved.

The major classes of assets and liabilities of APAC classified as held for disposal in the consolidated statement of financial position as at 31 March 2011 and 31 December 2010 are as follows:

	<b>31.03.2011</b>	<b>31.12.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Assets</b>		
Trade and other receivables	492	492
Cash & bank balances	4	4
Assets of disposal group classified as held for disposal	<u>496</u>	<u>496</u>
<b>Liabilities</b>		
Trade & other payables	<u>229</u>	<u>229</u>



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**18. COMMENTARY ON PROSPECTS**

The Group continues to benefit from the economic growth in Malaysia, the ASEAN region and other countries within the emerging markets. The expected future GDP growth as well as increases in tourism and consumer spending in these markets will provide meaningful support to the Group's operational and growth objectives. The local economy is expected to further grow, leveraging on the Economic Transformation Programme recently presented by the government.

The airport operations segment is expected to continue contributing positively to the consolidated revenue of the Group in 2011. The aeronautical revenue streams would be highly dependent on passenger movements at all airports operated by the Group. At this juncture, MAHB is optimistic that the passenger traffic performance at the airports operated by the Group will be positive in 2011.

The International Air Transport Association ("IATA") had projected further improvements in the profitability of airlines for the year 2011. Though business and consumer confidence remains strong, passenger and airline movements are expected to further grow but at a slower level. The latest IATA estimates projects world passenger growth at 5.6% compared with the estimated 8.9% for 2010 with Asia-Pacific continue to lead the growth. The International Civil Aviation Organisation (ICAO) has also similarly estimated growth in passenger numbers for 2011 at 4.7%. Though higher oil price, natural disasters and political instability could erode traffic growth, to date the overall effect has been low due to the better economic growth experienced across the globe.

The robust performances by both the conventional and low-cost carriers provide a strong platform to prosper further this year.

**19. PROFIT FORECAST**

The disclosure requirements for explanatory notes for the variance of actual profit attributable to equity holder of the company and forecast profit are not applicable.

**20. TAXATION AND ZAKAT**

**INDIVIDUAL QUARTER**

	<b>Current Year Quarter</b>	<b>Preceding Year Corresponding Quarter</b>
	<b>31.03.2011 RM'000</b>	<b>31.03.2010 RM'000</b>
Current tax	38,518	46,452
Deferred taxation	5,806	66
Zakat	360	-
	44,684	46,518

**21. SALE OF PROPERTIES**

There were no sales of properties since 31 December 2010.



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## 22. INVESTMENTS IN QUOTED SECURITIES

There were no investments in quoted securities during the current quarter under review.

## 23. STATUS OF CORPORATE PROPOSALS

- a) Save for the following, there are no other corporate proposals announced by the Group but not completed as at 30 May 2011 being a date not earlier than 7 days from the date of issue of the quarterly report:

On 5 August 2010, the Company announced the proposed offering by MACB of Islamic Commercial Papers (“ICP”) and Islamic Medium Term Notes (“IMTN”) pursuant to an Islamic Commercial Paper Programme (“ICP Programme”) and an Islamic Medium Term Notes Programme (“IMTN Programme”), respectively with a combined aggregate nominal value of up to RM3.1 billion (with a sub-limit of RM1.0 billion in nominal value for the ICP Programme) (collectively, the “Proposal”). The Proposal is deemed approved by the Securities Commission, vide its letter dated 18 August 2010, pursuant to Section 212(5) of the Capital Market and Services Act, 2007. On 30 August 2010, MACB completed the issuance of the first tranche comprising RM1.0 billion nominal value IMTNs pursuant to the IMTN Programme. The IMTNs issued under the first tranche have a tenure of ten (10) years from the date of issuance with a periodic distribution (coupon) rate of 4.55% per annum. On 17 December 2010, MACB completed the issuance of the second tranche comprising RM1.5 billion nominal value IMTNs pursuant to the IMTN Programme. The IMTNs issued under the second tranche have a tenure of twelve (12) years from the date of issuance with a periodic distribution (coupon) rate of 4.68% per annum.

- b) The status of utilisation of proceeds raised from corporate proposals as at 30 May 2011 (being a date not earlier than 7 days from the date of issue of the quarterly report) is as follows:

### ICP Programme and IMTN Programme

Purpose	Proposed Utilisation (RM '000)	Actual Utilisation (RM '000)	Intended Timeframe for Utilisation	Deviation	
				Amount (RM '000)	%
To part finance the construction of Klia2 and/or to refinance MAHB's borrowings/ financings which were utilised for Shariah-compliant purposes and/or for MAHB's Shariah-compliant general corporate purposes	2,500,000	1,590,360	By 2012	-	-



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#### **24. BORROWINGS AND DEBT SECURITIES**

	<b>As at 31.03.2011 RM'000 unaudited</b>	<b>As at 31.12.2010 RM'000 audited</b>
<b>Long term borrowings</b>		
Unsecured:		
Islamic Medium Term Notes ("IMTN")	<u>2,500,000</u>	<u>2,500,000</u>

#### **25. OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There were no off balance sheet financial instruments as at 31 May 2011.

#### **26. CHANGES IN MATERIAL LITIGATION**

There were no changes to material suits against the company and its subsidiaries since 31 December 2010.

#### **27. DIVIDEND PAYABLE**

There were no dividends paid or declared during the current quarter under review.



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**28. EARNINGS PER SHARE ("EPS")**

**Basic EPS**

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>INDIVIDUAL QUARTER</b>	
	<b>Current Year Quarter 31.03.2011 RM'000</b>	<b>Restated Preceding Year Corresponding Quarter 31.03.2010 RM'000</b>
Profit from continuing operations attributable to equity holders of the Company	88,264	73,206
Weighted average number of ordinary shares in issue ('000)	1,100,000	1,100,000
Basic earnings per share (sen)	<u>8.02</u>	<u>6.66</u>

**29. SUPPLEMENTAL EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS.**

	<b>As at 31.03.2011 RM'000</b>	<b>Restated As at 31.12.2010 RM'000</b>
Total Retained Earnings:		
- Realised	3,046,476	2,839,182
- Unrealised	(34,547)	(31,058)
	<u>3,011,929</u>	<u>2,808,124</u>
Total share of retained earnings/(accumulated losses) from associated companies:		
- Realised	(143,642)	(125,368)
- Unrealised	27,956	27,711
Less Consolidation Adjustments	(1,413,112)	(1,315,456)
Retained Earnings	<u>1,483,131</u>	<u>1,395,011</u>



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**30. AUTHORISATION FOR ISSUE**

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

**BY ORDER OF THE BOARD**

**Sabarina Laila Dato' Mohd Hashim**  
Company Secretary  
Sepang  
31 May 2011