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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Revenue		1,121,060	1,328,275	4,098,752	3,548,062
Cost of inventories sold		(93,562)	(77,356)	(325,287)	(281,927)
Other income	7	42,342	39,111	135,376	124,955
Employee benefits expense		(176,018)	(125,429)	(569,916)	(471,403)
Construction Costs		(417,155)	(704,400)	(1,563,883)	(1,321,744)
Depreciation and amortisation		(79,248)	(50,224)	(277,860)	(221,277)
Other expenses	7	(263,272)	(177,791)	(875,380)	(668,203)
Operating profits		134,147	232,186	621,802	708,463
Finance costs		(6,089)	(4,926)	(28,375)	(19,035)
Impairment of investment in associate company		(3,708)	(68,916)	(3,708)	(68,916)
Share of results:					
- associates		(44,329)	(23,116)	(43,837)	(17,505)
- jointly controlled entities		2,415	(420)	5,201	(251)
Profit before tax and zakat		82,436	134,808	551,083	602,756
Taxation and zakat	22	(33,930)	(57,009)	(161,936)	(208,485)
Profit for the period, net of tax and zakat		48,506	77,799	389,147	394,271
Discontinued Operation					
(Loss)/profit from discontinued operations, net of tax		-	228	(155)	189
Profit for the year, net of tax and zakat		48,506	78,027	388,992	394,460
Attributable to:					
Owners of the parent		48,506	78,027	388,934	394,460
Non-controlling interests		-	-	58	-
		48,506	78,027	388,992	394,460
Earnings per share attributable to owners of the parent (sen):					
Basic for profit from continuing operations		3.94	6.43	31.73	33.24
Basic for profit/ (loss) from discontinued operation		-	0.02	(0.01)	0.02
Basic for profit for the year	30	3.94	6.45	31.72	33.26

The condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Profit for the year, net of tax and zakat	48,506	78,027	388,992	394,460
Other comprehensive income:				
Available-for-sale financial assets				
- (Loss)/gain on fair value changes	(2,708)	1,969	(3,747)	(333)
Share of other comprehehensive income of associates	(2,397)	4,657	(2,419)	4,657
Foreign currency translation	1,659	(97)	2,633	(1,173)
Other comprehensive income for the year,net of tax and zakat	(3,446)	6,529	(3,533)	3,151
Total comprehensive income	45,060	84,556	385,459	397,611
Attributable to:				
Owners of the parent	45,060	84,556	385,401	397,611
Non-controlling interest	-	-	58	-
	45,060	84,556	385,459	397,611

The condensed consolidated statement of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 DECEMBER 2013

	31.12.2013 RM'000 Unaudited	31.12.2012 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	323,716	290,829
Plantation development expenditure	52,823	50,336
Land use rights	7,519	7,639
Intangible Assets	8,261,731	6,198,000
Investment in associates	24,388	20,378
Investment in jointly controlled entity	59,345	43,326
Available for sale investments	349,450	303,179
Trade receivables	-	1,250
Other receivables	364,572	353,748
Staff loans	40,884	35,330
Deferred tax assets	2,769	1,680
	9,487,197	7,305,695
Current Assets		
Inventories	121,752	99,097
Trade receivables	444,023	527,200
Other receivables	113,998	113,040
Cash and bank balances	345,445	774,166
	1,025,218	1,513,503
Assets of disposal group classified as held for disposal	104	63
TOTAL ASSETS	10,512,519	8,819,261

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 DECEMBER 2013

	31.12.2013 RM'000 Unaudited	31.12.2012 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,232,444	1,210,000
Share premium	1,409,376	1,320,414
Retained earnings	2,048,882	1,826,758
Fair value adjustment reserve	(1,030)	5,136
Other reserve	2,546	2,546
Foreign exchange reserve	(2,941)	(5,574)
	4,689,277	4,359,280
Non-controlling interests	58	-
Total equity	4,689,335	4,359,280
Non-current Liabilities		
Other financial liability	189,256	176,562
Borrowings	3,600,000	3,100,000
Deferred income	47,065	38,621
Deferred tax liabilities	121,096	98,913
Other payables	700,948	212,274
	4,658,365	3,626,370
Current Liabilities		
Borrowings	200,000	-
Trade payables	201,195	142,847
Other payables	715,679	659,548
Income tax payable	47,902	31,156
	1,164,776	833,551
Liabilities of disposal group classified as held for disposal	43	60
Total liabilities	5,823,184	4,459,981
TOTAL EQUITY AND LIABILITIES	10,512,519	8,819,261

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Attributable to equity holders of the Company								
		Non- distributable				Distributable			
	Share Capital RM'000	Share Premium RM'000	Fair value Adjustment Reserve RM'000	Foreign Exchange Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling interests RM'000	Total equity RM'000
At 1 January 2012	1,100,000	822,744	812	(4,401)	2,546	1,625,168	3,546,869	-	3,546,869
Total comprehensive income for the year	-	-	4,324	(1,173)	-	394,460	397,611	-	397,611
Issuance of new shares via private placement	110,000	497,670	-	-	-	-	607,670	-	607,670
Transaction with owners									
Dividends	-	-	-	-	-	(192,870)	(192,870)	-	(192,870)
Total transactions with owners	-	-	-	-	-	(192,870)	(192,870)	-	(192,870)
At 31 December 2012	1,210,000	1,320,414	5,136	(5,574)	2,546	1,826,758	4,359,280	-	4,359,280
At 1 January 2013	1,210,000	1,320,414	5,136	(5,574)	2,546	1,826,758	4,359,280	-	4,359,280
Total comprehensive income for the year	-	-	(6,166)	2,633	-	388,934	385,401	58	385,459
Transaction with owners									
Shares issued persuant to Dividend Reinvestment Plan	22,444	88,962	-	-	-	-	111,406	-	111,406
Dividends	-	-	-	-	-	(166,810)	(166,810)		(166,810)
	22,444	88,962	-	-	-	(166,810)	(55,404)	-	(55,404)
At 31 December 2013	1,232,444	1,409,376	(1,030)	(2,941)	2,546	2,048,882	4,689,277	58	4,689,335

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	31.12.2013 RM'000 Unaudited	**31.12.2012 RM'000 Audited**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss)before tax and zakat from:		
Continuing operations	551,083	602,756
Discontinued operation	(155)	189
Adjustments for:		
Interest income	(16,368)	(18,511)
Interest from late payments	(4,553)	(4,478)
Excess fund from liquidation	-	(381)
Interest expense	28,375	19,035
Provision for liabilities	4,461	5,980
Writeback of provision of liabilities	(42)	(271)
Amortisation of:		
- Intangible assets	228,312	185,198
- plantation development expenditure	2,745	2,647
- land use rights	121	121
Depreciation of property, plant and equipment		
-Continuing operations	46,683	33,311
-Discontinued operation	-	1
Amortization of premium on investments	29	55
Impairment of investment in associate	3,708	68,916
Net doubtful debts:		
-Continuing operations	(1,189)	(1,876)
-Discontinued operation	-	(1)
Net of bad debt recovered		
-Continuing operations	7,203	9,267
-Discontinued operations	-	51
Net (gain) / loss on disposal of:		
- property,plant and equipment	234	5,858
- intangible assets	(29)	112
- bond	(363)	(640)
- other investment	(187)	(85)
Property, plant and equipment written off		
-Continuing operations	1,959	1,531
-Discontinued operations	-	13
Intangible assets written off	104	1,662
Net of inventories written off		
-Continuing operations	1,079	3,292
-Discontinued operations	-	40
Retirement benefits	-	764
Investment income	(14,834)	(15,471)
Profit from construction contract	(71,982)	(63,305)
Share of results of:		
- Associates	43,837	17,505
- Jointly controlled entities	(5,201)	251
Operating profit before working capital changes	805,030	853,536
Increase in inventories	(23,734)	(23,906)
Decrease in receivables	76,650	135,339
Increase/(decrease) in payables	181,192	(137,310)
Decrease in concession liabilities	(25,446)	(15,234)
Decrease in provisions for liabilities	(3,268)	(3,060)
Cash generated from operations	1,010,424	809,366
Tax and Zakat paid	(124,094)	(165,488)
Retirement benefits paid	-	(1,145)
Net cash generated from operating activities	**886,330**	**642,733**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTD.)

	31.12.2013 RM'000 Unaudited	31.12.2012 RM'000 Audited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(78,264)	(70,336)
- intangibles assets	(1,840,138)	(1,595,315)
- quoted shares	(46,034)	(70,712)
- plantation development expenditure	(450)	(1,121)
- other investments	-	(221)
Proceed from disposal of:		
- property, plant and equipment	114	197
- intangible assets	-	8
- other investments	5,991	3,784
Investment in an associate	(840)	-
Advance to associates	(6,899)	(27,924)
Redemption of bonds	5,459	5,909
Investment income received	14,834	15,471
Excess fund from liquidation	-	381
Dividend received from associate	1,800	2,400
Interest received	5,807	8,669
Net cash used in investing activities	**(1,938,620)**	**(1,728,810)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance expenses	-	(8,346)
Proceeds from issuance of shares	-	110,000
Proceeds from issuance of share at premium	-	506,016
Drawdown of loans and borrowings	700,000	600,000
Interest paid	(24,050)	(5,402)
Dividends paid to shareholders of the Company	(53,008)	(120,410)
Net cash generated from financing activities	**622,942**	**1,081,858**
Net decrease in cash and cash equivalents	**(429,348)**	**(4,220)**
Effects of foreign currency translation	523	(20)
Cash and cash equivalent classified as discontinued operations	104	63
Cash and cash equivalents at beginning of year	774,166	778,343
Cash and cash equivalents at end of year	**345,445**	**774,166**
Cash and cash equivalents comprising:		
Cash and bank balances	99,527	150,562
Short term deposits	245,917	623,604
	345,445	**774,166**

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

1. BASIS OF PREPARATION

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 2012. 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 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except as follows:

On 1 January 2013, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Effective for financial periods beginning on or after 1 July 2012

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))

FRS 10 Consolidated Financial Statements

FRS 11 Joint Arrangements

FRS 12 Disclosure of interests in Other Entities

FRS 13 Fair Value Measurement

FRS 119 Employee Benefits

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

FRS 127 Separate Financial Statements

FRS 128 Investment in Associate and Joint Ventures

Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans

Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))

Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))

Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))

Amendments to FRS134: Interim Financial Reporting (Improvements to FRSs (2012))

Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance

Amendments to FRS 11: Joint Arrangements: Transition Guidance

Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application. The nature of changes in accounting policy are described below:

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRSs applicable to the particular assets, liabilities, revenues and expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

FRS 12 Disclosures of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investment in Associate and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

Amendments to FRS 101: Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2014

Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities

Amendments to FRS 136 Impairment of Assets – Recoverable Amount Disclosure for Non-Financial Assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Effective for financial periods beginning on or after 1 January 2015

FRS 9: Financial Instruments Activities

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is a fully IFRS-compliant framework which is applicable for all non-private entities for annual periods beginning on or after 1 January 2012, other than Transitioning Entities (TEs), which may defer adoption in view of potential changes on the horizon which may change current accounting treatments. On 6 September 2013, MASB had announced the adoption of MFRS for TEs is deferred to 1 January 2015.

TEs are non-private entities within the scope of MFRS 141 – Agriculture and IC Interpretation 15 – Agreements for the Construction of Real Estate, including their parent, significant investor and venturer. The Group being a TE, will adopt the MFRS Framework with effect from 1 January 2015.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2012 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

Airport services segment and retail segment, being the core businesses of the Group were not materially affected by any seasonality or cyclicality during the current quarter and financial year 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 and financial year under review.

6. SEGMENT INFORMATION

The Group is organised into business units and has the following reportable operating segments which are classified under airport operations and non-airport operations activities:-

Airport Operations:-

a) Duty free and non-dutiable goods

To operate duty free and non-duty free outlets and provide services in respect of food and beverage outlets at airports in Malaysia.

b) Airport services

To manage, operate and maintain designated airports in Malaysia and to provide airport related services.

Non-Airport Operations:-

a) Agriculture and horticulture

To cultivate and sell oil palm and other agricultural products and to carry out horticulture activities.

b) Hotel

To manage and operate a group of hotel, known as Sama – Sama Hotel and Sama-Sama Express KL International Airport.

6. SEGMENT INFORMATION (Contd')

c) Project and repair maintenance

To provide consultancy, operations and maintenance of Information and Communication Technology business ventures and provision of mechanical and civil engineering services in connection with the airport industry.

There has been no material change in the total assets and no difference in the basis of segmentation or in the basis of measurement of segment profit or loss compared to the last financial statements for the year ended 31 December 2012.

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)
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6. SEGMENT INFORMATION (Contd.)

	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	RM'000
For the year ended 31 December 2013										
Segment Revenue										
External:										
Aeronautical	1,211,041	-	-	-	-	-	-	1,211,041	-	1,211,041
Non-aeronautical:										
Retail	-	609,960	-	-	-	-	-	609,960	-	609,960
Others	503,039	1,354	40,667	65,904	30,923	-	-	641,887	-	641,887
Construction	1,635,864	-	-	-	-	-	-	1,635,864	-	1,635,864
Internal	163,598	2,041	31,118	1,349	3,154	-	(201,260)	-	-	-
Inter-segment dividends	-	-	-	-	-	116,720	(116,720)	-	-	-
	3,513,542	613,355	71,785	67,253	34,077	116,720	(317,980)	4,098,752	-	4,098,752
Segment Results										
Construction Profit	71,982	-	-	-	-	-	-	71,982		71,982
Profits from operations (excluding construction profit)	807,404	43,973	9,667	6,767	2,546	101,239	(143,916)	827,680	(155)	827,525
Depreciation and amortisation	(229,955)	(6,585)	(305)	(20,712)	(3,598)	(16,705)	-	(277,860)	-	(277,860)
Finance costs	(28,349)	-	-	-	(1)	(25)	-	(28,375)	-	(28,375)
Impairment of Investment of associate company						(3,708)		(3,708)	-	(3,708)
Share of results of associates:										
- associates	4,018	-	-	-	-	(47,855)	-	(43,837)	-	(43,837)
- jointly controlled entity	-	-	-	-	-	5,201	-	5,201	-	5,201
Profit /(loss) before tax and zakat	625,100	37,388	9,362	(13,945)	(1,053)	38,147	(143,916)	551,083	(155)	550,929
As at 31 December 2013										
Assets and Liabilities										
Segment assets	6,068,127	256,690	103,256	161,980	94,328	8,293,231	(4,548,929)	10,428,683	104	10,428,787
Investment in associates	23,208	-	-	-	-	1,179	-	24,387	-	24,387
Investment in Jointly Controlled Entities	-	-	-	-	-	59,345	-	59,345	-	59,345
Total assets	6,091,335	256,690	103,256	161,980	94,328	8,353,755	(4,548,929)	10,512,415	104	10,512,519
Segment liabilities representing Total liabilities	2,333,917	148,167	22,915	74,083	24,106	5,641,567	(2,421,614)	5,823,141	43	5,823,184

MALAYSIA AIRPORTS HOLDINGS BERHAD (487092-W)
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6. SEGMENT INFORMATION (Contd.)

	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	RM'000
For the year ended 31 December 2012										
Segment Revenue										
External:										
Airport operations:										
Aeronautical	1,036,710	-	-	-	-	-	-	1,036,710	-	1,036,710
Non-aeronautical:										
Retail	-	536,455	-	-	-	-	-	536,455	-	536,455
Others	447,886	1,057	-	-	-	-	-	448,943	-	448,943
Construction	1,385,049	-	-	-	-	-	-	1,385,049	-	1,385,049
Non-airport operations	-	-	20,260	75,051	45,594	-	-	140,905	8	140,913
Internal	153,962	2,337	27,241	1,331	2,926	-	(187,797)	-	-	-
Inter-segment dividends	-	-	-	-	-	117,279	(117,279)	-	-	-
	3,023,607	539,849	47,501	76,382	48,520	117,279	(305,076)	3,548,062	8	3,548,070
Segment Results										
Construction Profit	63,305			-	-	-	-	63,305	-	63,305
Profits from operations (excluding construction profit)	843,614	42,857	1,329	9,787	20,737	53,629	(105,518)	866,435	189	866,624
Depreciation and amortisation	(187,009)	(5,558)	(148)	(7,888)	(3,498)	(17,176)	-	(221,277)	-	(221,277)
Finance costs	(19,029)	-	(1)	-	(1)	(4)	-	(19,035)	-	(19,035)
Impairment of Investment of associate company	-	-	-	-	-	(68,916)	-	(68,916)	-	(68,916)
Share of results of:										
- associates	3,760	-	-	-	-	(21,265)	-	(17,505)	-	(17,505)
- jointly controlled entity	-	-	-	-	-	(251)	-	(251)	-	(251)
Profit /(loss) before tax and zakat	704,641	37,299	1,180	1,899	17,238	(53,983)	(105,518)	602,756	189	602,945
As at 31 December 2012										
Assets and Liabilities										
Segment assets	5,737,405	184,912	122,340	123,782	71,347	7,410,265	(4,894,557)	8,755,494	63	8,755,557
Investment in associates	20,151	-	-	-	-	227	-	20,378	-	20,378
Investment in Jointly Controlled Entity	-		-	-	-	43,326	-	43,326	-	43,326
Total assets	5,757,556	184,912	122,340	123,782	71,347	7,453,818	(4,894,557)	8,819,198	63	8,819,261
Segment liabilities representing total liabilities	2,321,295	88,751	48,012	18,903	678	4,808,078	(2,825,796)	4,459,921	60	4,459,981

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7. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Included in Other Income:				
Interest income:				
-Unquoted Investment and staff loan	1,261	1,536	4,908	6,987
-Other loan and receivables	2,783	2,744	11,132	10,974
- available-for-sale financial assets	40	98	328	550
Investment Income	1,169	5,020	14,834	15,471
Net realised foreign exchange gain	1,309	618	3,891	3,785
Net gain/(loss) on disposal of:				
- Property, plant and equipment	1,930	(890)	(234)	(5,858)
- Intangible assets	21	(5)	29	(112)
- Bonds	363	(4)	363	640
- Others	-	(335)	187	85
Recoupment of expenses	21,099	15,271	70,047	61,907
Included in Expenses:				
Interest expense:				
- Concession payables and borrowings	5,016	1,286	24,050	5,402
- Financial liabilities	1,073	3,640	4,325	13,633
Net doubtful debt write back				
- Continuing operations	(2,082)	(563)	(1,189)	(1,876)
- Discontinued operation	-	-	-	(1)
Net bad debt written off				
- Continuing operations	-	9,292	7,203	9,267
- Discontinued operation	-	51	-	51
Property, plant and equipment written off				
- Continuing operations	1,864	1,529	1,959	1,531
- Discontinued operation	-	13	-	13
Intangible assets written off	15	37	104	1,662
User fee	66,240	27,919	235,334	99,183

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the result for current quarter and financial year under review.

9. DEBT AND EQUITY SECURITIES

On 21 January 2013, the Company has increased the share issued and paid-up share capital of the Company to 1,217,088,046 via issuance of 7,088,046 new ordinary shares of RM1.00 each pursuant to DRP as stated in note 25, in relation to the single-tier interim dividend of 6.0% for the financial year ended 31 December 2012.

On 13 May 2013, the Company has further increased the share issued and paid-up share capital of the Company to 1,232,443,879 via issuance of 15,355,833 new ordinary shares of RM1.00 each pursuant to DRP as stated in note 25, in relation to the single-tier final dividend of 7.63% pursuant to financial year ended 31 December 2012.

The new ordinary shares issued during the financial period rank pari passu in all respect with the existing shares of the Company.

The Company had on 29 July 2013 accepted a Murabahah Tawarruq revolving credit facility (RC-i Facility) from AmIslamic Bank Berhad amounting to RM200,000,000 with an availability period of up to twelve (12) month from the date of first disbursement. The RC-i Facility has been fully drawn on 30 July 2013 to part finance the construction of klia2. The RC-i Facility effective profit rate is the AmIslamic Bank Berhad's Islamic cost of fund plus 0.5% per annum for a flexible tenure of up to 1, 3 or 6 months.

On 6 September 2013, the Company had completed the issuance of RM500,000,000 Senior Sukuk (Sukuk Musharakah) via a dual tranche offering pursuant to the Senior Sukuk Programme (as defined in Note 25). The Senior Sukuk offering comprises a three (3) years, RM250,000,000 tranche and a five (5) year, RM250,000,000 tranche with a periodic distribution rate (per annum, payable semi-annually) of 3.85% and 4.15% respectively.

Save for the above, there were no other 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 and financial year under review.

10. DIVIDENDS PAID

A single-tier interim dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2012 was declared on 23 October 2012. The interim dividend amounting to RM72.60 million of which RM39.07 million was paid on 18 January 2013 and the remaining was reinvested on 21 January 2013.

A single-tier final dividend of 7.63 sen per ordinary share in respect of the financial year ended 31 December 2012 was approved by the Shareholders at its Annual General Meeting held on 28 March 2013. The final dividend amounting to RM92.86 million of which RM13.93 million was paid on 13 May 2013 and the remaining was reinvested on 14 May 2013.

A single-tier interim dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2013 was declared on 8 November 2013. The interim dividend amounting to RM73.95 million will be paid or reinvested on 30 January 2014.

Save for the foregoing, there were no other dividends paid or declared during the current quarter and financial year under review.

11. CARRYING AMOUNT OF REVALUED ASSETS

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

12. CHANGES IN COMPOSITION OF THE GROUP

On 2 January 2013, KL Airport Hotel Sdn Bhd (“KLAH’’), a wholly-owned subsidiary and ATOZ Hospitality Services Sdn Bhd (“ATOZ”), had incorporated a private limited Joint Venture Company under the name of Sama-Sama Hospitality Management Sdn Bhd (“SSHM”) for the purpose of operating and managing a new airport hotels brand known as “Sama-Sama Hospitality Group” which comprised two sub-brands namely, “Sama-Sama Hotel” and “Sama-Sama Express”. The issued share capital of SSHM is amounting to RM100 in which 51% is held by KLAH and 49% by ATOZ.

12. CHANGES IN COMPOSITION OF THE GROUP (cont'd)

On 3 September 2013, KLAH issued a notice of termination of the Hotel Management Agreement ("HMA") to SSHM due to the non-participation and withdrawal of a key individual in the management and operations of the JV Company. On 18 September 2013, pursuant to the terms of the Joint Venture Agreement ("JVA"), KLAH issued a written notice of termination to ATOZ, to terminate the JVA. The termination did not have any material financial impact on MAHB Group for the financial year ended 31 December 2013.

On 21 August 2013, MAHB has entered into a Joint Venture Agreement with Malaysia Airports Sepang Sdn Bhd ("MA (Sepang)"), Mitsui Fudosan Co. Ltd and Retail Investment One Pte Ltd ("RI One"), to participate in a joint venture company under the name of MFMA Development Sdn Bhd (the "JVC") for the development operation and maintenance of a Factory Outlet Centre and its complementary components known as "Mitsui Outlet Park KLIA". The JVC was incorporated on 26 February 2013. The issued share capital of the JVC amounting to RM2,800,000 in which 30% is held by MA (Sepang) and 70% for RI One.

On 18 December 2013, Malaysia Airport Consultancy Services Sdn. Bhd. ("MACS"), a wholly-owned subsidiary of the Group has entered into a Shareholders Agreement with Watad Group Enterprises LLC ("Watad") to form a joint venture company incorporated in Doha, Qatar under the name of MACS Middle East LLC ("MACS ME") for the purpose of undertaking activities in the areas of facilities maintenance services at airports, including the new Doha International Airport and any other activities. The issued share capital of MACS ME is amounting to Qatari Riyal 200,000 (or the equivalent of approximately RM177,000), in which 49% is held by MACS and 51% by Watad .

On 5 September 2013, MACS Gulf LLC a limited liability company in Doha has ceased its operation. The cessation did not have any financial impact on MAHB Group for the financial year ended 31 December 2013.

Save for the above, there were no other changes in the composition of the Group during the current quarter and financial year under review.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) As at 31 December 2013, the Company provided corporate guarantees as follows:

a) RM72,160,000 (December 2012: RM32,320,000) for the purpose of guarantee to a financial institution for credit facilities granted to Istanbul Sabiha Gokchen International Airport ("ISG").

b) RM8,570,000 (December 2012: RM13,736,000) for the purpose of guarantee to a financial institution for credit facilities granted to LGM Airport Operations Trade and Tourism Inc ("LGM"), a related company of ISG.

c) RM27,060,000 (December 2012:RM24,240,000) for advance payment guarantee to a Duty Free Operator at ISG.

The company has assessed the financial guarantee contracts and concluded that the guarantees are more likely not to be called upon by the banks and accordingly not recognised as financial liability as at 31 December 2013.

ii) XY Base Technologies Sdn Bhd ("Plaintiff") had filed an application against the Group ("Defendants") in the High Court (Suit No. 22-87-2022) for the following claims:

(a) The sum of RM6,467,000 against MA (Sepang) for software support ("Software Support");

(b) General damages for unlawful interference with the Plaintiff's employees against all the Defendants;

(c) General damages for breach of memorandum of understanding/joint venture with the Plaintiff against all the Defendants; and

(d) General damages for breach and unlawful use of confidential information / business plan with Plaintiff against all the Defendants.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Contd.)

The High Court had, on 23 September 2011 allowed the Plaintiff's claim against MA (Sepang) in respect of items (a) and (b) above respectively and the judgment sum of RM6,467,000 for Software Support has been paid accordingly by MA Sepang. Subsequently, the High Court fixed the matter for Mediation to assess the damages in respect of the Defendants' liabilities as to the poaching with the Plaintiff's employees. The High Court of Malaya at Shah Alam had, on 29 July 2013, recorded an amicable settlement between the parties whereby the Defendant had paid RM1,000,000 to the Plaintiff as a full and final settlement being damages towards the High Court's order dated 23 September 2011 that the Defendants were liable for the unlawful interference with the Plaintiff's employees.

iii) On 13 December 2011, the Court of Appeal ("COA") has reversed the judgment by the High Court in respect of the legal suit by Federal Express Brokerage Sdn Bhd, United Parcel Service (M) Sdn Bhd and UPS SCS (Malaysia) Services Sdn Bhd (collectively referred to as "the Appellants") against Malaysia Airports (Sepang) Sdn Bhd ("MA (Sepang)").

Based on advice from the Group's legal counsel, MA (Sepang) filed an application for leave to appeal on 22 December 2011 and such other relevant application against the COA's decision to the Federal Court.

On 31 May 2012, the Group announced that in response to Notices under Section 218(1)(e) of the Companies Act served on MA Sepang on 1 February 2012 by the Appellants, MA (Sepang) had filed an application for Fortuna Injunction in the High Court to refrain the Appellants from presenting any winding up petitions against MA (Sepang). The High Court had on 29 May 2012 allowed the said application with costs of RM15,000 to be paid by the Appellants jointly within one month from the date of the said order.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Cont'd)

On 18 September 2012, the Federal Court granted MA (Sepang)'s application for leave to appeal and the Attorney General's application to intervene and the matter was set for hearing on 25 February 2013. The Federal Court unanimously allowed MA (Sepang)'s appeal on 24 September 2013 and accordingly has set aside the decision and order the Court of Appeal made on 13 November 2011 and restored the decision and judgment of the High Court given on 15 October 2010.

Therefore, the imposition of the Free Commercial Zone ("FCZ") charges against the freight forwarders operating at FCZ area are lawful and MA (Sepang) is entitled as the authority to collect such FCZ charges. Following the aforesaid decision, the Appellant has paid to MA (Sepang) the amount of RM7,273,025 together with interest of 8% per annum from 7 April 2008. In addition to the aforesaid amount, the Appellant has also paid RM50,000 to MA (Sepang) as costs of the proceedings.

iv) On 11 September 2013, a wholly-owned subsidiary of the Group, MACS has provided a Corporate Guarantee to the Government of the State of Qatar represented by the New Doha International Airport Steering Committee to guarantee the performance of obligations and liabilities of MACS ME under Contract for Facility Management Services for Airport Operational Facilities and Ancillary Buildings.

Save for the above, there were no other changes in contingent liabilities since 31 December 2012. The Group has no contingent assets.

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14. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions:

	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Revenue/Other Income:				
Associate:				
KL Aviation Fuelling System Sdn. Bhd.	1,489	1,445	5,868	5,781
Istanbul Sabiha Gokcen International Airport	(1,034)	1,101	2,262	4,464
LGM Airport Operations Trade and Tourism Inc	1,678	195	1,941	(249)
GMR Male International Airport	-	-	-	1,210
Jointly Controlled Entities:				
Segi Astana Sdn. Bhd.	318	318	1,273	1,273
Airport Cooling Energy Supply Sdn. Bhd.	222	179	874	715
Expenses:				
Associate:				
Bad Debts written off				
GMR Male International Airport	-	9,342	-	9,342
Jointly Controlled Entities:				
Fixed Monthly Charge				
Airport Cooling Energy Supply Sdn. Bhd.	16,047	-	58,837	-

Related Party Balances:

	As at 31.12.2013 RM'000 Unaudited	As at 31.12.2012 RM'000 Audited
Amount owing by associate companies	5,757	5,057
Amount owing to jointly controlled entities	13,818	-

15. CAPITAL COMMITMENTS

The amount of commitments for the lease rental, purchase of property, plant and equipment, construction of the terminal building and other investment not provided for in the interim condensed consolidated financial statements as at 31 December 2013 were as follows:

	Due year 2014 RM'000	Due year 2015 to 2019 RM'000	Due year 2020 to 2066 RM'000	Total RM'000
(i) Approved and contracted for:				
Lease rental payable to the GoM other than within the operating agreements	-	-	66,063	66,063
Capital expenditure	448,955	149,998	-	598,953
	448,955	149,998	66,063	665,016
(ii) Approved but not contracted for:				
Capital expenditure	655,198	24,040	-	679,238
(iii) Other investment:				
Investment in ISG	36,080	75,317	-	111,397
Investment in ISG - acquisition of additional 40% stake*	978,670	-	-	978,670
Investment in MFMA Development Sdn. Bhd.	13,650	-	-	13,650
	1,028,400	75,317	-	1,103,717
	2,132,553	249,355	66,063	2,447,971

* As stated in Note: 25, on 23 December 2013, MAHB has exercised its right of first refusal to purchase additional 40% stake in both ISG and LGM, from GMR for a purchase consideration of Euro157.5 million and Euro67.5 million respectively.

MAHB has paid Euro8 million deposit into an escrow account on 30 December 2013 based on the condition stated in the Sales and Purchase Agreement ("SPA") dated 28 December 2013. If the sale fails to complete by virtue of failure of a condition precedent or termination of the SPA then the deposit will, subject to the break fee arrangements be released to MAHB.

15. CAPITAL COMMITMENTS (Cont'd)

"Break Fee" shall apply if MAHB fails to comply with its obligations to proceed to closing under the SPA for any "frivolous" reason then it will forfeit Euro3 million of its deposit to GMR, but will recover the balance of the deposit from the escrow agent. Based on the advice of our legal counsel, the agreement does not describe what is meant by "frivolous". Presumably though, provided MAHB complies with its obligations under the SPA, it will not be regarded as acting in a "frivolous" manner if closing does not occur.

As stipulated in the SPA, all of the conditions precedent of the SPA need to be satisfied or waived by the date falling 180 days after the date on which the SPA is signed. This date can be extended by the Parties by mutual agreement, but may not be extended beyond 1 September 2014.

16. SUBSEQUENT EVENTS

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

17. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Revenue	1,121,060	1,328,275	4,098,752	3,548,062
Profit before tax and zakat	82,436	134,808	551,083	602,756

Revenue

The consolidated revenue of the Group for the current quarter under review was 15.5% or RM207.2 million lower than the corresponding period in the previous year while higher for the financial year under review by 15.5% or RM550.7 million as compared with the previous corresponding year.

a) Airport Operations

Included in the airport operations' revenue in the current quarter and financial year under review was the construction revenue of RM437.2 million and RM1,635.9 million respectively, compared to the RM737.5 million and RM1,385.0 million recognised in the corresponding period in the previous year. The construction revenue was recognised in relation to the construction of klia2 and the expansion of Penang International Airport.

Lower revenue for the current quarter under review as compared to the corresponding period was due to lower construction revenue by 40.7% or RM300.3 million.

17. PERFORMANCE REVIEW (Cont'd)

Revenue (Contd.)

Excluding the construction revenue, the Group recorded 15.8% or RM93.1 million and 13.9% or RM299.9 million improvement in the airport operation's revenue for the current quarter and the financial year under review respectively. The improvement was mainly attributed to an increase in the aeronautical revenue of 12.3% or RM35.4 million and 16.8% or RM174.3 million for the current quarter and financial year under review respectively. The improvement in aeronautical revenue was driven by higher passenger and aircraft movements as well as the implementation of new Landing charges with an increase of 9% in 2013 and the increase is effective 1 January 2012, 1 January 2013 and 1 January 2014 (compounded annually).

The favourable variance in the airport operations' revenue was also contributed by an increase in the non-aeronautical revenue of 19.9% or RM52.3 million and 13.1% or RM129.0 million for the current quarter and financial year under review respectively. The improvement was driven by higher commercial and retail revenue on the back of higher passenger growth.

The Group's retail business improved by 16.3% or RM24.3 million and 13.7% or RM73.5 million, in the current quarter and financial year under review respectively, riding on the passenger growth and various promotional activities.

The passenger movements for the current quarter under review increased by 23.2% to 22.2 million passengers as compared to the corresponding period last year of 18.0 million passengers, in which the international and domestic passenger movements increased by 17.8% and 28.2% respectively. Passenger movements at KLIA-Main Terminal and KLIA-LCCT increased by 26.1% (international: +19.3%, domestic: +49.5%) and 17.0% (international: +17.7%, domestic: +15.9%) respectively.

The passenger movements for the financial year under review increased by 18.4% to 79.5 million passengers as compared to the corresponding period last year of 67.2 million passengers, in which the international and domestic passenger movements increased by 16.8% and 19.9% respectively. Passenger movements at KLIA-Main Terminal and KLIA-LCCT increased by 24.6% (international: +19.9%, domestic: +41.0%) and 13.2% (international: +14.9%, domestic: +10.5%) respectively.

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17. PERFORMANCE REVIEW (Cont'd)

Revenue (Contd.)

b) Non-Airport Operations

Net revenue from non-airport operations for the current quarter under review registered an increase of 13.9% or RM5.4 million, while a decrease for the financial year under review of 2.4% or RM3.4 million as compared with the previous corresponding period.

The positive variance for the current quarter under review was mainly derived from the project and repair maintenance revenue and agriculture segments by 49.7% or RM5.5 million and 6.7% or RM0.6 million respectively. However, the positive variance was negated by the decrease in the hotel segment of 3.6% or RM0.7 million.

The positive variance in the project and repair maintenance revenue for the current quarter compared to the previous corresponding period was mainly due to the revenue from a newly incorporated subsidiary, MACS ME in providing facilities maintenance services at Doha International Airport of RM10.7 million. However, the positive variance was negated by lower revenue from other projects.

The negative variance for the financial year under review was derived from the agriculture and hotel segments by 32.2% or RM14.7 million and 11.6% or RM8.7 million respectively. However, the negative variance was cushioned by the increase in the project and repair maintenance revenue of more than 100% or RM20.4 million.

The decrease in the agriculture revenue was attributed by the lower price attained for fresh fruit bunches ("FFB") per tonne (RM108 or 18.7% lower) coupled with lower production volume for the period (a decrease of 13,466MT or 17.2%) (2013: 64,819MT / RM471, 2012: 78,285MT / RM579).

The decrease in the Hotel revenue was due to the lower revenue from food and beverage segment by 37% or RM14.5 million mainly as a result of the discontinuation of MAS Golden Lounge catering contract in April 2013.

17. PERFORMANCE REVIEW (Cont'd)

Revenue (Contd.)

The Project and repair maintenance revenue grew mainly due to the higher sales of Airport Ground Lighting System ("AGL") and revenue generated from MACS ME as stated above.

Profit before tax and zakat

The consolidated Profit before tax and zakat (PBT) for the current quarter and financial year under review was 38.9% or RM52.4 million and 8.6% or RM51.7 million lower as compared to the corresponding period in the previous year.

Included in the PBT for the current quarter was a construction profit of RM20.0 million, a decrease of 39.5% or RM13.1 million as compared to the same period in the previous year.

Excluding the construction profit, the PBT for the current quarter under review was RM62.4 million, a decrease of 38.6% or RM39.3 million as compared to the corresponding period in the previous year. The unfavourable PBT variance was mainly due to the increase in user fee by more than 100% from RM27.9 million to RM66.2 million, higher employee benefit by 40.4% or RM50.6 million and higher share of associate company's loss absorbed during the current quarter.

The higher user fee expense was attributable to the recognition of 100% user fee on the income statement. As set out in the Operating Agreements signed on 12 February 2009, MAHB is required to pay user fee to the Government of Malaysia which is equal to a specified percentage of revenue derived from activities at the airports as a consideration for the Concession Rights granted to MAHB. The amount which had been recognised in the income statement represents half of the total user fee payable to the Government of Malaysia, while the other half is to reduce the amount due for the Balance Residual Payment arising from MAHB's restructuring exercise that was completed in February 2009. Upon the full settlement of the Balance Residual Payment in April 2013, the user fee is fully recognised in the income statement.

Furthermore, the Group had absorbed higher loss from investment in ISG by 47.9% or 14.6 million. The negative variance was cushioned by the decrease in the impairment of investment in an associate company by 95% or RM65.2 million. The impairment was in relation to the investment in GMR Male International Airports Limited.

17. PERFORMANCE REVIEW (Contd.)

Profit before tax and zakat

Included in the PBT in the financial year under review was a construction profit of RM72.0 million derived from the construction of klia2 and Penang International Airport, representing an increase of 13.7% or RM8.7 million as compared to the same period in the previous year.

Excluding the construction profit, the PBT decreased by 11.2% or RM60.4 million. The unfavourable PBT variance was mainly due to the increase in user fee by more than 100% from RM99.2 million to RM235.3 million.

The negative variance in PBT was also attributable to higher employee benefit expenses and depreciation and amortisation by 21% or RM98.5 million and 26% or RM56.6 million respectively.

The negative variance was cushioned by the decrease in the impairment of investment in an associate company by 95% or RM65.2 million.

Share of associate results shows a negative variance primarily due no more share of profit recognised from GMR Male International Airport Private Limited ("GMIAL") (YTD December 2012: RM26.1 million). On 27 November 2012, the Maldivian Government declared the concession agreement with GMIAL which was awarded in 2010, as void.

In addition, the Group had absorbed higher loss from investment in ISG. During the financial year under review, the Group had contributed further capital advance of RM3.2 million and had converted the interest on shareholder loan to equity of RM1.6 million. The Group had also provided further financial guarantee to financial institution for credit facilities granted to ISG amounting to RM36.1 million in relation to additional new subordinated loan of Euro40 million. Therefore, the total interest and obligation in ISG as at 31 December 2013 increased to RM265.5 million. Hence, the Group had to further absorb RM48.8 million losses in 2013 as compared to RM47.6 million in the previous year.

17. PERFORMANCE REVIEW (Contd.)

Profit before tax and zakat

Pending on the completion of the additional 40% stake in ISG as stated in note 25, the Group has no further obligation in respect of these losses and until such time where the associates are in a profitable position, the Group will resume to recognise the share of profits only after its share of profits equals the share of losses not recognised. The Group's cumulative share of unrecognised losses in the current financial year under review was RM84.3 million (GMIAL: RM58.0 million and ISG: RM26.8 million).

17. PERFORMANCE REVIEW (Contd.)

ECONOMIC PROFIT STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	130,686	227,810	605,434	689,953
Adjusted Tax	(32,672)	(56,953)	(151,359)	(172,489)
NOPLAT	98,014	170,857	454,075	517,464
Economic charge computation				
Average invested capital	7,443,408	6,001,375	7,443,408	6,001,375
Weighted average cost of capital per annum	7.49%	6.43%	7.49%	6.43%
Economic Charge	139,378	96,472	557,511	385,888
Economic (Loss)/Profit	(41,365)	74,385	(103,436)	131,576

* 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 loss of RM41.4 million for the current quarter under review compared to an economic profit of RM74.4 million in the corresponding period in the previous year. Similarly, the Group also recorded an economic loss of RM103.4 million for the financial year under review compared to an economic profit of RM131.6 million in the corresponding period last year. The economic loss was due to the higher average invested capital resulting from cost incurred for the construction of klia2.

17. PERFORMANCE REVIEW (Contd.)

HEADLINE KEY PERFORMANCE INDICATORS ("KPIs")

The Group's financial and operational performances for the year under review against the Headline KPIs were as follows:-

	Headline KPIs for year 2013		Actual achievments 31 December 2013	
	Without Construction Profit	With Construction Profit	Without Construction Profit	With Construction Profit
i) EBITDA (RM'000)	750,878	807,654	827,680	899,662
ii) Airport Service Quality Survey Ranking *	25-40 million passenger size category: KLIA Ranking Top 5		25-40 mppa - ranking at no.5	

* The result was for the third quarter ended 30 September 2013. Results for the full year of 31 December 2013 is not yet available as of the reporting date.

Construction profit is recognised for construction of klia2 and expansion of Penang International Airport in compliance with IC Interpretation 12: Service Concession Arrangement ("IC12")

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

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.12.2013 RM'000	Immediate Preceding Quarter 30.09.2013 RM'000
Revenue	1,121,060	972,313
Profit before tax and zakat	82,436	150,441

Revenue

The consolidated revenue of the Group for the current quarter under review increased by 15.3% or RM148.7 million as compared to the immediate preceding quarter. The positive variance was mainly attributed to the higher construction revenue, which increased by 22.4% or RM79.9 million as compared to the immediate preceding quarter. A construction revenue of RM437.2 million was recognised in the current quarter under review as compared to the RM357.3 million recognised in the immediate preceding quarter.

Excluding the construction revenue, the consolidated revenue for the current quarter under review was 11.2% or RM68.8 million higher as compared to the immediate preceding quarter, mainly due to the growth in the airport and non-airport operations segment by 9.7% or RM56.4 million and 39.4% or RM12.5 million respectively.

The passenger movements for the current quarter under review increased by 9.1% as compared to the immediate preceding quarter, in which the international and domestic passenger movements increased by 6.0% and 11.9% respectively. The passenger movements at KLIA-Main Terminal and KLIA-LCCT increased by 4.3% (international: +3.4%, domestic: +7.0%) and 13.4% (international: +10.8%, domestic: 17.9%).

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

Revenue (Contd.)

a) Airport Operation

Revenue from the airport operations grew 9.7% or RM56.4 million primarily due to a 5.2% or RM16.1 million increase in the aeronautical revenue. This was attributed to the higher passenger and aircraft movements. The favourable variance was negated by the lower MARCS ERL revenue registered in the current quarter under review of RM12.8 million as compared to the RM17.3 million registered in the immediate preceding quarter.

The non-aeronautical revenue increased by 14.6% or RM40.2 million due to the higher rental and retail revenues by 16.6% or RM20.3 million and 13.0% or RM20.0 million respectively..

a) Non-Airport Operations

Revenue from the Non-Airport Operations segment recorded a growth of 39.4% or RM12.5 million in the current quarter, mainly due to the higher revenue recorded by the project and repair maintenance and hotel segments by more than 100.0% or RM10.1 million and 20.8% or RM3.2 million respectively. However, the agriculture revenue recorded a decline of 8.3% or RM0.8 million.

Profit before tax and zakat

Excluding the construction profit, the PBT for the current quarter under review was 53.8% or RM72.6 million lower as compared to the immediate preceding quarter, mainly due to higher loss absorbed in ISG by more than 100.0% or RM45.6 million and higher total expenses (excluding construction cost) of 22.3% or RM113.5 million despite higher revenue (excluding construction revenue) by 11.3% or RM69.7 million. These were mainly due to higher staff cost, administrative and repair maintenance. However, the unfavourable variance in PBT was cushioned by higher other income by 46.0% or RM13.4 million.

The construction profit for the current quarter under review increased by 30.0% or RM4.6 million as compared to the immediate preceding quarter.

19. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL

On 16 January 2013, Airport Automotive Workshop Sdn Bhd ("AAW") commenced Members' Voluntary Winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. Subsequently, on 16 August 2013, AAW had been fully dissolved.

As stated in note 12, on 18 September 2013, KLAH had issued a written notice of termination to ATOZ, to terminate SSHM. Thus, as at 31 December 2013, the assets and liabilities of SSHM have been presented on the consolidated statements of financial position as assets and liabilities held for disposal and the results from SSHM is presented separately on the statement of profit and loss as discontinued operation.

	CUMULATIVE QUARTER	
	Current Year to date	Preceding Year Corresponding Period
	31.12.2013	31.12.2012
	RM'000	RM'000
Revenue	-	-
Other income	-	-
Depreciation and amortisation		
Other expenses	(155)	-
Depreciation and amortisation	-	-
Profit before tax of discontinued operations	(155)	-
Income tax expenses	-	-
Profit for the period from discontinued operations	(155)	-

19. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL (Contd.)

The classes of assets and liabilities classified as held for disposal on the consolidated statement of financial position are as follows:-

	31.12.2013 RM'000 Unaudited
Assets	
Cash & bank balances	104
Liabilities	
Other payables	43

Prior year assets and liabilities held for disposal were in respect of AAW which had been fully dissolved during the year.

20. COMMENTARY ON PROSPECTS

The airports operated by the MAHB Group handled a record number of 79.6 million passengers in 2013, 12.4 million more than 2012. The 18.4% passenger growth registered for the year was impressive, surpassing the previous two decades growth records. The passenger growth was supported by a 14.2% increase in aircraft movements. Cargo movements remained subdued, a similar trend experienced in other airports around the world.

Globally, air travel demand continues to record optimistic trends based on rising business confidence and robust performance in key emerging markets like China and ASEAN. With the improvement in China's third quarter GDP growth and positive developments in Japan's economy, Asia Pacific has emerged as the strongest performer among the key global aviation markets. The International Air Transport Association (IATA), International Civil Aviation Organisation (ICAO) and Airports Council International (ACI) have predicted 2014 global passenger growth to be in the range of 4.5% to 6.0%.

20. COMMENTARY ON PROSPECTS (Cont'd)

For the MAHB Group, the benefit from the entry of new airlines and expansion of local carriers is expected to continue in 2014. Apart from the seven new airlines, Malaysia Airlines and AirAsia Group will continue to contribute strongly to passenger growth while Malindo Air is expected to be launching new routes. Malaysia Airlines' entry into the Oneworld Alliance in February 2013 has significantly increased the market outreach and breadth of connectivity across continents and will continue to provide critical support for passenger growth. The expected seat capacity expansion coupled with strong tourist arrivals pursuant to the Visit Malaysia Year 2014 will continue to fuel the growth momentum. In addition, MAHB will continue to pursue airlines globally by further enhancing its marketing efforts and various marketing initiatives.

Therefore, for 2014 MAHB is confident of another robust passenger growth of 9.7%, above the global estimates by the international bodies on the assumption that the Malaysian GDP growth remains in the range of 5-5.5% and the global economic environment and jet oil prices remain stable.

In addition, klia2 is expected to commence operations on 2 May 2014 and will contribute positively to MAHB Group's revenue, largely fuelled by higher passenger movements and complemented by enhancements in retail and commercial operations. However, klia2 is expected to incur higher operating expenditure due to its much larger capacity to accommodate for future growth in passenger and aircraft movements.

Notwithstanding the above, MAHB's performance is expected to further improve from 2015 onwards with the full year operations of klia2. As MAHB continues on its journey, it is clearly taking flight towards operational efficiency and profitability.

21. 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.

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Current tax	36,958	9,569	139,087	158,477
Deferred taxation	(3,028)	46,961	19,333	40,210
Zakat	-	479	3,516	9,798
	33,930	57,009	161,936	208,485

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2012.

24. INVESTMENTS IN QUOTED SECURITIES

There were no movements in investments in quoted securities during the current quarter and financial year under review.

25. STATUS OF CORPORATE PROPOSALS

Save for the followings, there are no other ongoing corporate proposals announced by the Group but not completed as at 24 January 2014 being a date not earlier than 7 days from the date of issuance of the quarterly report.

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

a) Dividend Reinvestment Plan

The Dividend Reinvestment Plan ("DRP") was approved by the Shareholders at the Extraordinary General Meeting held 30 November 2012. The DRP provides Shareholders an option to elect to reinvest their cash dividend(s) declared by the Company (whether interim, final, special or any other cash dividend) ("Dividend(s)") in new ordinary shares of RM1.00 each in MAHB ("MAHB Shares").

The DRP provides Shareholders with an opportunity to reinvest their Dividends in new MAHB Shares ("New Shares") in lieu of receiving cash. Shareholders are expected to benefit from their participation in the DRP as the New Shares may be issued at a discount and their subscription of such New Shares will be free from any brokerage fees and other related transaction costs. In addition, the DRP also provides the Shareholders with greater flexibility to meet their investment objectives as they would have the choice of receiving Dividends in cash or reinvesting into the Company through the subscription of additional Shares.

The DRP has capital management benefits to MAHB as the reinvestment of Dividends by Shareholders in New Shares will enlarge MAHB's share capital base and strengthen MAHB's capital position. Under the DRP, any cash so retained within MAHB, that would otherwise be made payable by way of dividend, will be preserved to fund the Group's continuing growth and expansion plan, and /or for the Group's working capital (including payment for general corporate activities and to defray expenses incurred in the course of day-to-day business operations). The issue of New Shares under the DRP is also expected to improve the liquidity of MAHB Shares currently listed on the Main Market of Bursa Securities.

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

In relation to Dividends declared, the Board may, at its absolute discretion, determine whether to offer Shareholders an option to reinvest such Dividend in New Shares ("Reinvestment Option") and where applicable, the size of the portion of such Dividend to which the Reinvestment Option applies ("Electable Portion").

Shareholders will have the following options in respect of a Reinvestment Option:

(a) elect to participate and thereby reinvest the entire Electable Portion (or a part thereof) at the Issue Price (as defined below) for New Shares and to receive wholly in cash:

(i) the portion of the Dividend to which the Reinvestment Option does not apply, as determined by the Board ("Non-Electable Portion"); and

(ii) the remaining portion of the Electable Portion not reinvested (if any) ("Remaining Portion"); or

(b) elect not to participate in the Reinvestment Option and thereby receive the entire Dividend wholly in cash.

The issue price of such New Shares shall be the higher of the following ("Issue Price"):

(a) the adjusted volume-weighted average market price ("VWAP") of MAHB Shares for the five market days immediately before the price fixing date (i.e. a date on which the Issue Price will be determined) after applying a discount of not more than 10%. The VWAP shall be adjusted for Dividends before applying the aforementioned discount in fixing the Issue Price; or

(b) the par value of MAHB Shares at the material time.

On 20 February 2013, the Board of Directors had determined that the DRP shall apply to the entire Final Dividend.

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

On 28 March 2013, the shareholders had approved a single-tier final dividend of 7.63 sen per ordinary share in respect of the financial year ended 31 December 2012 and authorised MAHB to allot and issue new ordinary shares of RM1.00 each in MAHB pursuant to the DRP.

On 29 March 2013, the Board of Directors has approved that the issue price for the new shares is 5.14 per share to be issued pursuant to the implementation of the DRP in respect of the Final Dividend.

The DRP had received all the necessary approvals from Bursa securities and from its shareholders on 29 March 2013. On 13 May 2013, an amount of RM78,928,982 was re-invested in the DRP and as disclosed in Note 9, the paid up share capital of the Company was increased to RM1,232,443,879 by the issuance of 15,355,833 shares of RM1 each under the DRP.

b) <u>Senior Sukuk Programme and Perpetual Subordinated Sukuk Programme with a combined aggregate limit of up to RM2.5 billion (collectively, "the Programmes")</u>

On 6 September 2013, the Company has completed the issuance of RM500,000,000 Senior Sukuk (Sukuk Musharakah) via a dual tranche offering pursuant to the Senior Sukuk Programme. The Senior Sukuk offering comprises a three (3) years, RM250,000,000 tranche and a five (5) year, RM250,000,000 tranche with a periodic distribution rate (per annum, payable semi-annually) of 3.85% and 4.15% respectively.

The Sukuk Musharakah are issued based on the Shariah principle of Musharakah. The tenure of the Senior Sukuk Programme is twenty (20) years from the date of the first issue of Sukuk Musharakah under the Senior Sukuk Programme whilst the Perpetual Subordinated Sukuk Programme does not have a fixed tenure. The proceeds from the Sukuk Musharakah issuance shall be utilised for the working capital requirements, general investments and/or refinance any borrowings/financing of MAHB and/or its subsidiaries, which are Shariah-compliant.

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

The Senior Sukuk Programme was approved by the Securities Commission Malaysia ('SC"), vide its letter dated 19 June 2013 whilst the Perpetual Subordinated Sukuk Programme was approved by the SC vide its letter dated 21 May 2013. RAM Ratings Services Berhad has assigned long-term ratings of AAA and AA2, both with stable outlook, to the Senior Sukuk Programme and the Perpetual Subordinated Sukuk Programme, respectively.

The status of utilisation of proceeds raised from the above as at 24 January 2014 (being a date not earlier than 7 days from the date of issue of the quarterly report) are as follows:

Senior Sukuk Programme

Purpose	Proposed Utilisation (RM '000)	Actual Utilisation (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	500,000	500,000

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

c) On 23 December 2013, MAHB had announced the followings proposals:

i) pursuant to the shareholders agreement in relation to ISG dated 19 March 2008 (the "ISG Shareholders Agreement") and the shareholders agreement in relation to LGM dated 4 January 2010 (the "LGM Shareholders Agreement") , MAHB is to exercise its rights of first refusal (the "RoFR") in respect of the proposed acquisition of a 40% equity stake in each of ISG and LGM. As permitted under the ISG Shareholders Agreement and the LGM Shareholders Agreement, MAHB exercised its RoFR through an indirectly wholly-owned subsidiary of MAHB called Malaysia Airports MSC Sdn Bhd ("MAMSC").

Subsequently, on 28 December 2013, MAHB had entered into an agreement to purchase an additional 40% stake in ISG and LGM from GMR Infrastructure limited ,GMR Infrastucture Overseas Limited and GMR Infrastructure (Global) Limited for total cash consideration of EUR225,000,000 (or the equivalent of approximately RM1,008,180,000). Upon the completion of the acquisition, ISG and LGM will be regarded as a Jointly Controlled Entity ("JCE").

ii) to undertake an issuance of new ordinary shares of RM1.00 each in MAHB (" **MAHB Shares** "), representing up to 10% of the issued and paid-up share capital of MAHB to third (3rd) party investor(s) to be identified and at an issue price to be determined later (" **Proposed Private Placement** "). The details of the investors, the actual number of MAHB Shares to be allocated and the issue price for the MAHB Shares can only be determined upon completion of the book – building exercise. Barring any unforeseen circumstances, the Company expects to complete the Proposed Private Placement in the first (1st) half of 2014.As at 31 December 2013, the total issued and paid-up share capital of MAHB stood at RM1,232,443,879 comprising 1,232,443,879 MAHB Shares.

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

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 31.12.2013 RM'000 unaudited	As at 31.12.2012 RM'000 audited
Short term borrowings		
Unsecured:		
Term loans	200,000	-
Long term borrowings		
Unsecured:		
Islamic Medium Term Notes ("IMTN")	3,600,000	3,100,000

27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 24 January 2014.

28. CHANGES IN MATERIAL LITIGATION

Save for the updates and in Note 13, there were no other changes to material suits against the Group and its subsidiaries since 31 December 2012.

29. DIVIDEND PAYABLE

Final dividend in respect of financial year ended 31 December 2012 and Interim dividend in respect of financial year ended 31 December 2013 had been declared and paid as per note 10. There were no other dividends paid or declared during the current quarter and financial year under review.

30. EARNINGS PER SHARE ("EPS")

Basic EPS

Basic earnings per share amounts are calculated by dividing the profit for the period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2013 RM'000	Preceding Year Corresponding Quarter 31.12.2012 RM'000	Current Year To Date 31.12.2013 RM'000	Preceding Year Corresponding Period 31.12.2012 RM'000
Profit from continuing operations attributable to owners of the parent	48,506	77,799	389,147	394,271
Loss from discontinued operation attributable to equity holders of the Company	-	228	(155)	189
Profit attributable to equity holders of the Company	48,506	78,027	388,992	394,460
Weighted average number of ordinary shares in issue ('000)	1,232,444	1,210,000	1,226,441	1,186,257
Basic earning per share for (sen):				
Profit from continuing operations	3.94	6.43	31.73	33.24
Loss from discontinued operation	-	0.02	(0.01)	0.02
Basic earnings per share (sen)	3.94	6.45	31.72	33.26

Weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighing factor. The time weighing factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

31. SUPPLEMENTAL EXPLANATORY NOTE ON DISCLOSURE OF REALISED AND UNREALISED PROFITS

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	3,694,953	3,440,220
- Unrealised	84,181	33,293
	3,779,134	3,473,513
Total share of retained earnings/(accumulated losses) from associate companies:		
- Realised	(252,741)	(211,319)
- Unrealised	50,676	54,892
	(202,065)	(156,427)
Total share of retained earnings from jointly controlled entities:		
- Realised	5,200	265
- Unrealised	426	160
	5,626	425
Less: Consolidation Adjustments	(1,533,812)	(1,490,753)
Total retained earnings as per financial statements	2,048,882	1,826,758

32. 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
27 January 2014