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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2014

		INDIVIDUAL QUARTER	
	Note	Current Year Quarter 31.03.2014 RM'000	*Restated Preceding Year Corresponding Quarter 31.03.2013 RM'000
Revenue		781,081	1,027,187
Cost of inventories sold		(85,572)	(74,071)
Other income		33,829	28,774
Employee benefits expense		(144,981)	(128,517)
Construction Costs		(116,364)	(434,955)
Depreciation and amortisation		(66,139)	(60,296)
Other expenses		(210,045)	(165,675)
Operating profits		191,809	192,447
Finance costs		(7,261)	(5,881)
Impairment of investment in associate company		(4,571)	-
Share of results:			
- associates		(2,584)	(1,827)
- jointly controlled entities		1,584	1,323
Profit before tax and zakat	7	178,977	186,062
Taxation and zakat	22	(50,266)	(59,544)
Profit for the period, net of tax and zakat		128,711	126,518
Discontinued Operation			
Loss from discontinued operations, net of tax	13	-	(255)
Profit for the period, net of tax and zakat		128,711	126,263
Attributable to:			
Owners of the parent		128,711	126,060
Non-controlling interests		-	203
		128,711	126,263
Earnings per share attributable to owners of the parent (sen):			
Basic for profit from continuing operations		10.19	10.41
Basic for loss from discontinued operation		-	(0.02)
Basic for profit for the period	30	10.19	10.39

*Restated due to the result of discontinued operation.

The condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 PERIOD ENDED 31 MARCH 2014

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2014 RM'000	***Restated Preceding Year Corresponding Quarter 31.03.2013 RM'000**
Profit for the year, net of tax and zakat	128,711	126,263
Other comprehensive income:		
Available-for-sale financial assets		
- Gain/(loss) on fair value changes	929	(196)
Foreign currency translation	(439)	392
Other comprehensive income for the year,net of tax and zakat	490	196
Total comprehensive income	129,201	126,459
Attributable to:		
Owners of the parent	129,201	126,256
Non-controlling interest	-	203
	129,201	126,459

The condensed consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

*Restated due to the result of discontinued operation.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	31.03.2014 RM'000 Unaudited	31.12.2013 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	320,511	326,335
Plantation development expenditure	51,183	52,822
Land use rights	7,489	7,518
Intangible Assets	8,371,266	8,259,114
Investment in associates	39,117	24,779
Investment in jointly controlled entity	58,736	57,152
Available for sale investments	385,695	349,450
Trade receivables	5,296	-
Other receivables	367,405	364,572
Staff loans	38,090	37,083
Deferred tax assets	6,011	6,236
	9,650,799	9,485,061
Current Assets		
Inventories	122,515	122,317
Trade receivables	482,460	442,323
Other receivables	127,606	128,113
Cash and bank balances	1,449,638	345,413
	2,182,219	1,038,166
Assets of disposal group classified as held for disposal	104	104
TOTAL ASSETS	11,833,122	10,523,331

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

	31.03.2014 RM'000 Unaudited	31.12.2013 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,364,596	1,232,444
Share premium	2,313,192	1,409,376
Retained earnings	2,087,367	2,037,431
Fair value adjustment reserve	376	(553)
Other reserve	2,546	2,546
Foreign exchange reserve	(3,380)	(2,941)
	5,764,697	4,678,303
Non-controlling interests	64	64
Total equity	5,764,761	4,678,367
Non-current Liabilities		
Other financial liability	188,679	189,256
Borrowings	3,600,000	3,600,000
Deferred income	46,488	47,078
Deferred tax liabilities	132,510	135,149
Other payables	695,832	703,021
	4,663,509	4,674,504
Current Liabilities		
Borrowings	450,000	200,000
Trade payables	155,216	231,676
Other payables	714,577	685,619
Income tax payable	85,016	53,122
	1,404,809	1,170,417
Liabilities of disposal group classified as held for disposal	43	43
Total liabilities	6,068,361	5,844,964
TOTAL EQUITY AND LIABILITIES	11,833,122	10,523,331

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2014

	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 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	-	-	(196)	392	-	126,060	126,256	203	126,459
Transaction with owners									
Shares issued persuant to Dividend Reinvestment Plan	7,088	25,698	-	-	-	-	32,786	-	32,786
Dividends	-	-	-	-	-	(92,864)	(92,864)	-	(92,864)
Total transactions with owners	7,088	25,698	-	-	-	(92,864)	(60,078)	-	(60,078)
At 31 March 2013	1,217,088	1,346,112	4,940	(5,182)	2,546	1,859,954	4,425,458	203	4,425,661
At 1 January 2014	1,232,444	1,409,376	(553)	(2,941)	2,546	2,037,431	4,678,303	64	4,678,367
Total comprehensive income for the year	-	-	929	(439)	-	128,711	129,201	-	129,201
Transaction with owners									
Shares issued persuant to Dividend Reinvestment Plan	8,102	57,031	-	-	-	-	65,133	-	65,133
Issuance of new shares via Private Placement	124,050	846,785	-	-	-	-	970,835	-	970,835
Dividends	-	-	-	-	-	(78,775)	(78,775)	-	(78,775)
Total transactions with owners	132,152	903,816	-	-	-	(78,775)	957,193	-	957,193
At 31 March 2014	1,364,596	2,313,192	376	(3,380)	2,546	2,087,367	5,764,697	64	5,764,761

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statement

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

	31.03.2014 RM'000 Unaudited	*Restated 31.03.2013 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss)before tax and zakat from:		
Continuing operations	178,977	186,062
Discontinued operation	-	(255)
Adjustments for:		
Interest income	(5,810)	(4,059)
Interest from late payments	(1,132)	(1,154)
Interest expense	7,261	5,881
Provision for liabilities	875	1,027
Amortisation of:		
- Intangible assets	56,494	51,707
- plantation development expenditure	802	689
- land use rights	30	30
Depreciation of property, plant and equipment	8,813	7,870
Amortisation of premium on investments	-	8
Impairment of investment in associate	4,571	-
Net (written-back)/allowance of doubtful debts	(242)	564
Net bad debt written off	-	1,411
Net gain on disposal of:		
- property,plant and equipment	-	(76)
- other investment	-	(13)
Property, plant and equipment written off	12	2,330
Plantation development expenditure written off	1,396	-
Intangible assets written off	502	-
Net of inventories written off/(written-back)	48	(179)
Investment income	(1,982)	(2,173)
Profit from construction contract	(5,236)	(19,693)
Share of results of:		
- Jointly controlled entities	(1,584)	(1,323)
- Associates	2,584	1,827
Operating profit before working capital changes	246,379	230,481
Increase in inventories	(247)	(5,888)
Decrease in receivables	(42,592)	(32,788)
Decrease in payables	(56,167)	(45,546)
Decrease in concession liabilities	(3,574)	(5,025)
Decrease in provisions for liabilities	(2,426)	(1,571)
Cash generated from operations	141,373	139,663
Tax and Zakat paid	(20,786)	(35,802)
Net cash generated from operating activities	**120,587**	**103,861**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2014

	31.03.2014 RM'000 Unaudited	*Restated 31.03.2013 RM'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(5,241)	(30,177)
- intangibles assets	(162,233)	(465,217)
- quoted shares	(36,096)	-
- plantation development expenditure	-	(1,045)
Proceed from disposal of:		
- property, plant and equipment	-	77
- other investments	-	2,095
Advance to associates	(7,842)	(3,191)
Additional investment in an associate	(13,650)	-
Investment income received	1,982	2,173
Interest received	1,118	1,276
Net cash used in investing activities	**(221,962)**	**(494,009)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance expenses for Private Placement	(9,161)	-
Proceeds from issuance of shares from Private Placement	124,050	-
Proceeds from issuance of share at premium from Private Placement	855,945	-
Drawdown of loans and borrowings	250,000	-
Interest paid	(6,249)	(4,798)
Dividends paid to shareholders of the Company	(8,641)	(39,074)
Net cash generated from financing activities	**1,205,944**	**(43,872)**
Net decrease in cash and cash equivalents	**1,104,569**	**(434,020)**
Effects of foreign currency translation	(344)	(17)
Cash and cash equivalents at beginning of period	345,413	774,166
Cash and cash equivalents at end of period	**1,449,638**	**340,129**
Cash and cash equivalents comprising:		
Cash and bank balances	90,456	90,480
Short term deposits	1,359,182	249,649
	1,449,638	**340,129**

*Restated due to the result of discontinued operation.

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2013. 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 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except as follows:

On 1 January 2014, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

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.

Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

The adoption of the above standards and interpretation have no material impact on the financial statements of the Group.

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 July 2014

Amendmend to FRS 119 Defined Benefit Plans: Employee Contributions

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Amendmend to FRSs contained in the document entitled “Annual Improvements to FRSs 2010-2012 Cycle”:

Amendments to FRS 2 Share-based payment

Amendment to FRS 3 Business Combinations

Amendment to FRS 8 Operating Segments

Amendment to FRS 13 Fair Value Measurement

Amendment to FRS 116 Property, Plant and Equipment

Amendment to FRS 124 Related Party Disclosure

Amendment to FRS 138 Intangibles Asset

Amendmend to FRSs contained in the document entitled “Annual Improvements to FRSs 2011-2013 Cycle”:

Amendment to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards

Amendment to FRS 3 Business Combinations: Scope exceptions for joint venture

Amendment to FRS 13 Fair Value Measurement

Amendment to FRS 140 Investment Property

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 except as discussed below:

<u>Amendment to FRS 8 Operating Segments</u>
The Amendment requires the disclosure of judgements made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics and clarifies that reconciliation of the total reportable segments’ assets to the entity’s assets is required if that amount is regularly provided to the chief operating decision maker.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Effective for financial periods beginning on after 1 January 2015

FRS 9 Financial Instrument 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.

Effective date to be announced by the Malaysian Accounting Standard Board

FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

FRS 9 Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)

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 2013 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 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.

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 designated 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.

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 2013.

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 March 2014										
Segment Revenue										
External:										
Aeronautical	334,651	-	-	-	-	-	-	334,651	-	334,651
Non-aeronautical:										
Retail	-	162,240	-	-	-	-	-	162,240	-	162,240
Others	123,521	351	11,759	20,042	6,917	-	-	162,590	-	162,590
Construction	121,600	-	-	-	-	-	-	121,600	-	121,600
Internal	40,689	267	8,428	1,249	971	-	(51,604)	-	-	-
Inter-segment dividends	-	-	-	-	-	-	-	-	-	-
	620,461	162,858	20,187	21,291	7,888	-	(51,604)	781,081	-	781,081
Segment Results										
Construction Profit	5,236	-	-	-	-	-	-	5,236	-	5,236
Profits from operations (excluding construction profit)	230,429	14,288	4,348	5,032	1,079	(4,228)	1,764	252,712	-	252,712
Depreciation and amortisation	(56,905)	(1,654)	(184)	(3,313)	(1,017)	(3,066)	-	(66,139)	-	(66,139)
Finance costs	(7,027)	66	19	-	3	(322)	-	(7,261)	-	(7,261)
Impairment of Investment of associate company	-	-	-	-	-	(4,571)	-	(4,571)	-	(4,571)
Share of results of associates:										
- associates	380	-	-	-	-	(2,964)	-	(2,584)	-	(2,584)
- jointly controlled entity	-	-	-	-	-	1,584	-	1,584	-	1,584
Profit /(loss) before tax and zakat	172,113	12,700	4,183	1,719	65	(13,567)	1,764	178,977	-	178,977
As at 31 March 2014										
Assets and Liabilities										
Segment assets	7,079,367	245,978	130,152	169,428	115,168	9,483,497	(5,488,425)	11,735,165	104	11,735,269
Investment in associates	37,351	-	-	-	-	1,766	-	39,117	-	39,117
Investment in jointly controlled entities	-	-	-	-	-	58,736	-	58,736	-	58,736
Total assets	7,116,718	245,978	130,152	169,428	115,168	9,543,999	(5,488,425)	11,833,018	104	11,833,122
Segment liabilities representing										
Total liabilities	3,242,713	127,928	43,992	80,953	47,751	5,887,740	(3,362,759)	6,068,318	43	6,068,361

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 period ended 31 March 2013										
Segment Revenue										
External:										
Aeronautical	274,106	-	-	-	-	-	-	274,106	-	274,106
Non-aeronautical:										
Retail	-	142,297	-	-	-	-	-	142,297	-	142,297
Others	120,408	-	10,436	19,224	6,068	-	-	156,136	-	156,136
Construction	454,648	-	-	-	-	-	-	454,648	-	454,648
Internal	38,422	527	5,738	41	802	-	(45,530)	-	-	-
	887,584	142,824	16,174	19,265	6,870	-	(45,530)	1,027,187	-	1,027,187
Segment Results										
Construction Profit	19,693	-	-	-	-	-	-	19,693	-	19,693
Profits from operations	232,758	14,896	1,803	2,152	(2,190)	(16,369)	-	233,050	(255)	232,795
Depreciation and amortisation	(52,114)	(1,377)	(26)	(1,858)	(898)	(4,023)	-	(60,296)	-	(60,296)
Finance costs	(5,881)	-	-	-	-	-	-	(5,881)	-	(5,881)
Share of results of associates:										
- associates	1,300	-	-	-	-	(3,127)	-	(1,827)	-	(1,827)
- jointly controlled entity	-	-	-	-	-	1,323	-	1,323	-	1,323
Profit /(loss) before tax and zakat	195,756	13,519	1,777	294	(3,088)	(22,196)	-	186,062	(255)	185,807
As at 31 March 2013										
Assets and Liabilities										
Segment assets	6,068,790	193,400	98,013	139,229	69,126	7,334,459	(4,698,379)	9,204,638	63	9,204,701
Investment in associates	21,451	-	-	-	-	293	-	21,744	-	21,744
Investment in jointly controlled entities	-	-	-	-	-	55,467	-	55,467	-	55,467
Total assets	6,090,241	193,400	98,013	139,229	69,126	7,390,219	(4,698,379)	9,281,849	63	9,281,912
Segment liabilities representing										
Total liabilities	2,527,742	86,684	22,142	39,342	3,255	4,807,134	(2,629,904)	4,856,395	60	4,856,455

7. PROFIT BEFORE TAX AND ZAKAT

The following items have been included in arriving at profit before tax and zakat

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2014 RM'000	**Preceding Year Corresponding Quarter 31.03.2013 RM'000**
Included in Other Income:		
Interest income:		
-Unquoted Investment and staff loan	1,118	1,181
-Other loan and receivables	2,927	2,783
-Available-for-sale financial assets	-	95
-Net gain on financial instrument at fair value through profit or loss	1,765	-
Investment Income	1,982	2,173
Net realised foreign exchange gain	803	317
Net gain/(loss) on disposal of property, plant and equipment		
- Property, plant and equipment	-	76
- Others	-	13
Recoupment of expenses	18,947	16,689
Included in Other Expenses:		
Net (write back)/allowance of doubtful debts	(242)	564
Net bad debt written off	-	1,411
Property, plant and equipment written off	12	2,330
Plantation development expenses written off	1,396	-
Intangible assets written off	502	-
Net inventories written off/(written back)	48	(179)
User fee	63,109	25,839
Included in Finance Cost:		
Interest expense:		
- Concession payables	6,249	4,798
- Financial liabilities	873	1,083
- Net loss on financial instrument at fair value through profit or loss	139	-

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 under review.

9. DEBT AND EQUITY SECURITIES

On 4 February 2014, the Company has increased the share issued and paid-up share capital of the Company to 1,240,546,352 via issuance of 8,102,473 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 2013.

On 12 March 2014, the Company has increased the share issued and paid-up share capital to 1,364,596,352 via issuance of 124,050,000 new ordinary shares of RM1 each through a private placement to investors identified via a book-building exercise, which had attracted demand from both domestic and foreign institutional investors. The issue price was fixed at RM7.90 per ordinary share, representing a discount of approximately 4.36% to the 5-day Volume Weighted Average Market Price (“VWAMP”) of MAHB up to and including 3 March 2014 of RM8.26 and a discount of approximately 5.73% to the closing market price of MAHB Shares on 3 March 2014 of RM8.38.

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

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 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 2013 was declared on 8 November 2013. The interim dividend amounting to RM73.95 million of which RM8.64 million was paid on 30 January 2014 and the remaining was reinvested on 4 February 2014.

A single-tier final dividend of up to 6.35 sen* per ordinary share but not less than 5.78 sen* per ordinary share in respect of the financial year ended 31 December 2013 was approved by the Shareholders at its Annual General Meeting held on 20 March 2014. The final dividend amounting to RM78.78 million will be paid or reinvested on 30 April 2014 in respect of the shares registered in the Records of Depositors on 3 April 2014.

* On 23 December 2013, the Company has announced the proposed private placement of up to 10% of the total issued and paid-up share capital of the Company (“Private Placement”). In the event none of the new MAHB Shares under the Private Placement (“Placement Shares”) are issued by the book closure date ("BCD"), the Dividend would be 6.35 sen per MAHB Share. In the event all the Placement Shares have been issued by the BCD, the Dividend would be 5.78 sen per MAHB Share.

10. DIVIDENDS PAID (Contd.)

As stated on Note 9 and Note 25, on 12 March 2014, the Private Placement was completely undertaken which will result in the single-tier final dividend of 5.78 sen per ordinary share.

Save for the foregoing, there were no other dividends paid or declared during the current quarter 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

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

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

On 18 September 2013, KL Airport Hotel Sdn Bhd had issued a written notice of termination to ATOZ Hospitality Services Sdn Bhd, to terminate Sama-Sama Hospitality Management Sdn Bhd (“SSHM”).

As at 31 March 2014, 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 or loss as discontinued operation.

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

An analysis of the result of the discontinued operation is as follows:

	INDIVIDUAL QUARTER	
	Current Year quarter	Preceding Year Corresponding Quarter
	31.03.2014	31.03.2013
	RM'000	RM'000
Revenue	-	-
Other income	-	-
Depreciation and amortisation		
Other expenses	-	(255)
Depreciation and amortisation	-	-
Loss before tax of discontinued operations	-	(255)
Income tax expenses	-	-
Loss for the period from discontinued operations	-	(255)

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

	31.03.2014	31.12.2013
	RM'000	RM'000
	Unaudited	Unaudited
Assets		
Cash & bank balances	104	104
Liabilities		
Other payables	43	43

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) As at 31 March 2014, the Company provided corporate guarantees as follows:

a) RM71,840,000 (December 2013: RM72,160,000) for the purpose of guarantee to a financial institution for credit facilities granted to Istanbul Sabiha Gokchen International Airport ("ISG").

b) RM7,630,000 (December 2013: RM8,570,000) 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) RM26,940,000 (December 2013:RM27,060,000) for advance payment guarantee to a Duty Free Operator at ISG.

ii) 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.

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

Save for the above, there were no other changes in contingent liabilities since 31 December 2013. The Group has no contingent assets.

15. RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transaction:

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000
Revenue:		
Associate:		
Lease rental		
- KL Aviation Fuelling System Sdn. Bhd.	1,489	1,445
Management Fee		
- Istanbul Sabiha Gokcen International Airport	-	1,000
- LGM Airport Operations Trade and Tourism Inc.	289	-
Jointly Controlled Entities:		
Lease rental		
- Segi Astana Sdn. Bhd.	318	318
- Airport Cooling Energy Supply Sdn. Bhd.	222	208
Other Transactions:		
Associate:		
Interest on outstanding payment		
- Istanbul Sabiha Gokcen International Airport	78	-
Jointly Controlled Entities:		
Construction Cost		
- Airport Cooling Energy Supply Sdn. Bhd.	16,047	-
Other Related Party:		
Construction Cost		
- UEMC-Bina Puri J.V.	17,607	130,598

Related Party Balances:

	As at 31.03.2014 RM'000 Unaudited	As at 31.12.2013 RM'000 Audited
Amount owing by associate companies	5,854	5,280
Amount owing to jointly controlled entities	18,275	13,818
Amount owing to other related party	626	1,816

16. 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 March 2014 were as follows:

	Due year 2014 RM'000	Due year 2015 to 2018 RM'000	Due year 2019 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	480,923	-	-	480,923
	480,923	-	66,063	546,986
(ii) Approved but not contracted for:				
Capital expenditure	680,795	66,316	-	747,111
(iii) Other investment:				
Investment in ISG	35,920	74,983	-	110,903
Investment in ISG - acquisition of additional 40% stake*	974,330	-	-	974,330
	1,010,250	74,983	-	1,085,233
	2,171,968	141,299	66,063	2,379,330

* 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 Euro 67.5 million respectively.

MAHB has paid Euro 8.0 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.

"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 Euro 3.0 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.

16. CAPITAL COMMITMENTS (Cont'd)

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.

17. 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 interim financial statements.

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000
Revenue	781,081	1,027,187
Profit before tax and zakat	178,977	186,062

<u>Revenue</u>

The consolidated revenue of the Group for the current quarter under review was lower than the same corressponding period in the previous year by 24.0% or RM246.1 million.

a) Airport Operations

Included in the airport operations' revenue in the current quarter under review was the construction revenue of RM121.6 million as compared to the RM454.6 million recognised in the corresponding period in the previous year. Construction revenue in the current quarter was recognised in relation to the construction of klia2 while in the same period last year, the construction revenue was recognised for construction of klia2 and the expansion of Penang International Airport. Expansion of Penang International Airport was completed at the end of 2013.

Lower revenue for the current quarter under review as compared to the corresponding period in the previous year was due to lower construction revenue by 73.0% or RM333.0 million.

18. PERFORMANCE REVIEW

Revenue (Contd.)

Excluding the construction revenue of RM121.6 million, the airport operation's revenue was RM620.8 million, an increase of 15.2% or RM83.9 million from RM536.8 million in the previous corresponding quarter. The improvement was mainly attributed to an increase in the aeronautical revenue of 22.1% or RM60.5 million to RM334.6 million from RM274.1 million. 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 2014 and the increase is effective 1 January 2012, 1 January 2013 and 1 January 2014 (compounded annually).

In addition, the Group has started to recognise Marginal Cost Support Sum on Passenger Service Charges ("MARCS PSC") for passenger travelled on and after 12 February 2014. As stipulated in the Operating Agreement signed on 12 February 2009 ("OA"), the Benchmark PSC rate is revised in every 5 years based on the agreed calculation as stated in the OA. The 2nd Tariff Cycle revision was effective 12 February 2014. MARCS PSC of RM11.6 million was recognised for the difference between actual PSC and Benchmark PSC rate.

RM Per Pax	Actual PSC	Benchmark PSC Rate of 2nd Tariff Cycle (RM Per Pax)	MARCS PSC
International PSC/PSSC (All airports except LCCTs)	65	71	6
Domestic PSC/PSSC (all airports except LCCTs)	9	10	1
International PSC (for LCCTs only)	32	35	3
Domestic PSC (for LCCTs only)	6	7	1
International PSC/PSSC (Secondary airports and BIMP-AEGA/IMT-GT)	26	28	2

The favourable variance in the airport operations' revenue was also contributed by an increase in the non-aeronautical revenue of 8.9% or RM23.4 million to RM286.1 million from RM262.7 million. The improvement was driven by higher commercial and retail revenue on the back of higher passenger growth.

The Group's retail business improved by 14.3% or RM20.3 million, riding on the passenger growth and various promotional activities.

The passenger movements for the current quarter under review increased by 18.1% to 20.6 million passengers as compared to the corresponding period last year of 17.4 million passengers, in which the international and domestic passenger movements increased by 14.8% and 21.5% respectively. Passenger movements at KLIA-Main Terminal and KLIA-LCCT increased by 19.3% (international: +14.6%, domestic: +37.0%) and 13.1% (international: +17.3%, domestic: +5.9%) respectively.

18. PERFORMANCE REVIEW (Contd.)

Revenue (Contd.)

b) Non-Airport Operations

Net revenue from non-airport operations for the current quarter under review registered an increase of 8.4% or RM3.0 million to RM38.7 million from RM35.7 million. The positive variance for the current quarter under review was mainly derived from the project and repair maintenance and agriculture segments by 12.7% or RM1.3 million and 14.0% or RM0.8 million respectively.

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 Middle East LLC in providing facilities maintenance services at Doha International Airport.

The increase in the agriculture revenue was attributed by the higher price attained for fresh fruit bunches ("FFB") per tonne (RM108 or 23.7% higher) but negated by lower production volume for the period (a decrease of 1,034MT or 7.8%) (2014: 12,165MT / RM564, 2013: 13,199MT / RM456).

Profit before tax and zakat

The consolidated Profit before tax and zakat (PBT) for the current quarter under review was lower by 3.8% or RM7.1 million as compared to the previous corresponding period.

Included in the PBT for the current quarter was a construction profit of RM5.2 million, a decrease of 73.4% or RM14.5 million as compared to the same period in the previous year.

Excluding the construction profit, the PBT for the current quarter under review was RM173.7 million, an increase of 4.4% or RM7.4 million from RM166.3 million in the previous corresponding quarter mainly attributed to the positive growth in revenue.

Total cost (excluding construction cost) for the current quarter under review increased by 19.4% or RM84.1 million mainly due to the significant increase in user fee to RM63.1 million from RM25.8 million, higher utilities charges by 19.1% or RM9.6 million and higher employee benefit by 12.8% or RM16.5 million.

The higher user fee expense was attributable to the full recognition of user fee in the income statement. As set out in the OA, 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.

18. PERFORMANCE REVIEW (Cont'd)

Profit before tax and zakat (Contd.)

Higher electricity mainly due to higher consumption as a result of more activity at klia2 terminal and site and higher tariff that has been in force beginning January 2014.

Higher employee benefit expenses were due to the annual increment and additional recruitments. In addition, there was a salary revision effective January 2014.

Higher depreciation and amortisation was due to the capitalisation of newly completed projects such as renovation of Penang International Airport and Generation Plant.

The impairment of investment in an associate company of RM4.6 million was in relation to the additional capital advance provided to GMR Male International Airports Limited.

Share of results of associates and jointly controlled entities

Higher share of losses from associate was due to the additional loss absorbed from the investment in ISG. During the current quarter, the Group had contributed further capital advance of RM 3.3 million. Therefore, the total interest and obligation in ISG as at 31 March 2014 increased to RM268.7 million. Hence, the Group had to further absorbed RM3.3 million losses.

Pending 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 of the associates in the current financial period under review was RM101.2 million (GMIAL: RM58.0 million and ISG: RM40.2 million).

In addition, higher share of losses was also contributed by MFMA Development Sdn Bhd ("MFMA"). MFMA is an associate company involves in the development operation and maintenance of a factory outlet centre known as 'Mitsui Outlet Park KLIA'. The factory outlet is currently under development and scheduled to start operation in 2015.

Higher share of profit from jointly controlled entities was mainly contributed by lower loss recorded in Segi Astana Sdn Bhd.

18. PERFORMANCE REVIEW (Cont'd)

ECONOMIC PROFIT STATEMENT

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.		
Earnings before interest and tax (EBIT*)	187,764	188,389
Adjusted Tax	(46,941)	(47,098)
NOPLAT	140,823	141,291
Economic charge computation		
Average invested capital	8,250,938	6,945,687
Weighted average cost of capital per annum	6.90%	7.84%
Economic Charge	142,329	136,135
Economic (Loss)/Profit	(1,505)	5,156

* 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 RM1.5 million for the current quarter under review compared to an economic profit of RM5.2 million in the corresponding period in the previous year. The economic loss was due to the higher average invested capital resulting from cost incurred for the construction of klia2.

18. PERFORMANCE REVIEW (Cont'd)

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 2014		Actual achievments 31 March 2014	
		Without Construction Profit	With Construction Profit	Without Construction Profit	With Construction Profit
i)	EBITDA (RM'000)	861,395	894,533	252,711	257,948
ii)	Airport Service Quality Survey Ranking	40 million passenger size category: KLIA Ranking Top 5		40 mppa - ranking at no.7	

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

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2014 RM'000	Immediate Preceding Quarter 31.12.2013 RM'000
Revenue	781,081	1,121,067
Profit before tax and zakat	178,977	84,519

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

Revenue (Contd.)

The consolidated revenue of the Group for the current quarter under review decreased by 30.3% or RM340.0 million as compared to the immediate preceding quarter. The negative variance was mainly attributed to the lower construction revenue, which decreased by 72.2% or RM315.6 million as compared to the immediate preceding quarter. A construction revenue of RM121.6 million was recognised in the current quarter under review as compared to the RM437.2 million recognised in the immediate preceding quarter.

Excluding the construction revenue, the consolidated revenue for the current quarter under review was RM659.5 million, a decrease of 3.6% or RM24.4 million from RM683.9 million in the immediate preceding quarter, mainly due to lower revenue in the airport and non-airport operations segment by 2.9% or RM18.7 million and 12.7% or RM5.6 million respectively.

The passenger movements for the current quarter under review decreased by 7.3% as compared to the immediate preceding quarter, in which the international and domestic passenger movements decreased by 2.2% and 12.2% respectively. The passenger movements at KLIA-Main Terminal and KLIA-LCCT decreased by 6.2% (international: -2.8%, domestic: -15.3%) and 5.6% (international: -0.3%, domestic: -14.4%).

a) Airport Operation

Revenue from the airport operations lower by 2.9% or RM18.7 million to RM620.8 million from RM639.5 million primarily due to a decrease of 9.2% or RM29.1 million in non-aeronautical revenue generated from lower rental and retail revenues by 12.7% or RM18.0 million and 6.4% or RM11.1 million respectively.

The unfavourable variance was cushioned by higher aeronautical revenue by 3.2% or RM10.4 million mainly due to higher MARCS PSC by 100% or RM11.6 million, higher MARCS ERL by 48.6% or RM6.2 million and higher landing by 5.2% or RM4.3 million but negated by lower PSC by 6.1% or RM12.9 million which attributed to lower passenger and aircraft movements.

b) Non-Airport Operations

Revenue from the Non-Airport Operations segment recorded a decline of 12.7% or RM5.6 million to RM38.7 million from RM44.4 million, mainly due to the lower revenue recorded by the project and repair maintenance and agriculture segments by 28.9% or RM4.8 million and 24.4% or RM2.2 million respectively. However, the hotel revenue recorded an increase of 7.3% or RM1.4 million.

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

Profit before tax and zakat

Excluding the construction profit, the PBT for the current quarter under review was RM173.7 million, an increase of more than 100.0% or RM109.3 million from RM64.5 million in the immediate preceding quarter, mainly due to lower total expenses (excluding construction cost) of 16.6% or RM103.2 million despite lower revenue (excluding construction revenue) by 3.6% or RM24.4 million. Lower total expenses were mainly due to lower employee benefit expenses, repair maintenance, administrative, depreciation and amortisation and user fee. However, the favourable variance in PBT was negated by lower other income by 19.5% or RM8.2 million.

The construction profit for the current quarter under review decreased by 73.9% or RM14.8 million as compared to the immediate preceding quarter.

20. COMMENTARY ON PROSPECTS

The airports operated by the MAHB Group recorded another double-digit passenger growth of 18.1% in the current quarter under review as compared to the corresponding period last year. Both international and domestic passenger movements registered positive growth at 14.8% and 21.5% respectively. A total of 20.6 million passengers passed through MAHB's airports set a new record of the highest passenger number in a single quarter. Total aircraft movements grew by 12.1% while cargo movements remains subdued.

Globally, air travel demand continues to record optimistic trends based on rising business confidence and robust performance in key emerging markets. The International Air Transport Association (IATA) announced that global passenger traffic recorded 5.4% growth for February 2014 against February 2013. Cumulative traffic growth for the first two months of 2014 was 6.9% as compared to 5.2% overall growth in 2013.The Ukraine crisis may put pressure on oil prices but to date Brent oil price continue to remain in the USD 108 per barrel range. International Monetary Fund (IMF) in its just released report has indicated that the advanced USA, European economies and Japan are showing resilience and would experience higher economic growth than expected previously. This would further be supported by developing countries' economic growth which remains high.

For the MAHB Group, the benefit from the entry of new airlines and expansion of local carriers is expected to continue. Malaysia Airlines, AirAsia Group and Malindo Air are expected to continue to contribute strongly to the enviable passenger growth together with other foreign airlines. 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 quarterly highest number is an indication of public confidence for air travel in the country. 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.

20. COMMENTARY ON PROSPECTS (Contd.)

Whilst it is premature to assess the impact on international passenger arrivals after the MH370 incident, this is not expected to affect the positive growth of passenger numbers in the longer term. A testimony of this trajectory is the higher than expected passenger growth in the first quarter of 2014 which recorded a robust increase of 18.1%. This achievement well surpasses MAHB full year forecast of 9.7% and the global estimate of 5.8% forecasted by IATA based on the assumption that Malaysia's GDP growth would be in the range of 5%-5.5% for the year 2014.

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	
	Current Year Quarter 31.03.2014 RM'000	*Restated Preceding Year Corresponding Quarter 31.03.2013 RM'000
Current tax	52,680	46,688
Deferred taxation	(2,414)	12,856
	50,266	59,544

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2013.

24. INVESTMENTS IN QUOTED SECURITIES

There were no movements in investments in quoted securities during the current quarter 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 23 April 2014 being a date not earlier than 7 days from the date of issuance of the quarterly report.

a) <u>Dividend Reinvestment Plan</u>

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.

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”).

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

a) Dividend Reinvestment Plan (Contd.)

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 13 February 2014, the Board of Directors had determined that the DRP shall apply to the entire Final Dividend.

On 20 March 2014, the shareholders had approved a single-tier final dividend of 5.78 sen per ordinary share in respect of the financial year ended 31 December 2013 and authorised MAHB to allot and issue new ordinary shares of RM1.00 each in MAHB pursuant to the DRP.

On 20 March 2014, the Board of Directors had approved that the issue price for the new shares is RM7.23 per share to be issued pursuant to the implementation of the DRP in respect of the Final Dividend.

b) 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").

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

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 Euro 225,000,000 (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").

Subsequently, on 27 February 2014, the application in relation to the Proposed Acquisitions has been submitted to Bank Negara Malaysia (Foreign Exchange Administration).

ii) As stated on Note 9, on 12 March 2014, MAHB had undertaken the 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) at an issue price RM7.90 per share.

The status of utilisation of proceeds raised from corporate proposals as at 23 April 2014 (being a date not earlier than 7 days from the date of issue of the quarterly report) are as follows:

<u>Private Placement</u>

Purpose	**Proposed Utilisation (RM '000)**	**Actual Utilisation (RM '000)**
To fund the acquisition of 40% stakes in ISG and LGM.	975,095	Nil

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 31.03.2014 RM'000 unaudited	As at 31.12.2013 RM'000 audited
Short term borrowings		
Unsecured:		
Term loans	450,000	200,000
Long term borrowings		
Unsecured:		
Islamic Medium Term Notes ("IMTN")	3,600,000	3,600,000

27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 23 April 2014.

28. CHANGES IN MATERIAL LITIGATION

There was no material suit against the Group and its subsidiaries since 31 December 2013.

29. DIVIDEND PAYABLE

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

30. EARNINGS PER SHARE ("EPS") (Cont'd)

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000
Profit from continuing operations attributable to owners of the parent	128,711	126,518
Loss from discontinued operation attributable to equity holders of the Company	-	(255)
Profit attributable to equity holders of the Company	128,711	126,263
Weighted average number of ordinary shares in issue ('000)	1,263,584	1,215,434
Basic earning per share for (sen):		
Profit from continuing operations	10.19	10.41
Loss from discontinued operation	-	(0.02)
Basic earnings per share (sen)	10.19	10.39

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 31.03.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	3,796,619	3,691,829
- Unrealised	82,872	73,595
	3,879,491	3,765,424
Total share of retained earnings/(accumulated losses) from associate companies:		
- Realised	(275,200)	(270,991)
- Unrealised	77,587	73,376
	(197,613)	(197,615)
Total share of retained earnings from jointly controlled entities:		
- Realised	2,768	2,803
- Unrealised	666	631
	3,434	3,434
Less: Consolidation Adjustments	(1,597,945)	(1,533,812)
Total retained earnings as per financial statements	2,087,367	2,037,431

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
24 April 2014