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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2014

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	*Restated Preceding Year Corresponding Quarter	Current Year Quarter	*Restated Preceding Year Corresponding Quarter
	Note	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue		1,175,547	978,102	1,956,628	2,005,289
Cost of inventories sold		(73,549)	(75,678)	(159,122)	(149,749)
Other income		32,267	35,338	66,096	64,112
Employee benefits expense		(160,017)	(138,420)	(304,998)	(266,937)
Construction Costs		(517,516)	(369,934)	(633,880)	(804,889)
Depreciation and amortisation		(134,381)	(64,541)	(200,520)	(124,837)
Other expenses		(266,497)	(228,573)	(476,542)	(394,248)
Operating profits		55,854	136,294	247,662	328,741
Finance costs		(36,848)	(7,596)	(44,109)	(13,477)
Impairment of investment in associate company		(4,440)	-	(9,011)	-
Share of results:					
- associates		2,843	1,703	259	(124)
- jointly controlled entities		(55,138)	1,654	(53,554)	2,977
(Loss)/Profit before tax and zakat	7	(37,729)	132,055	141,247	318,117
Taxation and zakat	22	(6,945)	(30,222)	(57,211)	(89,766)
(Loss)/Profit for the period, net of tax and zakat		(44,674)	101,833	84,036	228,351
Discontinued Operation					
Profit/(Loss) from discontinued operations, net of tax	13	-	159	-	(96)
(Loss)/Profit for the period, net of tax and zakat		(44,674)	101,992	84,036	228,255
Attributable to:					
Owners of the parent		(44,674)	101,752	84,036	227,812
Non-controlling interests		-	240	-	443
		(44,674)	101,992	84,036	228,255
Earnings per share attributable to owners of the parent (sen):					
Basic for (loss)/profit from continuing operations		(3.39)	8.34	6.38	18.71
Basic for profit/(loss) from discontinued operation		-	0.01	-	(0.01)
Basic for (loss)/profit for the period	30	(3.39)	8.35	6.38	18.70

*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 30 JUNE 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year Quarter 30.06.2014 RM'000	*Restated Preceding Year Corresponding Quarter 30.06.2013 RM'000
(Loss)/Profit for the period, net of tax and zakat	(44,674)	101,992	84,036	228,255
Other comprehensive income:				
Available-for-sale financial assets				
- Gain/(Loss) on fair value changes	1,550	(843)	2,479	(1,039)
Share of other comprehensive income of an associate	-	(22)	-	(22)
Share of other comprehensive income of a jointly controlled entity	2,478	-	2,478	-
Foreign currency translation	(516)	581	(955)	974
Other comprehensive income for the period,net of tax and zakat	3,512	(284)	4,002	(87)
Total comprehensive income	(41,162)	101,708	88,038	228,168
Attributable to:				
Owners of the parent	(41,162)	101,468	88,038	227,725
Non-controlling interest	-	240	-	443

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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	30.06.2014 RM'000 Unaudited	31.12.2013 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	327,227	326,335
Plantation development expenditure	51,907	52,822
Land use rights	7,459	7,518
Intangible Assets	8,832,385	8,259,114
Investment in associates	37,230	24,779
Investment in jointly controlled entity	845,304	57,152
Available for sale investments	383,922	349,450
Trade receivables	5,373	-
Other receivables	370,237	364,572
Staff loans	31,237	37,083
Deferred tax assets	5,400	6,236
	10,897,681	9,485,061
Current Assets		
Inventories	160,183	122,317
Trade receivables	518,996	442,323
Other receivables	122,292	128,113
Cash and bank balances	311,048	345,413
	1,112,519	1,038,166
Assets of disposal group classified as held for disposal	104	104
TOTAL ASSETS	12,010,304	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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	30.06.2014 RM'000 Unaudited	31.12.2013 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,374,150	1,232,444
Share premium	2,373,149	1,409,376
Retained earnings	2,042,593	2,037,431
Fair value adjustment reserve	4,404	(553)
Other reserve	2,546	2,546
Foreign exchange reserve	(3,896)	(2,941)
	5,792,946	4,678,303
Non-controlling interests	64	64
Total equity	5,793,010	4,678,367
Non-current Liabilities		
Other financial liability	185,217	189,256
Borrowings	3,600,000	3,600,000
Deferred income	45,898	47,078
Deferred tax liabilities	128,327	135,149
Other payables	595,664	703,021
	4,555,106	4,674,504
Current Liabilities		
Borrowings	450,000	200,000
Trade payables	184,906	231,676
Other payables	957,059	685,619
Income tax payable	70,180	53,122
	1,662,145	1,170,417
Liabilities of disposal group classified as held for disposal	43	43
Total liabilities	6,217,294	5,844,964
TOTAL EQUITY AND LIABILITIES	12,010,304	10,523,331

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 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 period	-	-	(1,061)	974	-	227,812	227,725	443	228,168
Transaction with owners									
Shares issued persuant to Dividend Reinvestment Plan	22,444	88,900	-	-	-	-	111,344	-	111,344
Dividends	-	-	-	-	-	(92,864)	(92,864)	-	(92,864)
Total transactions with owners	22,444	88,900	-	-	-	(92,864)	18,480	-	18,480
At 30 June 2013	1,232,444	1,409,314	4,075	(4,600)	2,546	1,961,706	4,605,485	443	4,605,928
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 period	-	-	4,957	(955)	-	84,036	88,038	-	88,038
Transaction with owners									
Shares issued persuant to Dividend Reinvestment Plan	17,656	115,996	-	-	-	-	133,652	-	133,652
Issuance of new shares via Private Placement	124,050	847,777	-	-	-	-	971,827	-	971,827
Dividends	-	-	-	-	-	(78,874)	(78,874)	-	(78,874)
Total transactions with owners	141,706	963,773	-	-	-	(78,874)	1,026,605	-	1,026,605
At 30 June 2014	1,374,150	2,373,149	4,404	(3,896)	2,546	2,042,593	5,792,946	64	5,793,010

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

	30.06.2014 RM'000 Unaudited	*Restated 30.06.2013 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss)before tax and zakat from:		
Continuing operations	141,247	318,117
Discontinued operation	-	(96)
Adjustments for:		
Interest income	(7,989)	(7,992)
Interest from late payments	(2,095)	(2,281)
Interest expense	44,109	13,477
Provision for liabilities	1,889	1,027
Amortisation of:		
- Intangible assets	180,232	105,219
- plantation development expenditure	1,593	1,382
- land use rights	60	60
Depreciation of property, plant and equipment	18,635	18,175
Amortisation of premium on investments	-	17
Impairment of investment in associate	9,011	-
Net allowance/(written-back) of doubtful debts	424	(5,164)
Net bad debt written off	-	7,203
Net gain on disposal of:		
- property,plant and equipment	(52)	(152)
- intangible assets	-	(8)
- other investment	(10)	(115)
Property, plant and equipment written off	107	2,411
Plantation development expenditure written off	1,396	-
Intangible assets written off	1,442	76
Net of inventories written off	357	947
Investment income	(8,370)	(11,993)
Profit from construction contract	(28,525)	(36,502)
Share of results of:		
- Jointly controlled entities	53,554	(2,977)
- Associates	(259)	124
Operating profit before working capital changes	406,756	400,955
Increase in inventories	(38,224)	(18,861)
(Increase)/Decrease in receivables	(68,467)	99,613
Decrease in payables	(108,778)	(95,121)
Decrease in concession liabilities	(9,906)	(11,019)
Decrease in provisions for liabilities	(2,575)	(1,571)
Cash generated from operations	178,806	373,996
Tax and Zakat paid	(46,140)	(52,405)
Net cash generated from operating activities	**132,666**	**321,591**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2014

	30.06.2014 RM'000 Unaudited	*Restated 30.06.2013 RM'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(23,338)	(83,685)
- intangibles assets	(318,655)	(864,734)
- quoted shares	(36,810)	-
- plantation development expenditure	-	(2,381)
Proceed from disposal of:		
- property, plant and equipment	52	85
- other investments	11	5,344
Advance to associates	(9,011)	(3,191)
Advance to joint controlled entities	(3,271)	-
Additional investment in an associate	(13,650)	-
Additional investment in jointly controlled entity	(933,719)	-
Investment income received	8,370	11,899
Interest received	2,193	2,426
Net cash used in investing activities	**(1,327,828)**	**(934,237)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance expenses for Private Placement	(8,169)	-
Proceeds from issuance of shares from Private Placement	124,050	-
Proceeds of Share Premium arising from Private Placement	855,945	-
Drawdown of loans and borrowings	250,000	-
Interest paid	(42,300)	(11,299)
Dividends paid to shareholders of the Company	(18,443)	(53,008)
Net cash generated/(used in) from financing activities	**1,161,083**	**(64,307)**
Net decrease in cash and cash equivalents	**(34,079)**	**(676,953)**
Effects of foreign currency translation	(286)	14
Cash and cash equivalents at beginning of period	345,413	774,166
Cash and cash equivalents at end of period	**311,048**	**97,227**
Cash and cash equivalents comprising:		
Cash and bank balances	138,570	45,509
Short term deposits	172,478	51,718
	311,048	**97,227**

*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.

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

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:

Amendment to FRS 8 Operating Segments

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 and financial period-to-date under review.

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

The net loss reported in the current quarter was mainly attributed to the one-off recognition of previously unrecognised share of losses of RM42.5 million in Istanbul Sabiha Gokchen International Airport ("ISG"). The recoupment was pursuant to the acquisition of additional 40% stake in ISG during the current quarter under review.

Save for the above, there were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period-to-date 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 period ended 30 June 2014										
Segment Revenue										
External:										
Aeronautical	656,131	-	-	-	-	-	-	656,131	-	656,131
Non-aeronautical:										
Retail	-	302,767	-	-	-	-	-	302,767	-	302,767
Others	258,099	639	24,461	37,063	15,063	-	-	335,325	-	335,325
Construction	662,405	-	-	-	-	-	-	662,405	-	662,405
Internal	89,528	560	18,446	1,551	1,912	-	(111,997)	-	-	-
	1,666,163	303,966	42,907	38,614	16,975	-	(111,997)	1,956,628	-	1,956,628
Segment Results										
Construction Profit	28,525	-	-	-	-	-	-	28,525	-	28,525
Profits from operations (excluding construction profit)	397,851	12,121	7,791	5,295	1,195	25,577	(30,173)	419,657	-	419,657
Depreciation and amortisation	(181,001)	(3,070)	(423)	(6,568)	(2,028)	(7,430)	-	(200,520)	-	(200,520)
Finance costs	(44,073)	(83)	(12)	-	(11)	(29,819)	29,889	(44,109)	-	(44,109)
Impairment of Investment of associate company	-	-	-	-	-	(9,011)	-	(9,011)	-	(9,011)
Share of results of associates:										
- associates	259	-	-	-	-	-	-	259	-	259
- jointly controlled entity	-	-	-	-	-	(53,554)	-	(53,554)	-	(53,554)
Profit /(loss) before tax and zakat	201,561	8,968	7,356	(1,273)	(844)	(74,237)	(284)	141,247	-	141,247
As at 30 June 2014										
Assets and Liabilities										
Segment assets	11,640,990	266,694	139,214	169,811	83,530	10,184,496	(11,357,069)	11,127,666	104	11,127,770
Investment in associates	37,230	-	-	-	-	-	-	37,230	-	37,230
Investment in jointly controlled entities	-	-	-	-	-	845,304	-	845,304	-	845,304
Total assets	11,678,220	266,694	139,214	169,811	83,530	11,029,800	(11,357,069)	12,010,200	104	12,010,304
Segment liabilities representing										
Total liabilities	7,800,367	151,862	50,768	83,747	16,624	7,294,870	(9,180,987)	6,217,251	43	6,217,294

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

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 30 June 2013										
Segment Revenue										
External:										
Aeronautical	578,629	-	-	-	-	-	-	578,629	-	578,629
Non-aeronautical:										
Retail	-	283,902	-	-	-	-	-	283,902	-	283,902
Others	239,659	-	17,705	32,210	11,793	-	-	301,367	-	301,367
Construction	841,391	-	-	-	-	-	-	841,391	-	841,391
Internal	76,322	1,001	12,286	296	1,455	-	(91,360)	-	-	-
	1,736,001	284,903	29,991	32,506	13,248	-	(91,360)	2,005,289	-	2,005,289
Segment Results										
Construction Profit	36,502	-	-	-	-	-	-	36,502	-	36,502
Profits from operations (excluding construction profit)	397,620	22,231	804	2,760	(1,891)	(5,448)	1,000	417,076	(96)	416,980
Depreciation and amortisation	(105,885)	(2,991)	(63)	(6,048)	(1,803)	(8,047)	-	(124,837)	-	(124,837)
Finance costs	(13,465)	-	-	-	(6)	(6)	-	(13,477)	-	(13,477)
Share of results of associates:										
- associates	1,857	-	-	-	-	(1,981)	-	(124)	-	(124)
- jointly controlled entity	-	-	-	-	-	2,977	-	2,977	-	2,977
Profit /(loss) before tax and zakat	316,629	19,240	741	(3,288)	(3,700)	(12,505)	1,000	318,117	(96)	318,021
As at 30 June 2013										
Assets and Liabilities										
Segment assets	5,898,030	201,489	81,117	140,223	59,770	7,340,882	(4,470,859)	9,250,652	63	9,250,715
Investment in associates	22,007	-	-	-	-	-	-	22,007	-	22,007
Investment in Jointly Controlled Entity	-	-	-	-	-	58,998	-	58,998	-	58,998
Total assets	5,920,037	201,489	81,117	140,223	59,770	7,399,880	(4,470,859)	9,331,657	63	9,331,720
Segment liabilities representing										
Total liabilities	2,275,678	91,070	6,551	42,764	(5,783)	4,722,636	(2,406,741)	4,726,175	60	4,726,235

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

7. PROFIT BEFORE TAX AND ZAKAT

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Period 30.06.2013 RM'000
Included in Other Income:				
Interest income:				
-Unquoted Investment and staff loan	1,075	1,055	2,193	2,236
-Other loan and receivables	2,810	2,782	5,736	5,565
-Available-for-sale financial assets	-	96	-	191
-(Loss)/gain on financial instrument at fair value through profit or loss	(1,705)	-	60	-
Investment Income	6,388	9,820	8,370	11,993
Net realised foreign exchange gain	861	1,370	1,664	1,686
Net gain/(loss) on disposal of property, plant and equipment				
- Property, plant and equipment	52	76	52	152
- Intangible assets	-	8	-	8
- Bonds	-	-	-	-
- Others	10	102	10	115
Recoupment of expenses	17,502	15,168	36,449	31,857
Included in Other Expenses:				
Net (write back)/allowance of doubtful debts	666	(5,727)	424	(5,164)
Net bad debt written off	-	5,792	-	7,203
Property, plant and equipment written off	95	81	107	2,411
Plantation development expenses written off	-	-	1,396	-
Intangible assets written off	940	76	1,442	76
Net inventories written off	309	1,126	357	947
User fee	65,845	82,398	128,954	108,237
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	36,051	6,500	42,300	11,298
- Financial liabilities	873	1,095	1,747	2,179
- (Gain)/loss on financial instrument at fair value through profit or loss	(76)	-	62	-

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 period-to-date 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.

On 2 May 2014, the Company has further increased the share issued and paid-up share capital of the Company to 1,374,149,854 via issuance of 9,553,502 new ordinary shares of RM1.00 each pursuant to DRP as stated in note 25, in relation to the single-tier final dividend of 5.78% for the financial year ended 31 December 2013.

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 and financial period-to-date 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 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 RM78.87 million in which RM69.07 million was reinvested on 2 May 2014.

10. DIVIDENDS PAID (Contd.)

Save for the foregoing, there were no other dividends paid or declared during the current quarter and financial period-to-date 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 30 April 2014, MAHB had completed the acquisition of an additional 40% stake in ISG and LGM Airport Operations Trade and Tourism Inc ("LGM") from GMR Infrastructure Limited, GMR Infrastucture Overseas Limited and GMR Infrastructure (Global) Limited for total cash consideration of EUR209,000,000 (or the equivalent of approximately RM933,719,000) through a wholly-owned subsidiary of MAHB called Malaysia Airports MSC Sdn Bhd ("MAMSC").

Effective 1 May 2014, ISG and LGM are regarded as Jointly Controlled Entities ("JCE"). They were previously regarded as associates and in view that there was additional investment by the Group in ISG and LGM, the previously unrecognised share of losses in ISG carried forward is now recognised in the current quarter.

Save for the above, there were no other changes in the composition of the Group during the current quarter and financial period-to-date 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 30 June 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		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year quarter	Preceding Year Corresponding Quarter
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Other income	-	-	-	-
Depreciation and amortisation				
Other expenses	-	159	-	(96)
Depreciation and amortisation		-	-	-
Profit/(Loss) before tax of discontinued operations	-	159	-	(96)
Income tax expenses	-	-	-	-
Profit/(Loss) for the period from discontinued operations	-	159	-	(96)

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

	30.06.2014	31.12.2013
	RM'000	RM'000
	Unaudited	Audited
Assets		
Cash & bank balances	104	104
Liabilities		
Other payables	43	43

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) As at 30 June 2014, the Company provided corporate guarantees as follows:

a) RM280,660,000 (December 2013: RM72,160,000) for the purpose of guarantee to a financial institution for credit facilities granted to ISG.

b) RM22,370,000 (December 2013: RM8,570,000) for the purpose of guarantee to a financial institution for credit facilities granted to LGM, a related company of ISG.

c) RM26,310,000 (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 30 June 2014.

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		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Revenue:				
Associate:				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,489	1,445	2,977	2,890
Management Fee				
- Istanbul Sabiha Gokcen International Airport	-	1,000	-	2,000
- LGM Airport Operations Trade and Tourism Inc.	-	524	-	524
Jointly Controlled Entities:				
Management Fee				
- LGM Airport Operations Trade and Tourism Inc.	(289)	-	-	-
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	636	636
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	444	429
Expenses:				
Associate:				
Interest on outstanding payment				
- Istanbul Sabiha Gokcen International Airport	-	592	-	592
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities	5,354	-	5,354	-
- Interest on concession payable	3,560	-	3,560	-
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	311	-	311	-
- Electricity	88	-	88	-
- Car park	51	-	51	-
Interest on outstanding payment				
- Istanbul Sabiha Gokcen International Airport	(78)	-	-	-
Other Transactions:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Construction Cost	5,349	16,046	21,395	26,744
- Payment on concession payable	1,783	-	1783	-
Other Related Party:				
Construction Cost				
- UEMC-Bina Puri J.V.	4,544	130,598	22,151	197,168

Related Party Balances:

	As at 30.06.2014 RM'000 Unaudited	As at 31.12.2013 RM'000 Audited
Amount owing by jointly controlled entities	5,392	-
Amount owing to jointly controlled entities	-	13,818
Amount owing by associate company	18,000	5,280
Amount owing to other related party	2,459	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 30 June 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	112,880	-	-	112,880
	112,880	-	66,063	178,943
(ii) Approved but not contracted for:				
Capital expenditure	323,231	-	-	323,231
(iii) Other investment:				
Investment in ISG	181,990	142,961	-	324,951
	618,101	142,961	66,063	827,125

17. SUBSEQUENT EVENTS

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

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Period 30.06.2013 RM'000
Revenue	1,175,547	978,102	1,956,628	2,005,289
(Loss)/Profit before tax and zakat	(37,729)	132,055	141,247	318,117

Revenue

The consolidated revenue of the Group for the current quarter and financial period-to-date under review was 20.2% or RM197.4 million higher than the same corresponding period in the previous year while 2.4% or RM48.7 million lower in the financial period-to-date under review than the same corresponding period in the previous year.

a) Airport Operations

Included in the airport operations' revenue in the current quarter and financial period-to-date under review was the construction revenue of RM540.0 million and RM662.4 million respectively, compared to RM386.7 million and RM841.4 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 which was completed in May 2014 while, in the same period last year, the construction revenue was recognised for construction of klia2 and the expansion of Penang International Airport ("PIA").

Higher revenue for the current quarter under review as compared to the corresponding period in the previous year was due to higher construction revenue by 39.8% or RM154.1 million.

18. PERFORMANCE REVIEW

Revenue (Contd.)

Excluding the construction revenue, the Group recorded 5.6% or RM31.5 million and 10.0% or RM115.5 million improvement in the airport operation's revenue for the current quarter and the financial period-to-date under review respectively. The improvement was mainly attributed to an increase in the aeronautical revenue of 5.6% or RM17.0 million to RM321.5 million from RM304.5 million in the current quarter under review and 13.0% or RM77.5 million to RM656.1 million from RM578.6 million in the financial period-to-date under review. 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 was 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 RM34.6 million was recognised in the financial period-to-date under review 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 5.6% or RM14.5 million to RM275.4 million from RM260.9 million and 7.0% or RM37.9 million to RM561.5 million from RM523.6 million for the current quarter and financial period-to-date 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 decreased slightly by 0.5% or RM722.6 thousand in the current quarter under review due to the business transitions from LCCT to klia2 starting 9 May 2014 and increased by 7.0% or RM19.5 million in the financial period-to-date under review due to the passenger growth and various promotional activities.

18. PERFORMANCE REVIEW (Contd.)

Revenue (Contd.)

The passenger movements for the current quarter under review increased by 5.6% to 20.7 million passengers as compared to the corresponding period last year of 19.6 million passengers, in which the international and domestic passenger movements increased by 5.7% and 5.6% respectively. Passenger movements at KLIA-Main Terminal decreased by -2.8% (international: -1.4%, domestic: -6.9%) while at KLIA-LCCT/klia2 increased by 10.9% (international: +16.5%, domestic: +1.8%).

The passenger movements for the financial period-to-date under review increased by 11.8% to 41.3 million passengers as compared to the corresponding period last year of 37.0 million passengers, in which the international and domestic passenger movements increased by 10.3% and 13.1% respectively. Passenger movements at KLIA-Main Terminal and KLIA-LCCT/klia2 increased by 7.6% (international: +6.3%, domestic: +11.9%) and 12.0% (international: +16.9%, domestic: +3.8%) respectively.

b) Non-Airport Operations

Net revenue from the non-airport operations for the current quarter and financial period-to-date under review registered an increase of 45.8% or RM11.9 million to RM37.9 million from RM26.0 million and 24.0% or RM14.9 million to RM76.6 million from RM61.7 million as compared with the previous corresponding period respectively.

Revenue contributed from the project and repair maintenance segment in the current quarter and financial period-to-date increased by 74.8% or RM5.4 million to RM12.7 million from RM7.3 million and 38.0% or RM6.8 million to RM24.5 million from RM17.7 million as compared to the previous corresponding period respectively. Similarly, revenue in the Hotel segment increased by 31.1% or RM4.1 million to RM17.0 million from RM13.0 million and 15.0% or RM4.9 million to RM37.1 million from RM32.2 million as compared to the previous corresponding period respectively. Revenue in the agriculture segment in the current quarter and financial period-to-date also increased by 42.3% or RM2.4 milion to RM8.1 million from RM5.7 million and 28% or RM3.3 million to RM15.1 from RM11.8 million respectively.

The positive variance in the project and repair maintenance revenue was mainly due to the revenue from MACS Middle East LLC in providing the facilities maintenance services at Doha International Airport which started in October, 2013.

The increase in hotel revenue was mainly due to higher occupancy rate of 27.9% (2014: 78.0%, 2013: 61.0%). The previous corresponding financial period-to-date performance was affected by the rebranding exercise and hotel renovation works.

18. PERFORMANCE REVIEW (Cont'd)

The increase in the agriculture revenue was attributed by the higher price attained for fresh fruit bunches ("FFB") per tonne (RM96.0 or 21.0% higher) and higher production volume for the period (an increase of 1,497MT or 5.8%) (2014: 27,109MT / RM553, 2013: 25,612MT / RM457).

Profit before tax and zakat

The Group recorded loss before taxation and zakat of RM37.7 million in the current quarter under review as compared to profit before tax and zakat (PBT) of RM132.1 million in the previous corresponding period.

Included in the PBT for the current quarter was a construction profit of RM23.3 million as compared to RM16.8 million in the previous corresponding quarter.

Excluding the construction profit, the Group recorded loss of RM61.0 million, as compared to PBT of RM115.2 million in the previous corresponding quarter mainly due to higher share of associate losses, higher depreciation and amortisation, higher operating costs, higher finance cost and impairment of investment.

Higher depreciation and amortisation was due to the capitalisation of newly completed projects mainly klia2.

The impairment of investment in an associate company of RM4.4 million was in relation to the additional capital advance provided to GMR Male International Airports Limited ("GMIAL") mainly for payments of legal fees and administrative expenses.

Total cost (excluding construction cost) for the current quarter under review increased by 31.3% or RM160.9 million mainly due to the significant increase in depreciation and amortisation by more than 100% or RM69.8 million, finance costs by more than 100% or RM29.3 million, utilities by 48.6% or RM26.3 million and employee benefit by 15.6% or RM21.6 million.

Higher finance costs were due to interest on borrowing recognised in the income statement upon the completion of klia2.

Higher utilities costs were mainly due to additional consumption on electricity after the commencement of klia2 operation 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.

18. PERFORMANCE REVIEW (Cont'd)

Profit before tax and zakat (Contd.)

The consolidated Profit before tax and zakat (PBT) for the financial period-to-date under review was 55.6% or RM176.9 million lower than the corresponding period in the previous year.

Included in the PBT in the financial period-to-date under review was a construction profit of RM28.5 million derived from the construction of klia2, representing a decrease of 21.9% or RM36.5 million as compared to the same period in the previous year.

Excluding the construction profit, the PBT decreased by 60.0% or RM168.9 million. The unfavourable PBT variance were attributed to higher operating costs, higher depreciation and amortisation, higher share of losses from jointly controlled entities and higher finance cost.

Share of results of associates and JCE

As stated in note 12 and note 25, during the current quarter, the Group had acquired additional 40% stake in ISG and LGM of RM653.6 million and RM280.1 million respectively. Upon the additional acquisition, investment in ISG and LGM which were previously regarded as investment in associate are now regarded as investment in JCE.

Share of associate profit in the financial period-to-date under review was contributed by profit from Kuala Lumpur Aviation Fuelling System Sdn Bhd but reduced by loss in MFMA Development Sdn Bhd ("MFMA"). MFMA is an associate company involved 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. Share of losses from associates in the previous corresponding period was in relation to the share of losses in ISG when ISG was an associate to the Group.

Share of losses from JCE represents additional losses absorbed from the investment in ISG and LGM. Pursuant to the additional acquisition, the total interest and obligation in ISG and LGM as at 30 June 2014 increased to RM1.2 billion and RM302.7 million respectively. Hence, the Group had to further absorbed all its share of losses in ISG and LGM of RM54.5 million and RM1.3 million respectively. Included in the share of losses in ISG was the one-off recognition of previously unrecognised losses of RM42.5 million.

18. PERFORMANCE REVIEW (Cont'd)

ECONOMIC PROFIT STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	51,970	132,457	239,733	320,846
Adjusted Tax	(12,992)	(33,113)	(59,933)	(80,212)
NOPLAT	38,978	99,344	179,800	240,634
Economic charge computation				
Average invested capital	8,440,239	7,186,583	8,440,239	7,186,583
Weighted average cost of capital per annum	6.90%	7.72%	6.90%	7.72%
Economic Charge	145,594	138,701	291,188	277,402
Economic Loss	(106,616)	(39,357)	(111,388)	(36,768)

* 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 economic loss of RM106.6 million for the current quarter under review higher than RM39.4 million recorded in the corresponding period in the previous year. Similarly, the Group also recorded economic loss of RM111.4 million for the financial period-to-date under review higher than RM36.8 million recorded 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.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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 30 June 2014	
		Without Construction Profit	With Construction Profit	Without Construction Profit	With Construction Profit
i)	EBITDA (RM'000)	861,395	894,533	419,657	448,182
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 30.06.2014 RM'000	Immediate Preceding Quarter 31.03.2014 RM'000
Revenue	1,175,547	781,081
(Loss)/Profit before tax and zakat	(37,729)	178,977

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 increased by 50.5% or RM394.5 million as compared to the immediate preceding quarter. The positive variance was mainly attributed to the higher construction revenue, which inreased by more than 100.0% or RM419.2 million as compared to the immediate preceding quarter. A construction revenue of RM540.8 million was recognised in the current quarter under review as compared to the RM121.6 million recognised in the immediate preceding quarter.

Excluding the construction revenue, the consolidated revenue for the current quarter under review was RM634.7 million, a decrease of 3.8% or RM24.7 million from RM659.5 million in the immediate preceding quarter, mainly due to lower revenue in the airport and non-airport operations segment by 3.9% or RM23.9 million and 2.2% or RM0.8 million respectively.

The passenger movements for the current quarter under review increased by 0.1% as compared to the immediate preceding quarter, in which the international passenger movements decreased by 3.3% while domestic increased by 3.3%. The passenger movements at KLIA-Main Terminal decreased by 7.8% (international: -7.4%, domestic: -9.1%) while at KLIA-LCCT/klia2 increased by 5.3% (international: +3.7%, domestic: +8.3%).

a) Airport Operation

The revenue from the airport operations was lower by 3.9% or RM23.9 million to RM596.9 million from RM620.8 million primarily due to a decrease of 3.8% or RM10.7 million in the non-aeronautical revenue generated. This was due to lower retail revenue by 13.4% or RM21.7 million but was cushioned by higher rental revenue of 8.9% or RM11.0 million.

The unfavourable variance was also due to lower aeronautical revenue by 3.9% or RM13.2 million which mainly due to higher airline incentives by 67.4% or RM14.2 million, lower PSC/PSSC by 3.7% or RM8.3 million and lower MARCS ERL by 25.2% or RM4.8 million but cushioned by higher MARCS PSC by 98.8% or RM11.4 million.

b) Non-Airport Operations

Revenue from the Non-Airport Operations segment recorded a decline of 2.2% or RM0.8 million to RM37.9 million from RM38.7 million, mainly due to the lower revenue recorded by the hotel segment by 15.1% or RM3.0 million. However, the agriculture and project and repair maintenance revenue recorded an increase of 17.8% or RM1.2 million and 8.0% or RM0.9 million respectively.

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

Profit before tax and zakat

The Group recorded loss before taxation and zakat of RM37.7 million as compared to PBT and zakat of RM179.0 million in the preceding quarter.

The construction profit for the current quarter under review increased by more than 100.0% or RM18.1 million to RM23.3 million from RM5.2 million in the immediate preceding quarter.

Excluding the construction profit, the Group recorded loss before taxation and zakat in the current quarter under review of RM61.0 million, as compared to a PBT of RM173.7 million in the immediate preceding quarter, mainly due to higher total expenses (excluding construction cost) of 30.3% or RM157.2 million, higher share of losses from JCE of more than 100% or RM50.8 million and lower revenue (excluding construction revenue) by 3.8% or RM24.7 million.

Higher total expenses were mainly due to higher depreciation and amortisation, finance costs, utilities, repair maintenance costs, employee benefit expenses, leasing cost and user fee. The unfavourable variance in PBT was also due to lower other income by 4.6% or RM1.6 million.

20. COMMENTARY ON PROSPECTS

In the first half of 2014, MAHB airports handled 41.3 million passenger movements registering 11.8% growth over the same corresponding period in 2013. Out of the total passenger movements, KLIA registered 24.4 million passengers with 9.7% growth. The registered traffic is the highest ever recorded by Malaysia Airports for the half year. While growth continues to remain positive, the percentage of growth has declined slightly in May and June, partly due to a higher growth base in 2013. In addition, traffic between certain sectors such as Thailand, China and Middle-East have weakened due to political uncertainties in Thailand, the escalating conflict in the Middle East and the residual impact from the MH370 incidents.

The unfortunate MH17 event may temporarily affect passenger numbers. Our immediate focus is to extend our full support to the Government, Malaysia Airlines and the affected families.

Latest international and domestic seat capacity data shows an average increase of 6% and 0.8% respectively for the next six months, lower than previous indications. The lower economic growth in East Asia and Pacific countries as reported by World Bank may also have an impact on traffic.

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 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')

Based on the current year to date traffic performance and the foreseen uncertainties, MAHB remains confident to register a robust passenger growth for the year.

The successful development and opening of klia2 is a testament to how far MAHB has journeyed in transforming from a traditional airport operator into a successful world-class airport business. With 45 million passenger capacity, klia2 is an iconic terminal that serves as a global benchmark for similar terminals to be built in the future. klia2 is expected to be the catalyst in boosting MAHB's performance moving forward, mainly contributed by its unique targeted retail and commercial offerings attractive to passengers and airport visitors. With klia2, KLIA now has a total capacity to handle 70 million passengers per annum to cater for the rapid air travel growth, remain competitive within the region and cement Malaysia's position as a leading global aviation hub.

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 Quarter	*Restated Preceding Year Corresponding Quarter
	30.06.2014 RM'000	30.06.2013 RM'000	30.06.2014 RM'000	30.06.2013 RM'000
Current tax	10,517	15,119	63,197	61,807
Deferred taxation	(3,572)	15,103	(5,986)	27,959
Zakat	-	-	-	-
	6,945	30,222	57,211	89,766

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 and financial period-to-date 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 July 2014 being a date not earlier than 7 days from the date of issuance of the quarterly report.

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.

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.

The DRP had received all the necessary approvals from Bursa securities and from its shareholders on 20 March 2014. On 25 April 2014, an amount of RM69,071,819.46 was re-invested in the DRP and as disclosed in Note 9, the paid up share capital of the Company was increased to RM1,374,149,854 by the issuance of 9,553,502 shares of RM1 each under DRP.

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)

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 JCE.

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

Subsequently, on 30 April 2014, MAHB had completed the Acquisitions for a total consideration of EUR209,000,000 (or the equivalent of approximately RM933,719,000).

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 July 2014 (being a date not earlier than 7 days from the date of issue of the quarterly report) are as follows:

Private Placement

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

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 30.06.2014 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 July 2014.

28. CHANGES IN MATERIAL LITIGATION

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

29. DIVIDEND PAYABLE

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

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Year Quarter 30.06.2014 RM'000	Preceding Year Corresponding Period 30.06.2013 RM'000
(Loss)/Profit from continuing operations attributable to owners of the parent	(44,674)	101,833	84,036	228,351
Profit/(Loss) from discontinued operation attributable to equity holders of the Company	-	159	-	(96)
(Loss)/Profit attributable to equity holders of the Company	(44,674)	101,992	84,036	228,255
Weighted average number of ordinary shares in issue ('000)	1,317,483	1,220,338	1,317,483	1,220,338
Basic earning per share for (sen):				
(Loss)/Profit from continuing operations	(3.39)	8.34	6.38	18.71
Profit/(Loss) from discontinued operation	-	0.01	-	(0.01)
Basic earnings per share (sen)	(3.39)	8.35	6.38	18.70

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.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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

	As at 30.06.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	3,731,378	3,691,829
- Unrealised	102,867	73,595
	3,834,245	3,765,424
Total share of retained earnings/(accumulated losses) from associate companies:		
- Realised	72,021	(270,991)
- Unrealised	(2,739)	73,376
	69,282	(197,615)
Total share of retained earnings from jointly controlled entities:		
- Realised	(343,011)	2,803
- Unrealised	79,548	631
	(263,463)	3,434
Less: Consolidation Adjustments	(1,597,472)	(1,533,812)
Total retained earnings as per financial statements	2,042,592	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 July 2014