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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	*Restated Preceding Year Corresponding Quarter	Current Year to Date	*Restated Preceding Year Corresponding Period
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Revenue		711,334	1,120,767	3,343,722	4,098,759
Cost of inventories sold		(96,630)	(93,562)	(330,710)	(325,287)
Other income		54,129	42,048	166,672	135,083
Employee benefits expense		(146,023)	(176,019)	(619,335)	(569,917)
Construction costs		-	(417,155)	(633,880)	(1,563,883)
Depreciation and amortisation		(67,852)	(79,250)	(405,399)	(277,862)
Other expenses		(355,935)	(263,411)	(1,111,115)	(875,231)
Operating profits		99,023	133,418	409,955	621,662
Finance costs		(52,737)	(6,089)	(151,337)	(28,375)
Impairment of investment		(15,000)	(3,742)	(24,011)	(3,742)
Gain arising from remeasurement of fair value of investment		502,511	-	502,511	-
Gain on bargain purchase		379,105	-	379,105	-
Impairment of goodwill		(229,429)	-	(229,429)	-
Share of results:					
- associates		(1,533)	(39,877)	113	(39,385)
- jointly controlled entities		373	222	(52,736)	3,008
Profit before tax and zakat	7	682,313	83,932	834,171	553,168
Taxation and zakat	22	(19,432)	(47,475)	(85,622)	(175,481)
Profit for the year, net of tax and zakat		662,881	36,457	748,549	377,687
Discontinued Operation					
Loss from discontinued operation, net of tax	13	(4)	(44)	(58)	(140)
Profit for the year, net of tax and zakat		662,877	36,413	748,491	377,547
Attributable to:					
Owners of the parent		662,880	36,895	748,520	377,483
Non-controlling interests		(3)	(482)	(29)	64
		662,877	36,413	748,491	377,547
Earnings per share attributable to owners of the parent (sen):					
Basic for profit from continuing operations		49.06	2.97	55.42	30.80
Basic for loss from discontinued operation		-	(0.00)	-	(0.01)
Basic for profit for the year	30	49.06	2.96	55.42	30.79

*Restated due to the results of a discontinued operation.

The condensed unaudited 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.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year Corresponding Quarter 31.12.2013 RM'000	Current Year to Date 31.12.2014 RM'000	*Restated Preceding Year Corresponding Period 31.12.2013 RM'000
Profit for the year, net of tax and zakat	662,877	36,413	748,491	377,547
Other comprehensive income:				
Available-for-sale financial assets				
- (Loss)/gain on fair value changes	(2,817)	(1,873)	1,390	(3,747)
Share of other comprehensive income of an associate	-	(1,920)	-	(1,942)
Share of other comprehensive income of a jointly controlled entity	(14,524)	-	(10,461)	-
Foreign currency translation	3,820	688	2,396	2,633
Other reserve	89	-	89	-
Other comprehensive income for the year, net of tax and zakat	(13,432)	(3,105)	(6,586)	(3,056)
Total comprehensive income	649,445	33,308	741,905	374,491
Attributable to:				
Owners of the parent	649,448	33,791	741,934	374,427
Non-controlling interest	(3)	(482)	(29)	64
	649,445	33,308	741,905	374,491

The condensed unaudited 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 results of a discontinued operation.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	31.12.2014 RM'000 Unaudited	31.12.2013 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	363,227	326,335
Plantation development expenditure	53,903	52,822
Land use rights	7,381	7,518
Intangible assets	17,329,609	8,259,114
Investment in associates	39,035	24,779
Investment in jointly controlled entity	62,414	57,152
Available for sale investments	467,380	349,450
Other receivables	452,253	364,572
Staff loans	39,325	37,083
Deferred tax assets	224,881	6,236
	19,039,408	9,485,061
Current Assets		
Inventories	154,146	122,317
Trade receivables	606,383	442,323
Other receivables	110,758	128,113
Cash and bank balances	2,041,031	345,413
	2,912,318	1,038,166
Assets of disposal group classified as held for disposal	104	104
TOTAL ASSETS	21,951,830	10,523,331

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	31.12.2014 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
Perpetual sukuk	997,842	-
Share premium	2,373,149	1,409,376
Retained earnings	2,677,075	2,037,431
Fair value adjustment reserve	(1,878)	(553)
Other reserve	2,635	2,546
Foreign exchange reserve	(545)	(2,941)
	7,422,428	4,678,303
Non-controlling interests	35	64
Total equity	7,422,463	4,678,367
Non-current Liabilities		
Other financial liability	201,950	189,256
Borrowings	5,619,277	3,600,000
Deferred income	55,218	47,078
Deferred tax liabilities	875,343	135,149
Trade payables	3,479,999	-
Other payables	583,823	703,021
	10,815,610	4,674,504
Current Liabilities		
Borrowings	705,742	200,000
Trade payables	675,106	231,676
Other payables	2,301,067	685,619
Income tax payable	31,816	53,122
	3,713,731	1,170,417
Liabilities of disposal group classified as held for disposal	26	43
Total liabilities	14,529,367	5,844,964
TOTAL EQUITY AND LIABILITIES	21,951,830	10,523,331

The condensed unaudited 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 UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to equity holders of the Company									
			Non- distributable				Distributable			
	Share Capital RM'000	Perpetual Sukuk 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	-	-	-	(5,689)	2,633	-	377,483	374,427	64	374,491
Transaction with owners										
Shares issued pursuant to Dividend reinvestment plan	22,444	-	88,962	-	-	-	-	111,406	-	111,406
Dividends	-	-	-	-	-	-	(166,810)	(166,810)	-	(166,810)
Total transactions with owners	22,444	-	88,962	-	-	-	(166,810)	(55,404)	-	(55,404)
At 31 December 2013	1,232,444	-	1,409,376	(553)	(2,941)	2,546	2,037,431	4,678,303	64	4,678,367
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	-	-	-	(9,071)	2,396	89	748,520	741,934	(29)	741,905
Issuance of perpetual sukuk		997,842	-	-	-	-	-	997,842	-	997,842
Distribution to perpetual sukuk holder			-	-	-	-	(2,521)	(2,521)	-	(2,521)
Transaction with owners										
Shares issued pursuant 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
Acquisition of subsidiary	-	-	-	7,746	-	-	-	7,746	-	7,746
Dividends	-	-	-	-	-	-	(106,355)	(106,355)	-	(106,355)
		-								
Total transactions with owners	141,706	-	963,773	7,746	-	-	(106,355)	1,006,870	-	1,006,870
At 31 December 2014	1,374,150	997,842	2,373,149	(1,878)	(545)	2,635	2,677,075	7,422,428	35	7,422,463

The condensed unaudited 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 UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	31.12.2014 RM'000 Unaudited	31.12.2013 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	834,171	553,168
Discontinued operation	(58)	(140)
Adjustments for:		
Interest income	(15,936)	(16,368)
Interest from late payments	(4,456)	(4,553)
Interest expense	151,337	28,375
Provision for liabilities	4,355	4,461
Writeback of provision for liabilities	-	(42)
Amortisation of:		
- Intangible assets	358,026	228,434
- plantation development expenditure	3,211	2,745
- land use rights	139	121
Depreciation of property, plant and equipment	44,024	46,562
Amortisation of premium on investments	-	29
Impairment of investment in associate	9,011	3,742
Impairment of investment in unquoted share	15,000	-
Impairment of intangible assets	50,310	-
Net writeback of doubtful debts	(3,024)	(1,188)
Net bad debt (written back)/written off	(393)	7,203
Net (loss) /gain on disposal of:		
- property,plant and equipment	(39)	343
- intangible assets	(36)	-
- bond	-	(363)
- quoted shares	(10)	(188)
Property, plant and equipment written off	614	1,927
Plantation development expenditure written off	1,396	-
Intangible assets written off	1,602	110
Net of inventories written off	290	1,079
Investment income	(23,915)	(14,834)
Profit from construction contract	(28,525)	(71,981)
Gain arising from remeasurement of fair value of investment	(502,511)	-
Gain on bargain purchase	(379,105)	-
Impairment of goodwill	229,429	-
Share of results of:		
- Jointly controlled entities	52,736	(3,008)
- Associates	(113)	39,385
Operating profit before working capital changes	797,530	805,019
Increase in inventories	(29,042)	(24,299)
(Increase)/Decrease in receivables	(62,479)	71,551
Increase in payables	18,415	191,346
Decrease in concession liabilities	(22,836)	(27,021)
(Decrease)/Increase in provision for liabilities	(3,433)	1,150
Cash generated from operations	698,155	1,017,746
Tax and Zakat paid	(126,942)	(126,341)
Net cash generated from operating activities	**571,213**	**891,405**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	31.12.2014 RM'000 Unaudited	31.12.2013 RM'000 Audited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(75,097)	(77,628)
- intangibles assets	(488,830)	(1,836,074)
- plantation development expenditure	(4,328)	(5,231)
- quoted shares	(116,754)	(45,612)
Proceeds from disposal of:		
- property, plant and equipment	75	81
- intangible assets	36	-
- bond	-	5,459
- quoted shares	11	532
Acquisition of an associate	-	(840)
Advance to associates	(9,011)	(8,579)
Advance to joint controlled entities	(9)	-
Additional investment in an associate	(19,200)	-
Additional investment in jointly controlled entities	(963,213)	-
Cash flow arising from acquisition of subsidiaries	913,863	-
Redemption of bonds	-	5,459
Investment income received	23,915	14,834
Dividend received from associate	3,600	1,800
Interest received	4,370	5,807
Net cash used in investing activities	**(730,572)**	**(1,939,992)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance expenses for private placement	(8,168)	-
Proceeds from issuance of shares from private placement	124,050	-
Proceeds of share premium arising from private placement	855,945	-
Perpetual sukuk issuance expense	(2,158)	-
Proceeds from issue of perpetual sukuk	1,000,000	-
Repayment of loan	(200,000)	-
Drawdown of loans and borrowings	250,000	700,000
Interest paid	(146,536)	(27,642)
Dividends paid to shareholders of the Company	(18,443)	(53,007)
Net cash generated from financing activities	**1,854,690**	**619,351**
Net increase/(decrease) in cash and cash equivalents	**1,695,332**	**(429,236)**
Effects of foreign currency translation	286	524
Cash and cash equivalents at beginning of year	345,413	774,124
Cash and cash equivalents at end of year	**2,041,031**	**345,413**
Cash and cash equivalents comprising:		
Cash and bank balances	1,033,027	99,495
Short term deposits	1,008,004	245,917
	2,041,031	**345,413**

*Restated due to the results of a discontinued operation.

The condensed unaudited 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.

Description	**Effective for periods beginning on or after**
• Amendments to FRS 10, FRS 12 and FRS 127 Investment Entities	1 January 2014
• Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
• Amendments to FRS 136 Impairment of Assets – Recoverable Amount Disclosure for Non-Financial Assets.	1 January 2014
• Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
• IC Interpretation 21 Levies	1 January 2014

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

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
• Amendmend to FRS 119 Defined Benefit Plans: Employee Contributions	1 July 2014
• Annual Improvements to MFRSs 2010-2012 Cycle	
- Amendment to FRS 2 Share-based payment	1 July 2014
- Amendment to FRS 3 Business Combinations	1 July 2014
- Amendment to FRS 8 Operating Segments	1 July 2014
- Amendment to FRS 13 Fair Value Measurement	1 July 2014
- Amendment to FRS 116 Property, Plant and Equipment	1 July 2014
- Amendment to FRS 124 Related Party Disclosure	1 July 2014
- Amendment to FRS 138 Intangibles Asset	1 July 2014
• Annual Improvements to MFRSs 2011-2013 Cycle	
- Amendment to FRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
- Amendments to FRS 3 Business Combinations: Scope exceptions for joint venture	1 July 2014
- FRS 13 Fair Value Measurement	1 July 2014
- Amendment to FRS 140 Investment Property	1 July 2014
• FRS 9 Financial Instrument Activities	1 January 2015
• Amendment to FRS 11 Accounting for Acquisition of interest in joint operations (Amendments to FRS 11)	1 January 2016
• FRS 14 Regulatory Deferral Accounts	1 January 2016
• Amendments to FRS 116 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)	1 January 2016
• Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
• FRS 15 Revenue from contracts with customers	1 January 2017

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Description	Effective for annual periods beginning on or after
• FRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009	To be announced
• FRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010	To be announced
• FRS 9 Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139	To be announced

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.

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.

FRS 116 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)

The amendments clarify the principle in FRS116 and FRS138 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and to amortise intangible assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. The Group will quantify the effect of change in current method of amortisation of concession right which is based on revenue stream to straight line method.

Amendment to FRS 11 Acquisition of interest in joint venture

The amendments to FRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant FRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to FRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

FRS 15 Revenue from contracts with customers

The FRS 15 was issued in September 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Effective date to be announced by the Malaysian Accounting Standard Board

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 2 September 2014, MASB had announced the adoption of MFRS for TEs is deferred to 1 January 2017.

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 2017.

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 year under review.

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

The Group’s performance for the current quarter and financial year under review has taken into account the following:

a) As stated in note 25, effective 31 December 2014, İstanbul Sabiha Gökçen Uluslararası Havalimanı Yatırım Yapım ve İşletme A.Ş (“ISG”) and LGM Airport Operations Trade and Tourism Inc (“LGM”) became wholly-owned subsidiaries of the Group. FRS3: Business Combinations states that, ‘in a business combination achieved in stages, the acquirer shall re-measure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss’. Upon consolidation, the Group recognised RM502.5 million gain from the re-measurement of fair value of investment being the difference between the carrying amount of previously held equity interest and the acquisition date fair value of the net asset acquired. In addition, there is a gain on bargain purchase of RM379.1 million arising from the acquisition of ISG and impairment of goodwill of RM229.4 million arising from the acquisition of LGM.

b) As at 31 December 2014, the Group are in a net current liabilities position of RM801.4 million arising mainly from amount due to Limak amounting to RM 1,182.9 million for the acquisition of the remaining stake in ISG and LGM. On 2 January 2015, the Group has drawndown Bridging loan facility of RM1,182.9 million to settle the amount due to Limak. As stated in note 25 (c) on 23 December 2014, shareholders at its Extraordinary General Meeting had approved the Proposed Rights Issues. Proceeds from the issuance of Rights Shares will be used to settle the Bridging loan.

c) During the current quarter under review, the Group had changed the depreciation method for infrastructure and construction assets which were previously amortised based on straight line basis to Unit of Production Method ("UOP") (based on forecasted passenger during the concession period). The changes is to be consistent with the method applied for concession rights and to better reflect the pattern in which the related asset's future economic benefits are expected to be consumed by the entity. The changes to UOP method were backdated from 1 January 2014, the impact is a reduction in depreciation by RM101.1 million.

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 year under review.

6. SEGMENT INFORMATION

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

Airport Operations:-

a) Duty free and non-dutiable goods
To operate duty free and non-duty free outlets and provide services in respect of food and beverage outlets at designated airports in Malaysia.

b) Airport services
To manage, operate and maintain designated airports and to provide airport related services.

Non-Airport Operations:-

a) Agriculture and horticulture
To cultivate oil palm and sell palm oil 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.

As stated in note 25(b), effective 31 December 2014, ISG and LGM became the wholly-owned subsidiaries of the Group. The assets and liabilities of ISG and LGM are disclosed as overseas operations segment. The Group has also improved its presentation of segment information by segregating the overseas operations of its project and repair maintenance segment.

Save for the above, 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.

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

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

6. SEGMENT INFORMATION (Contd.)

	Continuing Operations										Discontinued Operation	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations				Airport Operations	Non Airport Operations				
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport services	Project & repair and maintenance	Consolidation	TOTAL		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
For the year ended 31 December 2014												
Segment Revenue												
External:												
Aeronautical	1,341,075	-	-	-	-	-	-	-	-	1,341,075	-	1,341,075
Non-aeronautical:							-	-				
Retail	-	614,689	-	-	-	-	-	-	-	614,689	-	614,689
Others	552,812	1,185	-	-	-	-	-	-	-	553,997	-	553,997
Construction	662,405	-	-	-	-	-	-	-	-	662,405	-	662,405
Non-airport Operations	-	-	19,078	74,136	31,304	4,260	-	42,778	-	171,556	-	171,556
Inter-segment sales	222,694	911	48,308	2,148	4,249	-	-	-	(278,310)	-	-	-
Inter-segment dividends	-	-	-	-	-	66,583	-	-	(66,583)	-	-	-
Total Revenue	2,778,986	616,785	67,386	76,284	35,553	70,843	-	42,778	(344,893)	3,343,722	-	3,343,722
Segment Results												
Construction profit	28,525	-	-	-	-	-	-	-	-	28,525	-	28,525
Profit from operations (excluding construction profit)	773,798	(33,396)	14,838	9,384	6,246	212,603	-	13,122	(209,766)	786,829	(26)	786,803
Depreciation and amortisation	(359,701)	(8,806)	(211)	(18,713)	(4,084)	(13,771)	-	(113)	-	(405,399)	-	(405,399)
Finance costs	(152,769)	(109)	(59)	(24)	(26)	(122,934)	-	-	124,584	(151,337)	-	(151,337)
Impairment of investment	-	-	-	-	-	(24,011)	-	-	-	(24,011)	-	(24,011)
Gain arising from remeasurement of fair value of	-	-	-	-	-	-	-	-	502,511	502,511	-	502,511
Gain on bargain purchase	-	-	-	-	-	-	-	-	379,105	379,105	-	379,105
Impairment of goodwill	-	-	-	-	-	-	-	-	(229,429)	(229,429)	-	(229,429)
Share of results of:												
- associates	113	-	-	-	-	-	-	-	-	113	-	113
- jointly controlled entities	-	-	-	-	-	(52,736)	-	-	-	(52,736)	-	(52,736)
Profit /(loss) before tax and zakat	289,966	(42,311)	14,568	(9,353)	2,136	(849)	-	13,009	567,005	834,171	(26)	834,145
Tax and Zakat	(77,889)	11,083	(4,159)	4,143	(626)	34,348	-	(1,171)	(51,351)	(85,622)	(32)	(85,654)
Profit/(loss) for the year	212,077	(31,228)	10,409	(5,210)	1,510	33,499	-	11,838	515,654	748,549	(58)	748,491
As at 31 December 2014												
Assets and Liabilities												
Segment assets	11,675,503	273,816	114,138	170,715	83,448	12,991,050	6,226,180	42,627	(9,727,200)	21,850,277	104	21,850,381
Investment in associates	39,035	-	-	-	-	-	-	-	-	39,035	-	39,035
Investment in jointly controlled entities	-	-	-	-	-	62,414	-	-	-	62,414	-	62,414
Total assets	11,714,538	273,816	114,138	170,715	83,448	13,053,464	6,226,180	42,627	(9,727,200)	21,951,726	104	21,951,830
Segment liabilities representing												
Total liabilities	7,843,793	196,413	31,254	86,775	15,618	8,222,964	7,088,485	25,939	(8,981,900)	14,529,341	26	14,529,367

6. SEGMENT INFORMATION (Contd.)

	Continuing Operations										Discontinued Operations	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations				Airport Operations	Non Airport Operations				
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport services	Project & repair and maintenance	Consolidation	TOTAL		
	RM'000	RM'000	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 December 2013												
Segment Revenue												
External:												
Aeronautical	1,211,040	-	-	-	-	-	-	-	-	1,211,040	-	1,211,040
Non-aeronautical:										-		-
Retail	-	609,960	-	-	-	-	-	-	-	609,960	-	609,960
Others	502,752	1,354	-	-	-	-	-	-	-	504,106	-	504,106
Construction	1,635,864	-	-	-	-	-	-	-	-	1,635,864	-	1,635,864
Non-airport operations	-	-	30,016	66,198	30,924	-	-	10,651	-	137,789	-	137,789
Inter-segment sales	163,597	2,041	31,118	1,358	3,154	-	-	-	(201,268)	-	-	-
Inter-segment dividends	-	-	-	-	-	116,720	-	-	(116,720)	-	-	-
	3,513,253	613,355	61,134	67,556	34,078	116,720	-	10,651	(317,988)	4,098,759	-	4,098,759
Segment Results												
Construction profit	71,981	-	-	-	-	-	-	-	-	71,981	-	71,981
Profit from operations (excluding construction profit)	804,622	44,537	4,614	6,775	2,626	103,237	-	5,054	(143,921)	827,544	(140)	827,404
Depreciation and amortisation	(229,955)	(6,585)	(149)	(20,713)	(3,599)	(16,705)	-	(156)	-	(277,862)	-	(277,862)
Finance costs	(28,349)	-	-	-	(1)	(25)	-	-	-	(28,375)	-	(28,375)
Impairment of Investment of associate company						(3,743)	-	-		(3,743)	-	(3,743)
Share of results of associates:										-		
- associates	4,130	-	-	-	-	(43,515)	-	-	-	(39,385)	-	(39,385)
- jointly controlled entities	-	-	-	-	-	3,008	-	-	-	3,008	-	3,008
Profit /(loss) before tax and zakat	622,429	37,952	4,465	(13,938)	(974)	42,257	-	4,898	(143,921)	553,168	(140)	553,028
Tax and Zakat	(149,860)	(9,504)	1,136	(1,793)	(1,300)	(13,921)	-	(239)	-	(175,481)		(175,481)
Profit/(loss) for the year	472,569	28,448	5,601	(15,731)	(2,274)	28,336	-	4,659	(143,921)	377,687	(140)	377,547
As at 31 December 2013												
Assets and Liabilities												
Segment assets	6,067,934	261,284	92,930	161,989	94,694	8,300,130	-	14,003	(4,551,668)	10,441,296	104	10,441,399
Investment in associates	23,321	-	-	-	-	1,458	-	-	-	24,779	-	24,779
Investment in jointly controlled entities	-	-	-	-	-	57,152	-	-	-	57,152	-	57,152
Total assets	6,091,255	261,284	92,930	161,989	94,694	8,358,740	-	14,003	(4,551,668)	10,523,227	104	10,523,331
Segment liabilities representing Total liabilities	2,339,008	152,981	32,990	76,200	23,986	5,655,804	-	(8,947)	(2,427,101)	5,844,921	43	5,844,964

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	Preceding Year Corresponding Quarter	Current Year to Date	Preceding Year Corresponding Period
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Included in Other Income:				
Interest income:				
-Unquoted Investment and staff loan	1,136	1,261	4,398	4,908
-Other loan and receivables	2,834	2,783	11,399	11,132
-Available-for-sale financial assets	-	40	-	328
-Gain on financial instrument at fair value through profit or loss	67	-	139	-
Investment Income	11,272	1,169	23,915	14,834
Net realised foreign exchange gain	876	1,309	3,553	3,891
Net gain/(loss) on disposal of property, plant and equipment				
- Property, plant and equipment	23	(509)	39	(343)
- Intangible assets	-	(8)	36	-
- Bonds	-	363	-	363
- Others	-	1	10	188
Recoupment of expenses	20,792	21,099	89,377	70,047
Included in Other Expenses:				
Net write back of doubtful debts	(4,364)	(2,081)	(3,024)	(1,188)
Net bad debt (written back)/ written off	(393)	-	(393)	7,203
Property, plant and equipment written off	348	(498)	614	1,927
Plantation development expenses written off	-	-	1,396	-
Intangible assets written off	-	21	1,602	110
Net inventories written off	1,248	363	290	1,079
User fee	75,051	68,739	271,369	237,832
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	50,739	5,016	146,536	24,050
- Financial liabilities	874	1,073	3,494	4,325
- Loss on financial instrument at fair value through profit or loss	1,124	-	1,307	-

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates other than as stated in Note 5(c) that have had a material effect in the result for current quarter and financial year 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 year rank pari passu in all respect with the existing shares of the Company.

On 15 December 2014, the Company completed the issuance of RM1,000,000,000 Perpetual Subordinated Sukuk pursuant to the Perpetual Subordinated Sukuk Programme (as defined in Note 25(d)). The Perpetual Subordinated Sukuk is a perpetual non-call ten (10)-year with no fixed tenure and carries a fixed initial periodic distribution rate of 5.75% (per annum, payable semi-annually) up to the 10^{th} year anniversary of the issue date, after which and for every 10 years onward the periodic distribution rate will be reset. The periodic distribution rate will be reset to the prevailing 10-year MGS benchmark rate plus 1.867% (Initial Spread) plus 1.00% step up rate. The Perpetual Subordinated Sukuk is structured as a perpetual sukuk and accounted as equity instruments.

Save for the above, there were no other issuance and/or repayment of debt and/or equity securities, share buy backs, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter and financial year under review.

10. DIVIDENDS PAID

A single-tier interim dividend of 6 sen per ordinary share in respect of the financial year ended 31 December 2013 was declared on 8 November 2013. The interim dividend amounting to RM73.95 million of which RM8.6 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 RM78.9 million of which RM9.8 million was paid on 30 April 2014 and the remaining was reinvested on 2 May 2014.

10. DIVIDENDS PAID (Contd.)

A single-tier interim dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2014 was declared on 25 November 2014. The interim dividend amounting to RM27.5 million of which RM12.8 million was paid on 22 January 2015 and the remaining RM14.7 million was reinvested on 23 January 2015.

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

11. CARRYING AMOUNT OF REVALUED ASSETS

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

12. CHANGES IN COMPOSITION OF THE GROUP

On 30 April 2014, MAHB had completed the acquisition of 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 Euro209.0 million (or the equivalent to RM944.3 million) 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 was recognised in the second quarter.

On 20 October 2014, MAHB has incorporated a wholly-owned subsidiary, Malaysia Airports Cities Sdn Bhd (“MA Cities”). The issued and paid up share capital of MA Cities amounting to RM101. Subsequently, in November 2014, the issued and paid up share capital has been increased to RM3,000. The principal activity of MA Cities is investment holding.

As stated in note 25(b), effective 31 December 2014, ISG and LGM became the Group wholly-owned subsidiaries pursuant to the acquisition of the remaining 40% stake by MA Cities from Limak and Limak Yatirim for a cash consideration of Euro279.2 million (or the equivalent to RM1,182.9 million).

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

13. 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 September 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.)

The Board of Directors of MAHB, had on 25 November 2014 approved for the striking off or winding up of SSHM via a court order, after attempt to have SSHM wound up via voluntary winding up failed. This process is expected to be concluded by end of 2015.

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 to Date	Preceding Year Corresponding Period
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Other expenses	(7)	(44)	(26)	(140)
Loss before tax of a discontinued operation	(7)	(44)	(26)	(140)
Income tax expenses	(32)	-	(32)	-
Loss for the year from a discontinued operation	(39)	(44)	(58)	(140)

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

	31.12.2014 RM'000 Unaudited	31.12.2013 RM'000 Audited
Assets		
Cash & bank balances	104	104
Liabilities		
Other payables	26	43

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) As at 31 December 2014, the financial liabilities of the wholly-owned subsidiaries of the Group, ISG and LGM were consolidated in the Group statements of financial position.

As at 31 December 2014 for ISG, there were six letters of guarantee totalling Euro114.9 million were provided to Undersecretariat of Defence / Turkey ("UDT") (representing 6% of total amount payable to the UDT for the right to operate the facility as set out in the Concession Agreement).

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 December 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
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Revenue:				
Associate:				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,489	1,489	5,954	5,868
Management Fee				
- Istanbul Sabiha Gokcen International Airport	-	(762)	-	2,238
- LGM Airport Operations Trade and Tourism Inc.	-	1,678	-	1,941
Interest on outstanding payment				
- Istanbul Sabiha Gokcen International Airport	-	(272)	-	24
Jointly Controlled Entities:				
Management Fee				
- LGM Airport Operations Trade and Tourism Inc.	1,647	-	6,394	-
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	1,273	1,273
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	888	874
Concession Fee				
- MFMA Development Sdn Bhd	142	-	469	-
Interest on outstanding payment				
- Istanbul Sabiha Gokcen International Airport	176	-	533	-
- MFMA Development Sdn Bhd	306	-	618	-
Expenses:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities	8,031	-	21,417	-
- Less Rebate	(2,718)	-	(5,786)	-
- Interest on concession payable	5,340	-	14,241	-
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	731	-	1,725	-
- Water and electricity	65	-	204	-
- Car park	-	-	51	-
Other Transactions:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Construction Cost	-	16,047	21,395	58,837
- Payment on concession payable	2,675	-	7,133	-
Other Related Party:				
Construction Cost				
- UEMC-Bina Puri J.V.	(325)	15,340	20,599	268,399

Related Party Balances:

	As at 31.12.2014 RM'000 Unaudited	As at 31.12.2013 RM'000 Audited
Amount owing to jointly controlled entities	6,530	13,818
Amount owing by associate company	515	62
Amount owing to other related party	500	1,816

16. CAPITAL COMMITMENTS

i) The amount of commitments for the lease rental, purchase of property, plant and equipment, construction of the terminal building and other investment not provided for in the interim condensed consolidated financial statements as at 31 December 2014 were as follows:

	Due year 2015 RM'000	Due year 2016 to 2019 RM'000	Due year 2020 to 2066 RM'000	Total RM'000
(i) Approved and contracted for:				
Lease rental payable to the GoM other than within the operating agreements	-	-	66,063	66,063
	-	-	66,063	66,063
(ii) Approved but not contracted for:				
Capital expenditure	475,806	-	-	475,806
(iii) Other investment:				
Investment in ISG	-	130,256	-	130,256
Investment in MFMA Development Sdn. Bhd.	-	45,734	-	45,734
	475,806	175,990	66,063	717,859

17. SUBSEQUENT EVENTS

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

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2014 RM'000	**Preceding Year Corresponding Quarter 31.12.2013 RM'000**	**Current Year to Date 31.12.2014 RM'000**	**Preceding Year Corresponding Period 31.12.2013 RM'000**
Revenue	711,334	1,120,767	3,343,722	4,098,759
Profit before tax and zakat	682,312	83,932	834,171	553,168

a) <u>Quarter-on-Quarter</u>

<u>Revenue</u>

The consolidated revenue of the Group for the current quarter under review amounts to RM711.3 million was 36.5% or RM409.4 million lower than the same corresponding quarter last year.

However, if the construction revenue is excluded, the consolidated revenue was 4.1% or RM27.8 million higher than the same corresponding quarter last year.

i) Airport Operations

Airport operations' revenue include construction revenue. This construction revenue is in relation to the construction of klia2 and the expansion of Penang International Airport ("PIA") which were completed in May 2014 and June 2013 respectively.

For the current quarter under review, owing to the completion of both airports there is no construction revenue recognised as compared to RM437.2 million accounted for in the corresponding quarter last year.

If the construction revenue is excluded from both periods, the airport operations' revenue was 4.3% or RM27.3 million higher than the corresponding quarter last year. This was mainly attributed to an increase in aeronautical revenue of 7.7% or RM25.0 million (Q4 2014: RM349.3 million; Q4 2013: RM324.3 million). This improvement in aeronautical revenue was mainly due to the recognition of Marginal Cost Support Sum on Passenger Service Charges ("MARCS PSC") of RM23.6 million.

18. PERFORMANCE REVIEW

Quarter-on-Quarter (Contd.)

The Group has started to recognise MARCS PSC for passengers who travelled on and after 12 February 2014. As stipulated in the Operating Agreement ("OA") signed on 12 February 2009, 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 became effective 12 February 2014. MARCS PSC of RM23.6 million was recognised in the current quarter 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

Non-aeronautical revenue increased by less than 1.0% or RM2.2 million (Q4 2014: RM317.4 million; Q4 2013: RM315.2 million). The improvement was driven by higher retail revenue by 1.3% or RM2.3 million.

The passenger movements for the current quarter under review decreased by 0.8% to 22.1 million passengers as compared to the corresponding quarter last year of 22.3 million passengers. The domestic passenger movements decreased by 2.1% while international passenger movements increased by 0.8%. Passenger movements at KLIA-LCCT/klia2 decreased by -5.9% (international: +5.9%, domestic: -22.8%) while at KLIA-Main Terminal increased by 1.9% (international: -1.4%, domestic: +13.9%).

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

ii) Non-Airport Operations

For the current quarter under review, the businesses from the non-airport operations segments registered an increase in revenue of 1.1% or RM0.5 million (Q4 2014: RM44.5 million; Q4 2013: RM44.0 million).

Revenue contributed from the project and repair maintenance segment in the current quarter increased by 10.8% or RM1.8 million (Q4 2014: RM18.3 million; Q4 2013: RM16.5 million). Similarly, revenue in the hotel segment increased by 8.8% or RM1.6 million (Q4 2014: RM20.0 million; Q4 2013 RM18.4 million).

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

Profit before tax and zakat

The Group recorded profit before taxation and zakat ("PBT") amounting to RM682.3 million in the current quarter under review as compared to RM83.9 million in the previous corresponding period.

Construction profit recognised in the preceding year corresponding quarter was RM20.0 million, while none was recognised in the current quarter.

If the construction profit is excluded from both periods, the Group recorded a PBT of RM682.3 million, as compared to RM63.9 million in the previous corresponding quarter.

The higher PBT was mainly due to the gain arising from re-measurement of fair value of investment amounting to RM502.5 million being the difference between the carrying amount of previously held equity interest and the acquisition date fair value of the net asset of ISG and LGM arising from ISG and LGM became MAHB wholly-owned subsidiaries effective 31 December 2014. The Group had also recognised a gain on bargain purchase of RM379.1 million arising from the acquisition of ISG and impairment of goodwill arising from the acquisition of LGM of RM229.4 million.

Higher PBT was however reduced by the impairment of investments in GMR Male International Airport ("GMR Male") of RM9.0 million and a RM15.0 million minority investment stake in a local investee company.

Total cost (excluding construction cost) for the current quarter under review increased by 16.3% or RM100.8 million (2014: RM719.2 million; 2013: RM618.3 million) mainly due to the increase in expenses incurred that were related to finance, administrative and utilities.

Higher finance cost was due to the cost of borrowing incurred for the construction of klia2 while increased in administrative cost was mainly due to the impairment and write-off of LCCT assets by RM50.3 million.

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

Higher utilities costs were mainly due to the additional consumption of electricity after the commencement of klia2 operation and higher tariff that has been in forced beginning January 2014.

If the gain arising from the re-measurement of fair value of investment, gain on bargain purchase and impairment of goodwill are excluded, the Group recorded a PBT of RM30.1 million, as compared to RM63.9 million in the previous corresponding quarter.

b) Year-on-Year

Revenue

The Group consolidated revenue for the financial year under review was 18.4% or RM755.0 million lower than the same corresponding period last year.

However, if the construction revenue is excluded, the consolidated revenue was 9.0% or RM218.4 million higher than the same corresponding period last year.

i) Airport Operations

Included in revenue for airport operations in the financial year under review was construction revenue of RM662.4 million as compared to RM1,635.9 million recognised in the corresponding period last year.

Lower revenue for the financial year under review as compared to the corresponding period last year was due to lower construction revenue by 60.0% or RM973.5 million as a result of completion of klia2 project in April 2014.

If construction revenue is excluded from both periods, the Group recorded 8.0% or RM184.7 million improvement in the airport operations' revenue for the financial year under review. The improvement was mainly attributed to an increase in the aeronautical revenue of 11.0% or RM130.0 million (2014: RM1,341.0 million; 2013: RM1,211.0 million). The increased was mainly contributed by MARCS PSC of RM80.3 million recognised during the financial year under review. The improvement was also driven by higher passenger and aircraft movements as well as the implementation of new landing charges.

18. PERFORMANCE REVIEW (Contd.)

Year-on-Year (Contd.)

The favourable variance in the airport operations' revenue was also contributed by an increase in the non-aeronautical revenue of 5.0% or RM54.6 million (2014: RM1,168.7 million; 2013: RM1,114.1 million). The improvement was driven by higher commercial revenue by 10% or RM49.9 million due to availability of more commercial spaces pursuant to the opening of klia2.

The passenger movements for the financial year under review increased by 4.7% to 83.3 million passengers as compared to the corresponding period last year of 79.6 million passengers, in which the international and domestic passenger movements increased by 4.9% and 4.5% respectively. Passenger movements at both KLIA-Main Terminal and KLIA-LCCT/klia2 increased by 0.4% (international: +0.2%, domestic: +0.8%) and 5.9% (international: +12.7%, domestic: -5.2%) respectively.

ii) Non-Airport Operations

Total revenue from the non-airport operations segment for the financial year under review registered an increase of 24.5% or RM33.8 million (2014: RM171.5 million; 2013: RM137.7 million).

Revenue contributed from the project and repair maintenance segment in the financial year increased by 62.4% or RM25.4 million (2014: RM66.1 million; 2013: RM40.7 million). Similarly, revenue in the hotel segment increased by 11.9% or RM7.9 million (2014: RM74.1 million; 2013: RM66.2 million). Revenue in the agriculture segment also increased by 1.2% or RM379 thousand (2014: RM31.3 million; 2013: RM30.9 million).

The positive variance in the project and repair maintenance segment's revenue in the financial period-to-date was mainly due to the higher revenue from MACS Middle East LLC.

The increase in the hotel revenue was mainly due to the higher occupancy rate (2014: 75.0%, 2013: 68.0%).

The increase in the agriculture revenue in the financial period-to-date was attributed to the higher price attained for fresh fruit bunches ("FFB") per tonne (RM25.4 or 5.4% higher) despite lower production volume for the period (a decrease of 1,361MT or 2.1%) (2014: 63,458MT / RM497.1, 2013: 64,819MT / RM471.7).

Profit before tax and zakat

The consolidated PBT for the financial year under review was 50.8% or RM281.0 million higher than the corresponding period last year.

Included in the PBT in the financial year under review was a construction profit of RM28.5 million derived from the construction of klia2, representing a decrease of 60.4% or RM43.5 million as compared to the same period last year.

18. PERFORMANCE REVIEW (Cont'd)

Year-on-Year (Contd.)

If construction profit is excluded from both periods, PBT increased by 67.4% or RM324.5 million. The favourable PBT was mainly due to the gain arising from re-measurement of fair value of investment amounting to RM502.5 million being the difference between the carrying amount of previously held equity interest and the acquisition date fair value of the net asset of ISG and LGM upon both entities becoming wholly owned subsidiaries of MAHB effective 31 December 2014. The Group had also recognised gain on bargain purchase of RM371.1 million arising from the acquisition of ISG and impairment of goodwill arising from the acquisition of LGM of RM229.4 million.

Higher PBT was however reduced by the impairment of investments in GMR Male of RM9.0 million and a RM15.0 million minority investment stake in a local investee company.

The favourable PBT variance were also negated by higher operating costs, higher depreciation and amortisation, higher finance cost and higher share of losses from JCE.

Total cost (excluding construction cost) for the financial year under review increased by 26.1% or RM541.2 million mainly due to the significant increase in the expenses incurred that were related to depreciation and amortisation, finance, utilities, administrative, employee benefit and user fees.

If the gain arising from re-measurement of fair value of investment, gain on bargain purchase and impairment of goodwill are excluded, the Group recorded a PBT of RM153.5 million, as compared to RM481.2 million in the same period last year.

Share of results of associates and JCE

Share of associate profit in the financial year under review was contributed by profit in 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 by end of May 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. As stated in note 12, upon the additional acquisition of 40% stake on 30 April 2014, the investment in ISG and LGM which were previously regarded as investment in associate are now regarded as investment in JCE.

Share of losses from JCE mainly represents additional losses absorbed from the investment in ISG pursuant to the additional acquisition of 40% stake on 30 April 2014. 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 31.12.2014 RM'000	Preceding Year Corresponding Quarter 31.12.2013 RM'000	Current Year to Date 31.12.2014 RM'000	Preceding Year Corresponding Period 31.12.2013 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	747,239	129,333	1,046,344	605,294
Adjusted Tax	(186,810)	(32,333)	(261,586)	(151,323)
NOPLAT	560,429	96,999	784,759	453,970
Economic charge computation				
Average invested capital	11,877,998	7,402,428	11,877,998	7,402,428
Weighted average cost of capital per annum	6.23%	7.49%	6.23%	7.49%
Economic Charge	185,000	138,610	739,999	554,442
Economic profit/(loss)	375,429	(41,612)	44,760	(100,472)

* 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 profit of RM375.4 million for the current quarter under review as compared to economic loss of RM41.6 million recorded in the corresponding quarter last year. Similarly, the Group also recorded economic profit of RM44.7 million for the financial year under review as compared to economic loss of RM100.5 million recorded in the corresponding period last year. The economic loss in the corresponding period last year was due to the higher average invested capital resulting from cost incurred for the construction of klia2.

The economic profit recorded in the current quarter mainly due to the gain on bargain purchase and gain on re-measurement of fair value of investment recognised upon consolidation of ISG and LGM.

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 achievements 31 December 2014	
		Without Construction Profit	With Construction Profit	Without Construction Profit	With Construction Profit
i)	EBITDA (RM'000)	861,395	894,533	861,430	889,956
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 31.12.2014 RM'000	Immediate Preceding Quarter 30.09.2014 RM'000
Revenue	711,334	675,760
Profit before tax and zakat	682,312	10,611

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

Revenue

The consolidated revenue of the Group for the current quarter under review increased by 5.3% or RM35.6 million as compared to the immediate preceding quarter.

There were no construction revenue in both quarters.

a) Airport Operation

The airport operations' revenue was 4.1% or RM13.7 million higher than the immediate preceding quarter. The improvement was primarily due to an increase of 9.6% or RM27.7 million in the non-aeronautical revenue generated. This was due to higher retail revenue by 28.9% or RM39.4 million but negated by lower rental revenue of 7.6% or RM11.7 million.

The favourable variance was also due to higher aeronautical revenue by 4.0% or RM13.7 million which mainly driven by higher passenger and aircraft movement.

The passenger movements for the current quarter under review increased by 10.8% as compared to the immediate preceding quarter, in which both the international and domestic passenger movements increased by 7.7% and 13.8% respectively. The passenger movements at KLIA-Main Terminal increased by 8.3% (international: 5.5%, domestic: 17.8%) and at KLIA-LCCT/klia2 increased by 11.8% (international: 12.5%, domestic: 10.3%).

b) Non-Airport Operations

Revenue from the Non-Airport Operations segment recorded a decrease of 11.6% or RM5.8 million to RM44.6 million from RM50.4 million, mainly due to the lower revenue recorded by project and repair maintenance segment by 21.4% or RM5.0 million and the agriculture segment by 37.4% or RM3.7 million. However, the decrease was cushioned by higher revenue in hotel segment by 17% or RM2.9 million.

Profit before tax and zakat

The consolidated PBT for the current quarter under review was RM682.3 million higher than RM10.6 million recorded in the preceding quarter.

There were no construction profit recognised in both quarters.

The favourable PBT was mainly due to the recognition of the gain arising from re-measurement of fair value of investment amounting to RM502.5 million being the difference between the carrying amount of previously held equity interest and the acquisition date fair value of the net asset of ISG and LGM upon both entities becoming wholly-owned subsidiaries of MAHB effective 31 December 2014. The Group had also recognised gain on bargain purchase of RM379.1 million arising from the acquisition of ISG and impairment of goodwill of RM229.4 million arising from the acquisition of LGM.

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

Profit before tax and zakat

Apart from the above, higher PBT was also due to higher revenue by 5.3% or RM35.6 million negated by higher total expenses of less than 1.0% or RM5.7 million and the impairment of investments in GMR Male of RM9.0 million and a RM15.0 million minority investment stake in a local investee company.

Higher total expenses were mainly due to higher administrative cost mainly due to impairment and write-off of LCCT assets. However, the unfavourable variance in total expenses was cushioned by lower depreciation and amortisation resulting from the change in the method of calculating the depreciation for intangible assets from Straight Line to UOP method and lower employee benefit expenses.

If the gain arising from re-measurement fair value of investment, gain on bargain purchase and impairment of goodwill are excluded, the Group recorded a PBT of RM30.1 million, as compared to RM10.6 million in the preceding quarter.

20. COMMENTARY ON PROSPECTS

Malaysian Aviation Industry Outlook

Preliminary traffic results indicate airports operated by MAHB in Malaysia handled 83.3 million passengers in 2014, representing a 4.7% increase on the back of the 18.4% growth achieved in 2013. International passenger movements achieved a growth of 4.9% while domestic passengers recorded 4.5% growth over 2013. Aircraft movements registered a 7.3% increase whereas cargo movements recorded 8.0% growth over 2013.

IMF is projecting a 3.8% growth for its global economy forecast in 2015 while Malaysia's GDP is expected to grow between 4.5% to 5.5%. ACI, ICAO and IATA have projected global passenger traffic growth of 4.7%, 6.3% and 7.0% respectively for 2015. Air travel is a function of GDP, consumer and business sentiments, and overall macroeconomic factors. The recent drop in fuel price may help stimulate air travel demand in 2015 as profitability for airlines will increase and in turn, encourage increased seat offerings and lower fares. The positive outlook will continue to be supported by Malaysia Airlines' inclusion into the *oneworld* alliance in February 2013, which naturally extends connectivity from Malaysia by many folds. The ASEAN Open Skies policy would help improve intra-ASEAN travel further.

Based on the prevailing factors, we expect 2015 passenger traffic to record 85.8 million movements, a growth of 3.0% from 2014, as we are more cautious in light of the market outlook. There is room for further optimism for 2015, being the Malaysia Year of Festivals campaign as well as the return of British Airways to Malaysia.

20. COMMENTARY ON PROSPECTS (Contd')

ISG Aviation Industry Outlook

The growth rate of Turkish tourism industry has grown more than the global travel and tourism industry. Turkey was ranked 6th among the top world tourist destination due to rich cultural resources, with 20 World Heritage cultural sites, several international fairs and exhibitions and strong creative industries. Also, the tourism industry was backed by supportive policy rules and regulations governing the industry improvements in its air transport and tourism infrastructure.

MAHB had completed the acquisitions of ISG and LGM on 2 January 2015. In 2015, ISG's passenger movement is expected to grow by 15%, in which 19% growth is expected from International sector and 12% from domestic sector. Aircraft movements are expected to register a 13% growth while cargo movements would likely experience a 5% growth over 2014.

21. PROFIT FORECAST

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

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year to Date	*Restated Preceding Year Corresponding Period
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Current tax	263	39,918	100,411	142,047
Deferred taxation	19,169	7,557	(19,574)	29,918
Zakat	-	-	4,785	3,516
	19,432	47,475	85,622	175,481

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 year under review.

25. STATUS OF CORPORATE PROPOSALS

Save for the followings, there are no other ongoing corporate proposals announced by the Group but not completed as at 12 February 2015 being a date not earlier than 7 days from the date of issuance of the quarterly report except for b) Proposed Acquisition and d) Perpetual Subordinated Sukuk Programme which had been completed during the current quarter under review.

a) Dividend Reinvestment Plan

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

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

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

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

a) Dividend Reinvestment Plan (Contd.)

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

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

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

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

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

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

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

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

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

Final Dividend for the financial year ended 31 December 2013

On 13 February 2014, the Board of Directors had determined that the DRP shall apply to the entire Final Dividend for the financial year ended 31 December 2013.

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 for the financial year ended 31 December 2013.

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 RM69.1 million was re-invested in the DRP and as disclosed in Note 9, the paid up share capital of the Company was increased to 1,374,149,854 by the issuance of 9,553,502 shares of RM1 each under DRP.

25. STATUS OF CORPORATE PROPOSALS (Cont'd)

Interim Dividend for the financial year ended 31 December 2014

On 25 November 2014, the Board of Directors had approved a single tier interim dividend of 2 sen per ordinary share in respect of financial year ended 31 December 2014 and authorised MAHB to allot and issue new ordinary shares of RM1.00 each in MAHB pursuant to DRP.

On 8 December 2014, the Board of Directors had approved that the issue price for the new shares is RM6.13 per share to be issued pursuant to the implementation of the DRP in respect of the interim dividend for the financial year ended 31 December 2014.

On 23 January 2015, the amount of RM14.7 million was reinvested in the DRP in respect of the interim dividend for the financial year ended 31 December 2014 by the issuance of 2,391,485 shares of RM1 each under DRP.

b) Proposed Acquisition

On 20 October 2014, MAHB had incorporated its wholly-owned subsidiary, Malaysia Airports Cities Sdn Bhd ("MA Cities").

On 23 October 2014, MAHB had announced that it has, via MA Cities exercised the rights of first refusal, pursuant to the shareholders' agreement in relation to ISG dated 19 March 2008 and the shareholders' agreement in relation to LGM dated 4 January 2010 to acquire the remaining 40% equity stake in each of ISG and LGM from Limak and Limak Yatirim ("The Proposed Acquisition"). The Proposed Acquisition was approved by shareholders at its Extraordinary General Meeting held on 23 Dec 2014.

On 31 December 2014, all conditions precedent pertaining to the Proposed Acquisitions have been fulfilled or waived, thus ISG and LGM are effectively MAHB's wholly-owned subsidiary on 31 December 2014. The total cash consideration of Euro279.2 million was subsequently remitted on 2 January 2015.

c) Proposed Right Issues

On 10 November 2014, MAHB had announced that it is to undertake the Proposed Rights Issue to fund the Proposed Acquisition via the issuance of rights issue of 274,829,971 new ordinary shares of RM1.00 each in MAHB on the basis of one (1) rights share for every (5) existing MAHB shares held on an entitlement date to be determined later. The number of rights shares to be issued was arrived at based on the issued and paid up ordinary shares capital of 1,374,149,854.

On 5 December 2014, MAHB had announced that Bursa Securities had, vide its letter dated 5 December 2014, approved the amended application for the listing of and quotation for up to 275,777,660 Rights Shares to be issued pursuant to the Proposed Rights Issue on the Main Market of Bursa Securities.

25. STATUS OF CORPORATE PROPOSAL (Cont'd)

The Proposed Rights Issue was approved by shareholders at its Extraordinary General Meeting held on 23 December 2014.

On 27 January 2015, MAHB had announced the issue price of the Rights Shares has been fixed at RM4.78 per Rights Share ("Issue Price"), representing a discount of approximately 28.8% to the theoretical ex-rights price ("TERP") of MAHB Shares of RM 6.71. Based on the Issue Price, the Rights Issue is expected to raise gross proceeds of approximately RM1,316.0 million.

The Issue Price was determined by the Board of MAHB together with CIMB and Maybank IB, being the Joint Managing Underwriters for the Rights Issue on 27 January 2015 after taking into consideration the following:

(i) the purchase consideration for the acquisitions of the 40% equity stake in ISG and 40% equity stake in LGM of EUR279.2 million which is equivalent to RM1,182.9 million based on Bank Negara Malaysia's middle rate of EUR1.00: RM4.24 as at 5.00 p.m. on 2 January 2015, being the completion date of the said acquisitions;
(ii) the prevailing market price of MAHB Shares;
(iii) the TERP of MAHB Shares of RM6.71 per Share, based on the five (5)-day volume-weighted average market price of MAHB Shares up to and including 26 January 2015, being the last trading day before the price-fixing date of the Rights Shares on 27 January 2015, of RM7.10; and
(iv) the prevailing market conditions.

The Board is of the opinion that the discount of approximately 28.8% to the TERP is reasonably attractive to the entitled shareholders of MAHB to subscribe for the Rights Shares. In addition, the discount applied to the TERP to arrive at the Issue Price is also in line with the market discount rates of between 13.2% and 59.4% for major rights issue exercises implemented in Malaysia over the last five (5) years.

In addition, MAHB had, on 27 January 2015 entered into an underwriting agreement in relation to the Rights Issue with CIMB, Maybank IB and JPMorgan Securities (Malaysia) Sdn Bhd (collectively, the "Joint Underwriters"), whereby the Joint Underwriters will severally but not jointly underwrite up to an aggregate of 174,396,216 Rights Shares to be issued, representing approximately 63.35% of the total issue size of the Rights Issue. Khazanah Nasional Berhad has provided its irrevocable undertaking to subscribe for the remaining Rights Shares.

d) Perpetual Subordinated Sukuk Programme

On 15 December 2014, the Company has completed the issuance of RM1,000,000,000 Perpetual Subordinated Sukuk pursuant to the Perpetual Subordinated Sukuk Programme. The Perpetual Subordinated Sukuk is a perpetual non-call ten (10) - year with no fixed tenure and carries a fixed initial periodic distribution rate of 5.75% (per annum, payable semi-annually) up to the 10th year anniversary of the issue date, after which and for every 10 years onward the periodic distribution rate will be reset. The periodic distribution rate will be reset to the prevailing 10 – year MGS benchmark rate plus 1.867% (Initial Spread) plus 1.00% step up rate. The Perpetual Subordinated Sukuk is structured as a perpetual securities and accounted as equity.

25. STATUS OF CORPORATE PROPOSAL (Cont'd)

The Perpetual Subordinated Sukuk is issued based on the Shariah principle of Musharakah. The proceed from the Perpetual Subordinated Sukuk shall be utilised for the working capital requirements, general investments and/or refinance any borrowings/financing of MAHB and/or its subsidiaries, which are Shariah-compliant.

The status of utilisation of proceeds raised from the above as at 12 February 2015 (being a date not earlier than 7 days from the date of issue of the quarterly report) are as follows:

Perpetual Sukuk Programme

Purpose	**Proposed Utilisation (RM'000)**	**Actual Utilisation (RM'000)**
To part finance the working capital requirements, general investments and/or refinance any borrowings/financing of MAHB and/or its subsidiaries, which are Shariah – compliant.	1,000,000	712,191

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 31.12.2014 RM'000 unaudited	**As at 31.12.2013 RM'000 audited**
Short term borrowings		
Unsecured:		
Term loans	250,000	200,000
Facility Loan	455,736	-
Hire purchase	7	-
	705,742	200,000
Long term borrowings		
Unsecured:		
Islamic Medium Term Notes ("IMTN")	3,600,000	3,600,000
Senior term facility	2,019,277	-
	5,619,277	3,600,000

27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 12 February 2015.

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 2014 had been paid as per note 10. There were no other dividends paid or declared 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 period-to-date.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year Corresponding Quarter 31.12.2013 RM'000	Current Year to Date 31.12.2014 RM'000	Preceding Year Corresponding Period 31.12.2013 RM'000
Profit from continuing operations attributable to owners of the parent	662,881	36,457	748,549	377,687
Distribution to Perpetual Sukuk Holder	(2,521)	-	(2,521)	-
Net Profit from continuing operations attributable to owners of the parent	660,360	36,457	746,028	377,687
Loss from a discontinued operation attributable to equity holders of the Company	(4)	(44)	(58)	(140)
Profit attributable to equity holders of the Company	660,355	36,413	745,969	377,547
Weighted average number of ordinary shares in issue ('000)	1,346,049	1,226,441	1,346,049	1,226,441
Basic earning per share for (sen):				
Profit from continuing operations	49.06	2.97	55.42	30.80
Loss from discontinued operation	(0.00)	(0.00)	(0.00)	(0.01)
Basic earnings per share (sen)	49.06	2.96	55.42	30.79

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

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

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

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	4,237,120	3,691,829
- Unrealised	231,588	73,595
	4,468,708	3,765,424
Total share of retained earnings/(accumulated losses) from associate companies:		
- Realised	72,283	(270,991)
- Unrealised	(3,000)	73,376
	69,283	(197,615)
Total share of retained earnings from jointly controlled entities:		
- Realised	(336,605)	2,803
- Unrealised	73,143	631
	(263,462)	3,434
Less: Consolidation Adjustments	(1,597,453)	(1,533,812)
Total retained earnings as per financial statements	2,677,075	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
13 February 2015