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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue		1,080,034	1,036,142	4,172,768	3,870,207
Cost of inventories sold		(109,371)	(107,287)	(396,917)	(373,390)
Other income		64,024	60,095	220,741	337,073
Employee benefits expense		(216,795)	(163,001)	(770,263)	(743,966)
Depreciation and amortisation		(94,533)	(268,183)	(852,540)	(901,711)
Other expenses		(445,295)	(438,440)	(1,516,420)	(1,410,824)
Operating profits		278,064	119,326	857,369	777,389
Finance costs		(195,387)	(177,543)	(689,769)	(741,851)
Share of results:					
- associates		(800)	1,620	1,676	(349)
- jointly controlled entities		2,756	2,783	14,055	10,750
Profit/(Loss) before tax and zakat from continuing operations	7	84,633	(53,814)	183,331	45,939
Taxation and zakat	22	(47,504)	13,562	(110,157)	(5,818)
Profit/(Loss) from continuing operations, net of tax and zakat		37,129	(40,252)	73,174	40,121
Discontinued Operation					
Loss from discontinued operation, net of tax	13	(0)	(9)	(0)	(9)
Profit/(Loss) for the year, net of tax and zakat		37,129	(40,261)	73,174	40,112
Attributable to:					
Owners of the Company		33,322	(39,838)	70,386	40,904
Non-controlling interests		3,807	(423)	2,788	(792)
		37,129	(40,261)	73,174	40,112
Profit/(loss) per share attributable to owners of the Company (sen):	30	0.49	(4.35)	0.94	(1.09)

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 2015 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 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To Date 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Profit/(Loss) for the year, net of tax and zakat	37,129	(40,261)	73,174	40,112
Other comprehensive income:				
Available-for-sale financial assets				
- (Loss)/Gain on fair value changes	(3,442)	1,886	2,968	7,178
- Foreign currency translation	52,244	(161,594)	1,049	283,331
- Unrealised loss on derivative financial instruments	7,046	(13,491)	(23,926)	(13,491)
Other comprehensive income for the year, net of tax and zakat	55,848	(173,199)	(19,909)	277,018
Total comprehensive income for the year	92,977	(213,460)	53,265	317,130
Attributable to:				
Owners of the Company	89,170	(213,037)	50,477	317,922
Non-controlling interests	3,807	(423)	2,788	(792)
	92,977	(213,460)	53,265	317,130

The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	31.12.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	381,665	364,070
Plantation development expenditure	66,690	63,698
Land use rights	7,141	7,246
Intangible assets	17,230,972	17,842,413
Investment in associates	36,161	34,485
Investment in jointly controlled entities	82,720	71,671
Available-for-sale investments	234,729	335,344
Trade receivables	205	278
Other receivables	410,906	429,098
Staff loans	31,710	35,344
Deferred tax assets	215,886	231,642
	18,698,785	19,415,289
Current Assets		
Inventories	135,235	117,642
Trade receivables	739,365	1,026,592
Other receivables	132,190	114,335
Tax recoverable	10,958	31,588
Cash and bank balances	1,571,876	1,286,736
	2,589,624	2,576,893
Assets of disposal group classified as held for disposal	151	151
TOTAL ASSETS	21,288,560	21,992,333

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	31.12.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,659,192	1,659,192
Perpetual sukuk	997,842	997,842
Share premium	3,455,149	3,455,149
Retained earnings	2,321,187	2,449,491
Fair value adjustment reserve	8,268	5,300
Hedging reserve	(37,417)	(13,491)
Other reserve	6,801	5,083
Foreign exchange reserve	283,835	282,786
	8,694,857	8,841,352
Non-controlling interests	2,031	(757)
Total equity	8,696,888	8,840,595
Non-current Liabilities		
Borrowings	5,386,142	5,500,007
Derivative financial instruments	43,393	14,523
Deferred income	56,574	63,649
Deferred tax liabilities	935,840	935,017
Trade payables	3,962,106	3,962,201
Other payables	441,853	452,345
	10,825,908	10,927,742
Current Liabilities		
Borrowings	193,638	398,308
Derivative financial instruments	3,389	3,105
Trade payables	781,790	805,645
Other payables	756,781	978,588
Income tax payable	30,147	38,331
	1,765,745	2,223,977
Liabilities of disposal group classified as held for disposal	19	19
Total liabilities	12,591,672	13,151,738
TOTAL EQUITY AND LIABILITIES	21,288,560	21,992,333

The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	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	Hedging 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 2015	1,374,150	997,842	2,373,149	(1,878)	(545)	-	2,635	2,591,922	7,337,275	35	7,337,310
Total comprehensive income for the year	-	-	-	7,178	283,331	(13,491)	-	40,904	317,922	(792)	317,130
Legal reserve	-	-	-	-	-	-	2,448	-	2,448	-	2,448
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(57,500)	(57,500)	-	(57,500)
Transaction with owners											
Shares issued pursuant to Dividend reinvestment plan	9,734	-	48,248	-	-	-	-	-	57,982	-	57,982
Issuance of new shares via rights issue	275,308	-	1,033,752	-	-	-	-	-	1,309,060	-	1,309,060
Dividends	-	-	-	-	-	-	-	(125,835)	(125,835)	-	(125,835)
Total transactions with owners	285,042	-	1,082,000	-	-	-	-	(125,835)	1,241,207	-	1,241,207
At 31 December 2015	1,659,192	997,842	3,455,149	5,300	282,786	(13,491)	5,083	2,449,491	8,841,352	(757)	8,840,595
At 1 January 2016	1,659,192	997,842	3,455,149	5,300	282,786	(13,491)	5,083	2,449,491	8,841,352	(757)	8,840,595
Total comprehensive income for the year	-	-	-	2,968	1,049	(23,926)	-	70,386	50,477	2,788	53,265
Legal reserve	-	-	-	-	-	-	1,718	-	1,718	-	1,718
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(57,658)	(57,658)	-	(57,658)
Transaction with owners											
Dividends	-	-	-	-	-	-	-	(141,032)	(141,032)	-	(141,032)
Total transactions with owners	-	-	-	-	-	-	-	(141,032)	(141,032)	-	(141,032)
At 31 December 2016	1,659,192	997,842	3,455,149	8,268	283,835	(37,417)	6,801	2,321,187	8,694,857	2,031	8,696,888

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 2015 and the accompanying explanatory notes attached to the interim financial statement.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	31.12.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	183,331	45,939
Discontinued operation	-	(9)
Adjustments for:		
Interest income	(36,831)	(33,656)
Interest from late payments	(20,073)	(5,538)
Interest expense	686,332	741,239
Loss from derivative instrument	3,437	612
Provision for liabilities	7,909	7,334
Write-back of provision of liabilities	(5,692)	(514)
Amortisation of:		
- Intangible assets	786,965	846,291
- plantation development expenditure	3,227	3,200
- land use rights	105	133
Depreciation of property, plant and equipment	62,243	52,087
Impairment/(Reversal of impairment) of intangible assets	1,305	(18,368)
Impairment of property, plant and equipment	394	-
Net allowance/ (write-back) for doubtful debts	13,020	25,688
Net bad debt written off	2,120	6,483
Net gain on disposal of:		
- property, plant and equipment	-	(22)
- intangible assets	(35)	-
- quoted unit trusts	(2,742)	-
- unquoted equity shares	-	(81,245)
Realised foreign exchange gain arising from settlement of bridger loan	-	(63,450)
Property, plant and equipment written off	1,263	19,174
Intangible assets written off	8,254	18,444
Plantation development expenditure written off	54	-
Inventories written off	4,987	7,395
Investment income	(27,647)	(30,346)
Share of results of:		
- Jointly controlled entities	(14,055)	(10,750)
- Associates	(1,676)	349
Operating profit before working capital changes	1,656,195	1,530,470
(Increase)/Decrease in inventories	(22,550)	29,802
Decrease/(Increase) in receivables	323,386	(383,410)
Decrease in payables	(76,946)	(366,311)
Decrease in concession liabilities	(28,465)	(26,943)
Decrease in provision for liabilities	(3,595)	(4,383)
Cash generated from operations	1,848,025	779,225
Tax and Zakat paid	(77,174)	(101,354)
Net cash generated from operating activities	**1,770,851**	**677,871**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	31.12.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(62,135)	(71,463)
- intangibles assets	(368,379)	(229,211)
- quoted unit trusts	(2,844)	(49,812)
- quoted bonds	-	(5,000)
- plantation development expenditure	(6,273)	(12,995)
Proceed from disposals of:		
- property, plant and equipment	-	22
- intangible assets	70	-
- unquoted equity shares	-	290,400
- quoted unit trusts	111,200	-
Acquisition of a subsidiary	-	(1,182,856)
Additional investment in an associate	-	(3,000)
Investment income received	27,647	30,346
Interest received	3,826	8,698
Dividend received from:		
- Jointly Controlled Entity	3,006	1,494
- Associate	-	7,200
Net cash used in investing activities	**(293,882)**	**(1,216,177)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issuance expenses for right issue	-	(6,940)
Proceeds from issuance of shares from right issue	-	275,308
Proceeds of share premium arising from right issue	-	1,040,692
Loan syndication fee payment	-	(6,988)
Repayment of loan	(342,000)	(644,032)
Swap payment	(3,437)	-
Repayment of bridger loan	-	(1,119,413)
Repayment of debenture	-	(209,451)
Concession payment	(423,701)	(379,705)
Drawdown of loans and borrowings	-	1,182,856
Interest paid	(247,474)	(236,347)
Premium on debenture	-	(59,169)
Dividends paid to shareholders of the Company	(141,032)	(94,606)
Distribution paid to Perpetual Sukuk Holder	(57,658)	(57,500)
Net cash used in from financing activities	**(1,215,302)**	**(315,294)**
Net increase/(decrease) in cash and cash equivalents	**261,667**	**(853,600)**
Effects of foreign currency translation	23,473	99,254
Cash and cash equivalents at beginning of year	1,286,887	2,041,233
Cash and cash equivalents at end of year	**1,572,027**	**1,286,887**
Cash and cash equivalents comprising:		
Cash and bank balances	272,416	858,191
Short term deposits	1,299,611	428,696
	1,572,027	**1,286,887**
Cash and bank balances - Discontinued operation (Note 13)	(151)	(151)
	1,571,876	**1,286,736**

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015. 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 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except as follows:

On 1 January 2016, the Group adopted the following new and amended FRS mandatory for annual financial periods beginning on or after 1 January 2016.

Effective for financial periods beginning on or after 1 January 2016

Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 127: Equity Method in Separate Financial Statements
Amendments to FRS 101: Disclosure Initiatives
Amendments to FRS 10, 12 and 128 : Investment Entities – Applying the Consolidation Exception
FRS 14 Regulatory Deferral Accounts
Annual Improvements to FRSs 2012 – 2014 Cycle:

- FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- FRS 7 Financial Instruments: Disclosures
- FRS 119 Employee Benefits
- FRS 134 Interim Financial Reporting

The application of the above amendments had no material impact on the financial position or disclosure in the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2017

Amendments to FRS 107 Disclosure Initiatives
Amendments to FRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

Amendments to FRS 2 Classification and Measurement of Share-based Payment Transactions
MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 : Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an agreement contains a lease, IC Interpretation 115 Operating Lease - Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal form of a lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all lease under a single on-balance sheet similar to the accounting for finance lease under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases : operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

MFRS 16 supersedes FRS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease. Earlier application is permitted for entities that apply MFRS 15 Revenue from Contracts with Customers at or before the date of initial application of MFRS 16. The Group is assessing the impact of MFRS 16 and plans to adopt the new standard on the required effective date.

2. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

Effective for annual periods to be announced by MASB

Amendments to FRS 10 and FRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application except for MFRS 9 and MFRS 15 as explained in the Group's 2015 audited financial statements.

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 8 September 2015, MASB had announced the adoption of MFRS for TEs is deferred to 1 January 2018.

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 2018.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2015 was not qualified.

4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

Airport services segment and duty free and non-dutiable goods 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 extension of the operating period from 25 years ending 2034 to an additional 35 years ending 2069 which has resulted in an increase in the Group net profit by RM149.6 million.

6. SEGMENT INFORMATION

The Group is organised into business segments and geographical segments which further classified under airport operations and non-airport operations activities:-

Malaysia Operations

Airport operations:-

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

b) 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.

Non-airport operations:-

c) Project and repair maintenance
To provide consultancy, operations and maintenance, mechanical and civil engineering services in connection with the airport industry.

d) Hotel
To manage and operate a group of hotel, known as Sama-Sama Hotel, Sama-Sama Express KLIA and Sama-Sama Express klia2.

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

f) Others
Investment holdings and dormant companies.

Overseas Operations

a) Airport operations
To manage, operate and maintain the Istanbul Sabiha Gokcen International Airport (ISGIA) in Turkey and to provide airport related services.

b) Project and repair maintenance
To provide facilities maintenance services at Hamad International Airport (HIA).

6. SEGMENT INFORMATION (Contd.)

	Continuing Operations										Discontinued Operation	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	Project & repair and maintenance	Consolidation adjustments	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 2016												
Segment Revenue												
External:												
Aeronautical	1,563,879	-	-	-	-	-	498,706	-	-	2,062,585	-	2,062,585
Non-aeronautical:												
Retail	-	740,019	-	-	-	-	-	-	-	740,019	-	740,019
Others	659,161	917	-	-	-	-	450,142	-	-	1,110,220	-	1,110,220
Non airport Operations	-	-	18,098	82,884	34,341	-	9,955	114,666	-	259,944	-	259,944
Inter-segment sales	242,613	726	64,671	979	5,941	-	71,284	-	(386,214)	-	-	-
Inter-segment dividends	-	-	-	-	-	140,240	-	-	(140,240)	-	-	-
Total Revenue	2,465,653	741,662	82,769	83,863	40,282	140,240	1,030,087	114,666	(526,454)	4,172,768	-	4,172,768
Segment Results												
Operating profits before depreciation and amortisation	909,536	36,635	38,502	17,450	9,918	365,812	710,939	(9,144)	(369,739)	1,709,909	-	1,709,909
Depreciation and amortisation	(288,196)	(11,104)	(385)	(15,975)	(4,086)	(15,892)	(308,576)	(4,551)	(203,775)	(852,540)	-	(852,540)
Finance costs	(256,998)	21	74	(82)	(6)	(157,891)	(459,110)	-	184,223	(689,769)	-	(689,769)
Share of results of:												
- associates	1,676	-	-	-	-	-	-	-	-	1,676	-	1,676
- jointly controlled entities	-	-	-	-	-	14,055	-	-	-	14,055	-	14,055
Profit /(loss) before tax and zakat	366,018	25,552	38,191	1,393	5,826	206,084	(56,747)	(13,695)	(389,291)	183,331	-	183,331
Tax and Zakat	(78,273)	(6,687)	(4,471)	(811)	(327)	2,598	(66,257)	-	44,071	(110,157)	-	(110,157)
Profit/(loss) for the year	287,745	18,865	33,720	582	5,499	208,682	(123,004)	(13,695)	(345,220)	73,174	-	73,174
As at 31 December 2016												
Assets and Liabilities												
Segment assets	10,596,838	242,692	103,197	148,663	90,530	12,005,064	6,541,730	96,217	(8,655,403)	21,169,528	151	21,169,679
Investment in associates	36,161	-	-	-	-	-	-	-	-	36,161	-	36,161
Investment in jointly controlled entities	-	-	-	-	-	82,720	-	-	-	82,720	-	82,720
Total assets	10,632,999	242,692	103,197	148,663	90,530	12,087,784	6,541,730	96,217	(8,655,403)	21,288,409	151	21,288,560
Segment liabilities representing												
Total liabilities	6,561,118	204,624	45,950	63,476	19,287	5,785,809	7,704,801	72,480	(7,865,892)	12,591,653	19	12,591,672

6. SEGMENT INFORMATION (Contd.)

	Continuing Operations										Discontinued Operations	Total Operations
	Malaysia Operations						Overseas Operations					
	Airport Operations		Non Airport Operations									
	Airport services	Duty free and non-dutiable goods	Project & repair and maintenance	Hotel	Agriculture & horticulture	Others	Airport operations	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 2015												
Segment Revenue												
External:												
Aeronautical	1,422,445	-	-	-	-	-	476,903	-	-	1,899,348	-	1,899,348
Non-aeronautical:												
Retail	-	672,520	-	-	-	-	-	-	-	672,520	-	672,520
Others	615,355	893	-	-	-	-	430,251	-	-	1,046,499	-	1,046,499
Non-airport operations	-	-	20,401	73,857	29,915	-	12,161	115,506	-	251,840	-	251,840
Inter-segment sales	247,814	737	58,802	1,267	5,629	-	66,479	-	(380,728)	-	-	-
Inter-segment dividends	-	-	-	-	-	151,667	-	-	(151,667)	-	-	-
	2,285,614	674,150	79,203	75,124	35,544	151,667	985,794	115,506	(532,395)	3,870,207	-	3,870,207
Segment Results												
Operating profits before depreciation and amortisation	857,029	(58,546)	20,809	16,413	6,300	525,177	692,943	17,744	(398,769)	1,679,100	(9)	1,679,091
Depreciation and amortisation	(455,804)	(13,946)	(388)	(16,025)	(4,058)	(11,945)	(216,602)	(622)	(182,321)	(901,711)	-	(901,711)
Finance costs	(256,691)	-	(45)	6	12	(228,919)	(446,415)	-	190,201	(741,851)	-	(741,851)
Share of results of associates:												
- associates	(349)	-	-	-	-	-	-	-	-	(349)	-	(349)
- jointly controlled entities	-	-	-	-	-	10,750	-	-	-	10,750	-	10,750
Profit /(loss) before tax and zakat	144,185	(72,492)	20,376	394	2,254	295,063	29,926	17,122	(390,889)	45,939	(9)	45,930
Tax and Zakat	(39,735)	13,993	(3,916)	268	(1,842)	16,919	(33,739)	(2,176)	44,410	(5,818)	-	(5,818)
Profit/(loss) for the year	104,450	(58,499)	16,460	662	412	311,982	(3,813)	14,946	(346,479)	40,121	(9)	40,112
As at 31 December 2015												
Assets and Liabilities												
Segment assets	10,683,651	259,191	170,568	168,818	85,956	12,531,862	6,199,793	127,582	(8,341,394)	21,886,027	151	21,886,178
Investment in associates	34,485	-	-	-	-	-	-	-	-	34,485	-	34,485
Investment in jointly controlled entities	-	-	-	-	-	71,670	-	-	-	71,670	-	71,670
Total assets	10,718,136	259,191	170,568	168,818	85,956	12,603,532	6,199,793	127,582	(8,341,394)	21,992,182	151	21,992,333
Segment liabilities representing												
Total liabilities	6,833,164	239,989	106,004	84,215	20,214	6,301,556	7,191,554	90,046	(7,715,023)	13,151,719	19	13,151,738

7. PROFIT BEFORE TAX AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Included in Other Income:				
Interest income:				
-Unquoted investment, quoted bond and staff loan	1,642	2,710	3,826	8,698
-Other loan and receivables	8,973	6,829	32,701	23,875
-Gain/(loss) on financial instrument at fair value through profit or loss	114	(270)	304	1,083
Investment income	13,202	12,047	27,647	30,346
Net realised foreign exchange gain	1,031	972	1,838	3,765
Realised foreign exchange gain arising from settlement of bridger loan	-	-	-	63,450
Net (loss)/gain on disposal of :				
- Property, plant and equipment	(4)	9	-	22
- Intangible assets	35	-	35	-
- Quoted unit trust	-	-	2,742	-
- Unquoted equity shares	-	-	-	81,245
Recoupment of expenses	27,336	32,199	92,653	94,946
Included in Other Expenses:				
Net allowance of doubtful debts	73	35,314	13,020	25,688
Net bad debt written off	-	258	2,120	6,483
Impairment/(Reversal of impairment) of intangible assets	1,305	(18,368)	1,305	(18,368)
Impairment of property, plant and equipment	394	-	394	-
Property, plant and equipment written off	386	18,469	1,263	19,174
Intangible assets written off	1,280	18,373	8,254	18,444
Plantation development expenses written off	54	-	54	-
Net inventories written off	2,521	6,383	4,987	7,395
User fee	112,454	81,862	362,431	282,059
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	60,553	72,733	247,474	236,347
- Financial liabilities	134,834	104,810	442,295	446,335
Premium on debenture	-	-	-	59,169

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

As disclosed in Note 5, the operating period has been extended. The revision has been accounted for as a change in accounting estimate and as a result, the amortisation and depreciation charge for the current quarter and financial year under review has been reduced.

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

9. DEBT AND EQUITY SECURITIES

On 23 June 2016, the Group had paid Euro 10.0 million, equivalent to RM44.8 million of the Senior Term facility which matured on 24 June 2016.

On 6 September 2016, the Company had repaid its three (3) years Senior Sukuk (Sukuk Musharakah) tranche amounting to RM250.0 million which matured on 6 September 2016.

On 27 December 2016, the Group had paid Euro 10.0 million, equivalent to RM47.2 million of the Senior Term facility which matured on 28 December 2016.

There were no issuance and/or other 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 final dividend of 4.50 sen per ordinary share amounting to RM74.7 million in respect of the financial year ended 31 December 2015 was approved by the Shareholders at its Annual General Meeting held on 27 April 2016. The final dividend was paid on 3 June 2016.

A single-tier interim dividend of 4.00 sen per ordinary share in respect of the financial year ended 31 December 2016 amounting to RM66.4 million was paid on 26 August 2016.

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 14 December 2016, Malaysia Airports Holdings Berhad (MAHB) had incorporated a wholly-owned subsidiary, KLIA Aeropolis Sdn Bhd (KLIA Aeropolis). The issued and paid-up share capital of KLIA Aeropolis amounted to RM101. The principal activity of KLIA Aeropolis is investment holding.

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 (ATOZ), to terminate Sama-Sama Hospitality Management Sdn Bhd (SSHM).

As at 30 June 2016, 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 was presented separately on the statement of profit or loss as discontinued operation.

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. Subsequently, on 6 November 2015, ATOZ has applied for an Intervener Application.

The matter was called up for hearing on 5 May 2016 and ATOZ withdrew the Intervention Application. Accordingly, the court ordered that SSHM to be wound up. On 27 October 2016, the Group has appointed a private liquidator and is currently carrying out the liquidation process.

13. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR DISPOSAL (Cont'd)

There were no movement in the Income Statements of the discontinued operation in the current quarter and financial year under review.

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

	31.12.2016 RM'000 Unaudited	31.12.2015 RM'000 Audited
Assets		
Cash & bank balances	151	151
Liabilities		
Other payables	19	19

14. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Guarantees

i) Istanbul Sabiha Gokcen Uluslararasi Havalimani Yatirim Yapim ve Isletme A.S. (ISG) has given three letters of guarantee, totalling to Euro 100.7 million, equivalent to RM475.3 million (2015: Euro 106.5 million, equivalent to RM498.6 million) to the Administration (representing 6% of total amount payable to the Administration for the right to operate the Facility as set out in the Concession Agreement).

ii) LGM Havalimani Isletmeleri Ticaret ve Turizm A.S. (LGM) has given letter of guarantee to Havaalani Isletme Ve Havacilik Endustrileri A.S. (HEAS) amounting to Euro 474.3 thousand, equivalent to RM2.2 million for the rental of the hangar operations (2015: Euro 457.5 thousand, equivalent to RM2.1 million).

iii) Malaysia Airports Consultancy Services Sdn Bhd (MACS) has provided the following guarantees for customers of MACS Middle East LLC (MACS ME):

a) Performance Bank Guarantee totalling to QAR39.7 million,equivalent to RM50.0 million (2015: QAR36.9 million, equivalent to RM43.9 million)
b) Advance Payment Guarantee totalling to QAR22.0 million, equivalent to RM27.7 million (2015: QAR31.9 million, equivalent to RM38.0 million)
c) Parent Company Guarantee (PCG) to guarantee the performance of obligations and liabilities of MACS ME under contract for Facility Management Services for Airport Operational Facilities and Ancillary Buildings.

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

The Group has assessed the 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 2016.

Save for the above, there were no other guarantees.

b) Contingent Liability

i) ISG is involved in, and may from time to time be involved in a number of legal proceedings. There are 239 (2015 : 305) employee lawsuits filed against ISG either directly or indirectly via sub-contractors. The total amount of claims against the Group is Euro 1.1 million, equivalent to RM5.2 million (2015: Euro 1.3 million, equivalent to RM5.9 million). The Group recognised a provision for these claims of Euro 1.0 million, equivalent to RM4.9 million (2015: Euro 0.6 million, equivalent to RM2.8 million) in the consolidated financial statements considering that ISG cannot establish the rest of the claims and that a probable loss will occur.

ii) The tax authority had argued on the management fees invoices for 2010 that LGM received from the shareholders should be viewed as dividend distributions since there was inadequate proof that services were provided by the shareholders. As a result of this, LGM had in 2015 paid TL 1.3 million, equivalent to Euro 399.0 thousand or RM1.9 million to the tax authority.

No tax investigations have been commissioned for 2012-2014 by the government. Invoices received relating to management fees for 2012-2014 amounted to TL 15.8 million, equivalent to Euro 4.3 million or RM20.3 million.

The government of Turkey implemented a tax amnesty scheme in 2016 whereby by making an additional declaration companies may remove the risk of being audited by the authorities. The Company has applied for the tax amnesty on VAT and corporate tax and paid additional taxes as follow:

- VAT amount of TL 647.9 thousand, equivalent to Euro 174.9 thousand or RM825.5 thousand for the years 2012, 2013 and 2014
- Corporate tax amount of TL 116.3 thousand, equivalent to Euro 31.4 thousand or RM148.2 thousand for the years 2012, 2013 and 2014.

As a result of the tax amnesty, LGM's view that the management fees will not be investigated any further and no further tax liability will arise.

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

iii) On 20 August 2015, Malaysia Airports (Properties) Sdn. Bhd. (MAP) received a Notice of Arbitration from Kuala Lumpur Aviation Fuelling System Sdn. Bhd. (KAFS) in respect of the alleged losses and damages in the sum of RM28.3 million pertaining to among others, design changes under the Airport Facilities Agreement (AFA) dated 26 September 2007. Both parties have appointed an arbitrator. The Arbitrator has fixed hearing of the matter on 11 to 29 September 2017.

iv) On 26 February 2016, MAP received a Notice of Arbitration from KAFS in respect of the alleged losses and damages in the estimated claim amount of RM456.0 million pertaining to inter alia, the changes of the Concession Period under the AFA dated 26 September 2007. MAHB has obtained a preliminary view from its solicitors who consider that MAP has a reasonably good prospect of defending the claims as MAP has complied with all the terms and conditions under the AFA. KAFS agreed to withhold the proceeding to 28 February 2017.

v) On 21 September 2016, MAHB and its wholly owned subsidiary Malaysia Airports (Sepang) Sdn. Bhd. have received a Notice from Express Rail Link Sdn. Bhd. (ERL) to, inter alia, wholly indemnify ERL against a claim by Segi Astana Sdn. Bhd. (SASB) for the sum of RM5.4 million and further and continuing damages from 9 September 2016 until the date of vacant possession of Premises or until such date as deemed appropriate by Court for all losses and damages. The Court has fixed 30 May 2017 for hearing of the Third Party Notice Direction.

vi) On 23 December 2016, ISG received two separate notice of tax audits as follows:

Special Consumption Tax (SCT) for Jet Fuel for years 2011, 2012 and 2013.

ISG does not aware of any issues or risks relating to the SCT for Jet fuel. The tax auditor will start the audit and request for more information in 2017.

VAT Refund in respect of Jet Fuel for the years 2012 and 2013

This is in respect of a legal case which has been filed against the tax office. ISG has won the legal case and the tax office appealed to the Supreme Court. The case is still at the Supreme Court. ISG is of the view that the Appeal Court will uphold the decision of the lower courts in favour of ISG.

Save for the above, there were no other contingent liabilities. 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
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Revenue:				
Associate:				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,570	1,489	6,036	5,954
- MFMA Development Sdn Bhd	761	898	3,044	1,802
Concession Fee				
- MFMA Development Sdn Bhd	142	142	568	568
Recoupment of water, electricity & sewerage				
- MFMA Development Sdn Bhd	1,800	1,228	5,933	4,289
Jointly Controlled Entities:				
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	1,273	1,273
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	888	888
Expenses:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities (Fixed)	8,031	8,031	32,125	32,125
- Utilities (Variable usage)	3,518	3,540	14,371	13,701
- Less: Rebate	(686)	(77)	(3,233)	(3,203)
- Interest on concession payable	5,340	5,340	21,362	21,362
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	370	663	1,421	2,654
- Recoupment of water and electricity	36	32	133	211
- Car park	-	-	35	42
Other Transactions:				
Jointly Controlled Entities:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Payment on concession payable	2,675	2,675	10,699	10,699
Other Related Party:				
Korn Ferry International (M) Sdn Bhd				
- Professional fees	214	580	635	1,086

15. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

Related Party Balances:

	As at 31.12.2016 RM'000 Unaudited	As at 31.12.2015 RM'000 Audited
Amount owing by associated company	1,577	1,862
Amount owing to jointly controlled entities	6,986	7,322
Amount owing to other related party	500	500

16. COMMITMENTS

The amount of commitments for the lease rental, purchase of intangible asset, property, plant and equipment and other investment not provided for in the interim condensed consolidated financial statements as at 31 December 2016 were as follows:

	Due year 2017 RM'000	Due year 2018 to 2021 RM'000	Total RM'000
(i) Approved but not contracted for:			
Capital expenditure	660,262	-	660,262
(ii) Other investment:			
Investment in ISG	-	247,942	247,942
Investment in MFMA Development Sdn. Bhd.	-	58,729	58,729
	660,262	306,671	966,933

As at 31 December 2016, the issue on Liquidated Ascertained Damages (LAD) with regards to klia2 delay in completion has been resolved and brought to a satisfactory closure.

17. SUBSEQUENT EVENTS

There were no 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 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To Date 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Revenue	1,080,034	1,036,142	4,172,768	3,870,207
Profit/(Loss) before tax and zakat	84,633	(53,814)	183,331	45,939

a) Quarter-on-Quarter

Revenue

The consolidated revenue of the Group for the current quarter under review amounted to RM1,080.0 million and was 4.2% or RM43.9 million higher than the same corresponding quarter last year.

Revenue from Malaysia operations for the current quarter under review recorded a favourable variances against the same corresponding quarter last year by 6.3% or RM49.2 million (Q4 2016: RM827.7 million; Q4 2015: RM778.5 million) while revenue from Overseas operations recorded an unfavourable variances by 2.0% or RM5.2 million (Q4 2016: RM252.4 million; Q4 2015: RM257.6 million).

Malaysia operations

i) Airport operations

Revenue from airport operations for the current quarter under review amounted to RM786.2 million, 5.4% or RM40.6 million higher than the corresponding period in 2015.

18. PERFORMANCE REVIEW (Cont'd)

Quarter-on-Quarter (Contd.)

The increase in airport operations revenue in Malaysia was mainly attributed to the increase in aeronautical revenue. Aeronautical revenue increased by 7.6% or RM29.2 million (Q4 2016: RM412.9 million; Q4 2015: RM383.7 million). This improvement was driven by higher PSC and PSSC revenue by 16.0% or RM36.7 million and higher MARCS PSC by 23.2% or RM5.1 million owing to higher passenger growth, more point to point passenger traffic, consolidation of operations at Kota Kinabalu International Airport (KKIA) as well as the relocation of Malindo to KLIA-Main Terminal. The favourable variance was also due to higher MARCS ERL by 35.9% or RM6.7 million resulting from higher PSC collection.

The favourable variance in the Malaysia airport operations revenue was also due to the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 3.2% or RM11.5 million (Q4 2016: RM373.4 million; Q4 2015: RM361.9 million). The main contributing factors to the increase in revenue was higher retail revenue by 6.9% or RM13.4 million but negated by lower rental revenue by 1.1% or RM1.9 million.

The passenger traffic for airports operated by MAHB in Malaysia for the current quarter under review increased by 11.1% to 23.8 million passengers as compared to the corresponding quarter last year of 21.5 million passengers. Both international and domestic passenger traffic increased by 12.2% and 10.1%. Passenger traffic at KLIA-Main Terminal increased by 33.0% (international:+28.1%, domestic: +48.7%).Passenger traffic at klia2 decreased by 2.9% (international:-2.0%, domestic:-4.8%).

ii) Non-airport operations

For the current quarter under review, the businesses from the non-airport segment registered an increase in revenue of 25.8% or RM8.5 million (Q4 2016: RM41.4 million; Q4 2015: RM32.9 million).

The increase was largely contributed by revenue from the agriculture segment which increased by 76.2% or RM4.8 million (Q4 2016: RM11.1 million; Q4 2015: RM6.3 million) and hotel segment by 13.0% or RM2.8 million (Q4 2016: RM24.4 million; Q4 2015: RM21.6 million).

The significant increase in agriculture revenue was due to the increase in average price by 48.2% (Q4 2016: RM664/MT; Q4 2015: RM448/MT) coupled with the increased in Fresh Fruit Bunches (FFB) production by 20.1% (Q4 2016: 16,709 MT; Q4 2015: 13,909 MT).

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

Overseas Operations

i) Airport operations

Revenue from Overseas' airport operations for the current quarter under review was 1.6% or RM3.8 million lower than the corresponding period in 2015 (Q4 2016: RM229.0 million; Q4 2015: RM232.8 million) representing revenue from ISG and LGM.

The decrease in revenue was mainly from aeronautical revenue which was lower by 2.9% or RM3.6 million (Q4 2016: RM121.4 million; Q4 2015: RM125.0 million) mainly due to a reduction in revenue from non-scheduled airlines.

The decrease in revenue was also due to a 0.2% or RM0.2 million decrease in non-aeronautical revenue (Q4 2016: RM107.6 million; Q4 2015: RM107.8 million) due to lower rental income.

The passenger traffic for ISGIA for the current quarter under review increased by 1.7% to 7.1 million passengers as compared to the corresponding quarter last year of 7.0 million passengers. The domestic passenger traffic increased by 5.3% while international passenger traffic decreased by 5.4%.

ii) Non-airport operations

For the current quarter under review, the businesses from overseas' non-airport segment registered a decrease in revenue of 5.7% or RM1.4 million (Q4 2016: RM23.4 million; Q4 2015: RM24.8 million) mainly contributed by revenue from the hotel of LGM and project and repair maintenance of MACS ME by 32.2 % or RM1.0 million (Q4 2016: RM2.1 million; Q4 2015: RM3.1 million) and 1.9% or RM0.4 million (Q4 2016: RM21.2 million; Q4 2015: RM21.6 million) respectively.

MACS ME is a company that provides facilities maintenance services at HIA.

18. PERFORMANCE REVIEW (Contd.)

Quarter-on-Quarter (Contd.)

Profit before tax and zakat

The Group recorded a profit before taxation and zakat (PBT) for the current quarter under review amounted to RM84.6 million as compared to a loss before taxation and zakat (LBT) of RM53.8 million in the previous corresponding quarter, a favourable variance of 257.3% or RM138.4 million.

The favourable variance was contributed by Malaysia operations but negated by higher LBT from Overseas operations.

Malaysia Operations

For the current quarter under review, Malaysia operations recorded a PBT of RM207.4 million as compared to a LBT of RM2.5 million, a favourable variance of RM209.9 million. The favourable variance was mainly due to lower total costs, higher revenue and higher other income by 18.6% or RM154.8 million, 6.3% or RM49.1 million and 17.6% or RM8.4 million respectively.

The significant decrease in total costs was mainly due to the decrease in amortisation and depreciation by 138.3% or RM192.4 million which was due to the extended amortisation and depreciation period in line with the extension of the operating period from 25 years ending 2034 to an additional 35 years ending 2069. Apart from this, costs were also lower in provision for doubtful debts by 100.7% or RM36.4 million and administrative costs by 25.0% or RM15.9 million. The favourable variance was negated by higher staff costs, user fees and repair and maintenance by 36.0% or RM50.7 million, 37.4% or RM30.6 million and 17.5% or RM13.5 million respectively.

18. PERFORMANCE REVIEW (Contd.)

Overseas Operations

For the current quarter under review, Overseas operations recorded a LBT of RM122.7 million as compared to a LBT of RM51.3 million, an unfavourable variance of 139.1% or RM71.4 million which was contributed by ISG & LGM by 77.7% or RM46.8 million (Q4 2016: -RM107.0 million; Q4 2015: RM-60.2 million) and MACS ME by 277.5% or RM24.7 million (Q4 2016: -RM15.8 million; Q4 2015: RM8.9 million) respectively.

ISG and LGM registered an increase in LBT by RM44.7 million (Q4 2016: -RM45.4 million; Q4 2015:-RM0.7 million) prior to taking into account the loss of RM60.9 million (Q4 2015: RM59.5 million) recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM. The unfavourable variance was mainly due to the increase in depreciation and amortisation by 28.9% or RM20.5 million.

MACS ME's unfavourable variance was due to lower revenue and higher labour costs.

Share of results of Associates and Jointly Controlled Entities (JCE)

Share of associate loss in the current quarter under review amounted to RM0.8 million as compared to profit of RM1.6 million for the same quarter in 2015. The unfavourable variance was due to lower contributions from MFMA Development Sdn Bhd (MFMA) and KAFS by RM1.6 million and RM0.9 million respectively.

Share of JCE profit in the current quarter under review remained constant at RM2.8 million with SASB and Airport Cooling Energy Supply Sdn Bhd (ACES) contributed RM1.0 million (Q42015:RM1.6 million) and RM1.8 million (Q4 2015: RM1.2 million) respectively.

b) Year-on-Year

Revenue

The Group consolidated revenue for the financial year under review was 7.8% or RM302.6 million higher than the same corresponding period last year.

Both revenue from Malaysia and Overseas operations for the the financial year under review recorded favourable variances of 9.3% or RM263.9 million (2016: RM3,099.3 million; 2015: RM2,835.4 million) and 3.7% or RM38.6 million (2016: RM1,073.5 million; 2015: RM1,034.8 million) respectively as against the same corresponding period last year.

18. PERFORMANCE REVIEW (Cont'd)

Malaysia Operations

i) Airport operations

Revenue from airport operations for the current financial year under review was 9.3% or RM252.8 million higher than the corresponding period in 2015 (2016: RM2,964.0 million; 2015: RM2,711.2 million).

The increase in the Malaysia airport operations revenue was mainly attributed to the increase in aeronautical revenue. Aeronautical revenue increased by 9.9% or RM141.4 million (2016: RM1,563.9 million; 2015: RM1,422.4 million). The main contributing factors to the increase in revenue was higher PSC and PSSC revenue by 13.2% or RM116.9 million and higher MARCS PSC by 21.2% or RM18.6 million owing to higher passenger growth, more point to point passenger traffic, consolidation of operations at KKIA as well as the relocation of Malindo to KLIA-Main Terminal. The favourable variance was also due to higher MARCS ERL by 72.0% or RM40.7 million resulting from higher PSC collection.

The favourable variance in Malaysia airport operations revenue was also contributed by the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 8.6% or RM111.3 million (2016: RM1,400.1 million; 2015: RM1,288.8 million). This improvement was driven by higher retail and rental revenue by 10.0% or RM67.5 million and 7.1% or RM43.8 million respectively.

The passenger traffic for airports operated by MAHB in Malaysia for the financial year under review increased by 6.1% to 89.0 million passengers as compared to the corresponding period last year of 83.8 million passengers. Both international and domestic passenger traffic increased by 8.1% and 4.3% respectively. Passenger traffic at KLIA-Main Terminal increased by 12.9% (international:+7.8%, domestic: +30.5%).Passenger traffic at klia2 increased by 3.0% (international:+6.1%, domestic:-2.8%).

ii) Non-airport operations

For the current financial year under review, the businesses from the non-airport segment registered an increase in revenue of 9.0% or RM11.2 million (2016: RM135.3 million; 2015: RM124.2 million).

The increased was largely contributed by revenue from the hotel and agriculture segments which increased by 12.2% or RM9.0 million (2016: RM82.9 million; 2015: RM73.9 million) and 14.8% or RM4.4 million (2016: RM34.3 million; 2015: RM29.9 million) respectively. The favourable variance was negated by lower revenue in project and repair maintenance segments by 11.3% or RM2.3 million (2016: RM18.1 million; 2015: RM20.4 million).

18. PERFORMANCE REVIEW (Cont'd)

Overseas Operations

i) Airport operations

Revenue from Overseas' airport operations for the current financial year amounted to RM948.9 million, 4.6% or RM41.7 million higher than the corresponding period in 2015 of RM907.2 million, represented by revenue from ISG and LGM. The improvement was driven by higher passenger growth.

The increase in revenue was mainly from aeronautical revenue by 4.6% or RM21.8 million (2016: RM498.7 million; 2015: RM476.9 million) mainly from PSC revenue by 6.5% or RM23.8 million negated by lower other aeronautical revenue by 11.3% or RM7.2 million.

The increase in revenue was also contributed by non-aeronautical revenue by 4.6 % or RM19.9 million (2016: RM450.1 million; 2015: RM430.2 million) mainly from rental revenue.

The passenger traffic for ISGIA for the current year under review increased by 4.8% to 29.7 million passengers as compared to the corresponding period last year of 28.3 million passengers. The international passenger traffic decreased by 1.8% while domestic passenger traffic increased by 8.3%.

ii) Non-airport operations

For the financial year under review, the businesses from overseas' non-airport segment registered a decrease in revenue of 2.4% or RM3.1 million (2016: RM124.6 million; 2015: RM127.7 million) mainly contributed by revenue from the hotel segment which decreased by 18.1% or RM2.2 million (2016: RM10.0 million; 2015: RM12.2 million). Decrease in hotel revenue was due to lower occupancy and room average rates which were affected by lower number of international passengers.

18. PERFORMANCE REVIEW (Cont'd)

Profit before tax and zakat

The Group recorded a PBT for the financial year under review amounted to RM183.3 million, 299.1% or RM137.4 million higher than the RM45.9 million recorded in the previous year.

The favourable variance was contributed by Malaysia operations but negated by higher LBT from Overseas operations.

Malaysia Operations

For the financial year under review, Malaysia operations recorded an improvement in PBT by 139.1% or RM279.4 million (2016: RM480.2 million; 2015: RM200.8 million). The favourable variance was mainly due to higher revenue by 9.3% or RM263.9 million and lower total costs by 4.2 % or RM123.2 million. However, the favourable variance was negated by lower other income by 35.8% or RM113.3 million.

The significant decrease in total costs was mainly due to lower amortisation and depreciation by 33.2% or RM166.5 million which was due to the extended amortisation and depreciation period in line with the extension of the operating period from 25 years ending 2034 to an additional 35 years ending 2069. Apart from this, costs were also lower in finance costs, provision for doubtful debts, administrative costs and staff costs by 25.5% or RM68.4 million, 52.0% or RM13.8 million, 6.7% or RM11.6 million and 1.4% or RM9.2 million respectively.

However, the decrease in costs was negated by higher user fees, utilities and repair and maintenance by 28.5% or RM80.4 million, 5.6% or RM17.4 million and 8.7% or RM20.7 million respectively.

The lower other income was mainly due to unrealised gain arising from foreign currency translation of the bridger loan amounting to RM63.4 million and gain arising from the disposal of MAHB's stake in DIAL of RM81.2 million recognised in 2015.

18. PERFORMANCE REVIEW (Cont'd)

Overseas Operations

For the current financial year under review, Overseas operations recorded an increase in LBT by 91.7% or RM142.0 million (YTD 2016: -RM296.9 million; YTD 2015: -RM154.9 million) which was mainly contributed by ISG & LGM which increased by 64.6% or RM111.2 million (2016: -RM283.2 million; 2015: -RM172.0 million). Additionally, MACS ME recorded a LBT of RM13.7 million as compared to a PBT of RM17.1 million, an unfavourable variance of 180.0% or RM30.8 million.

ISG and LGM registered a LBT of RM56.7 million as compared to PBT of RM29.9 million in the previous corresponding period prior to taking into account the loss of RM225.8 million (2015: -RM201.9 million) recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM. The unfavourable variance was mainly due to the increase in depreciation and amortisation by 42.5% or RM92.0 million due to changes in basis of amortisation from revenue to passenger numbers.

MACS ME's unfavourable variance was due to lower revenue and higher labour costs.

Share of results of Associates and JCE

Share of associate profits in the financial year under review amounted to RM1.7 million as compared to share of associate loss of RM0.3 million in 2015. The favourable variance was due to share of profit of MFMA of RM0.8 million as compared to share of loss of RM3.0 million in 2015. However, the favourable variance was negated by lower share of profit of KAFS of RM0.9 million as compared to RM2.6 million in 2015.

Share of JCE profit increased by 30.7% or RM3.3 million (2016:RM14.1 million; 2015:RM10.8 million). The favourable variance was due to higher share of profits of SASB by 54.4% or RM2.1 million (2016:RM6.0 million; 2015:RM3.9 million) and ACES by 17.6% or RM1.2 million (2016:RM8.0 million; 2015:RM6.8 million).

18. PERFORMANCE REVIEW (Cont'd)

c) Economic Profit Statement

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To Date 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	267,449	109,788	820,841	744,816
Adjusted Tax	(66,862)	(27,447)	(205,210)	(186,204)
NOPLAT	200,587	82,341	615,631	558,612
Economic charge computation				
Average invested capital	17,567,332	16,865,447	17,567,332	16,865,447
Weighted average cost of capital per annum	7.27%	6.84%	7.27%	6.84%
Economic Charge	319,286	288,399	1,277,145	1,153,597
Economic loss	(118,699)	(206,058)	(661,514)	(594,985)

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

The favourable variance in EBIT was mainly due to lower amortisation and depreciation resulting from the extension of the operating agreement.

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 RM118.7 million for the current quarter under review as lower than RM206.1 million recorded in the corresponding quarter last year. The Group recorded higher economic loss of RM662.0 million for the financial year under review as compared to RM595.0 million recorded in the corresponding period last year. Higher economic loss in the financial year under review was due to higher weighted average cost of capital.

18. PERFORMANCE REVIEW (Cont'd)

d) Headline key performance indicators (KPIs)

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

		Headline KPIs for year 2016		Actual achievements 31 December 2016	
		Without ISG & LGM	With ISG & LGM	Without ISG & LGM	With ISG & LGM
i)	EBITDA (RM'000)	902,100	1,716,000	990,856	1,701,795
ii)	Airport Service Quality Survey Ranking	Above 40 million passenger size category: KLIA Ranking Top 10		Above 40 mppa - ranking at no.9	

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

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.12.2016 RM'000	Immediate Preceding Quarter 30.09.2016 RM'000
Revenue	1,080,034	1,075,776
Profit before tax and zakat	84,633	40,210

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 0.4% or RM4.4 million as compared to the immediate preceding quarter due to higher revenue from Malaysia Operations by 7.1% or RM55.0 million (Q4 2016: RM827.7 million; Q3 2016: RM772.7 million) but negated by lower revenue from Overseas operations by 16.7% or RM50.6 million (Q4 2016: RM252.4 million; Q3 2016: RM303.0 million).

Malaysia Operations

a) Airport operations

For the current quarter under review, Malaysia airport operations revenue was higher by 6.7% or RM49.4 million as compared to the immediate preceeding quarter (Q4 2016: RM786.2 million; Q3 2016: RM736.8 million).

The favourable variance was mainly due to the increase of non-aeronautical revenue mainly attributable to the retail segment which increased by 17.1% or RM30.2 million.

The favourable variance was also contributed by the increase in aeronautical revenue by 4.9% or RM19.4 million (Q4 2016: RM412.9 million; Q3 2016: RM393.5 million). The main contributing factors to the increase in revenue was the increase in Landing revenue by 7.7% or RM6.7 million and PSC/PSSC by 2.4% or RM6.1 million owing to higher passengers growth. The favourable variance was also due to lower airline incentive by 18.9% or RM4.4 million.

The passenger traffic for airports operated by MAHB in Malaysia for the current quarter under review increased by 3.5% as compared to the immediate preceding quarter, in which both international and domestic passenger traffic increased by 3.6% and 3.4% respectively. Passenger traffic decreased at KLIA-Main Terminal by 1.7% (international: -1.3%, domestic: -2.6%) while increased in klia2 by 11.1% (international: +11.9%, domestic:-9.6%).

b) Non-airport operations

For the current quarter under review, Malaysia non-airport operations revenue was higher by 15.3 % or RM5.5 million as compared to the immediate preceeding quarter (Q4 2016: RM41.4 million; Q3 2016: RM35.9 million).

The favourable variance in Malaysia operation was mainly due to the higher revenue recorded by the hotel, agriculture and project and repair maintenance segments by 10.3% or RM2.3 million, 19.3% or RM1.8 million and 33.7% or RM1.5 million respectively.

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

Overseas Operations

a) Airport operations

Revenue from Overseas' airport operations for the current quarter under review amounted to RM229.0 million, 14.1% or RM37.4 million lower than the immediate corresponding quarter in 2015 of RM266.4 million mainly due to lower passenger numbers at ISGIA.

The decrease in revenue was mainly from non-aeronautical revenue by 16.0% or RM20.5 million (Q4 2016: RM107.6 million; Q3 2016: RM128.1 million), mainly from rental revenue.

The decrease in revenue was also contributed by aeronautical revenue by 12.2% or RM16.9 million (Q4 2016: RM121.4 million; Q3 2016: RM138.3 million) mainly from PSC revenue by 13.3% or RM14.7 million.

The passenger traffic for ISGIA for the current quarter under review decreased by 15.1% to 7.1 million passengers as compared to the preceding quarter 8.4 million passengers. Both the international and domestic passenger traffic decreased by 21.1% and 12.1% respectively.

b) Non-airport operations

For the current quarter under review, the businesses from overseas' non-airport segment registered a decrease in revenue of 36.1% or RM13.2 million (Q4 2016: RM23.4 million; Q3 2016: RM36.6 million) mainly contributed by revenue from the project and repair maintenance of MACS ME which decreased by 38.0% or RM13.0 million (Q4 2016: RM21.2 million; Q3 2016: RM34.2 million).

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 a PBT of RM84.7 million in the current quarter under review, a favourable variance of 96.9% or RM41.7 million as compared to the PBT of RM43.0 million recorded in the preceding quarter.

Malaysia Operations

For the current quarter under review, Malaysia operations recorded an increase in PBT by 139.8% or RM120.9 million (Q4 2016: RM207.4 million; Q3 2016: RM86.5 million). The favourable variance was mainly due to lower total cost, higher revenue and other income by 8.4% or RM62.6 million, 7.1% or RM55.0 million and 11.5% or RM5.8 million respectively.

The significant decrease in total costs was mainly due to the decrease in amortisation and depreciation by 139.9% or RM187.0 million which was due to the extended amortisation and depreciation period in line with the extension of the operating period from 25 years ending 2034 to an additional 35 years ending 2069. However, the decrease in costs was negated by the increase in user fees by 30.7% or RM26.4 million and repair and maintenance costs by 52.6% or RM31.2 million.

Overseas Operations

For the current quarter under review, Overseas operations recorded an increase in LBT by 182.1% or RM79.2 million (Q4 2016: -RM122.7 million; Q3 2016: -RM43.5 million) which was contributed by ISG & LGM by 148.8% or RM64.0 million (Q4 2016: -RM107.0 million; Q3 2016: -RM43.0 million) and MACS ME by RM15.1 million (Q4 2016: -RM15.6 million; Q3 2016: -RM508.0 thousand).

For the current quarter under review, ISG and LGM registered a LBT of RM45.4 million, an unfavourable variance of 801.4% or RM51.9 million as against a PBT of RM6.5 million in the previous corresponding quarter prior to taking into account the loss of RM60.9 million (Q3 2016: RM49.5 million) recognised primarily due to the amortisation of fair value for the concession rights owing to the fair valuation exercise on the acquisition of ISG and LGM. The unfavourable variance was mainly due to lower revenue and higher total costs by 14.0% or RM37.6 million and 6.1% or RM16.1 million respectively. The increase in costs were attributed to the increase in finance cost and depreciation and amortisation costs by 7.7% or RM9.1 million and 14.0% or RM11.0 million respectively.

MACS ME's unfavourable variance was due to lower revenue and higher labour costs.

20. COMMENTARY ON PROSPECTS

Malaysia Operations

Despite the challenging environment, airports in Malaysia registered 89.0 million passenger traffic in 2016, a growth of 6.1% over 2015. This exceeded by far the initial 2016 forecasts of 2.5% growth. The international sector recorded 43.3 million passenger traffic, an increase of 8.1% over 2015. Domestic traffic on the other hand recorded 45.7 million passenger traffic, an improvement of 4.3% over the same period in 2015. Among the airports that registered a strong traffic increase in 2016 were KLIA (7.6%), Kota Kinabalu (10.5%), Penang (6.8%), Langkawi (13.7%), Alor Setar (9.6%) and Ipoh (21.2%).

KLIA crossed the 50 million passenger traffic level for the first time by recording 52.6 million passengers in 2016, an improvement by 7.6% over 2015. KLIA Main handled 25.5 million passengers, 12.9% higher than 2015 while klia2 handled 27.1 million passengers, a growth of 3.0% over 2015.

Aircraft movements for airports in Malaysia decreased by 0.5% in 2016 mainly due to the reduction in domestic aircraft movements of 5.9% by AirAsia, Malaysia Airlines and Firefly. On the other hand, Malindo aircraft movements increased by 25.9% while aircraft movements by foreign airlines increased by 2.0%. Overall cargo movements declined by 9.1% in 2016 to 885,735 metric tonnes.

As in previous years, the fourth quarter registered the highest number of passengers for the year at 23.8 million, registering 11.0% growth over the same quarter in 2015. This is the highest year-on-year quarterly growth for 2016. International traffic in the fourth quarter also recorded the highest growth among all the quarters at 12.2%.

The GDP growth for Malaysia is forecast between 4% and 5% for 2017. IATA predicted that global scheduled passenger traffic growth for 2017 will be in the range of 5.1% and for Asia Pacific it is expected to be 7.0%. Malaysia's carriers seat capacity for the immediate future provides a positive outlook for 2017. Based on the economic conditions and airlines confidence reflected in the seat capacity increases, the Malaysia passenger traffic in 2017 is expected to grow at 6.5%.

Overseas Operations

ISGIA handled 29.7 million passengers in 2016, an increase of 4.8% over 2015. Domestic passengers increased by 8.3% while international passengers declined by 1.8%, mainly due to the various security incidents. Aircraft movements increased by 6.8% over 2015. The fourth quarter performance was better than third quarter, in terms of quarter-on-quarter growth over 2015.

Though there is an improvement in the last quarter for ISGIA, passenger growth prospect for ISGIA is expected to remain moderate in the immediate term.

21. PROFIT FORECAST

This note is not applicable, as the Group did not publish any profit forecast.

22. TAXATION AND ZAKAT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Current tax	27,451	10,669	84,880	100,823
Deferred taxation	20,053	(24,231)	20,537	(97,512)
Zakat	-	-	4,740	2,507
	47,504	(13,562)	110,157	5,818

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2015.

24. INVESTMENTS IN QUOTED SECURITIES

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

25. STATUS OF CORPORATE PROPOSALS

There are no ongoing corporate proposals announced by the Group but not completed as at 27 February 2017 being a date not earlier than 7 days from the date of issuance of the quarterly report.

26. BORROWINGS AND DEBT/EQUITY SECURITIES

	As at 31.12.2016 RM'000 unaudited	As at 31.12.2015 RM'000 audited
Short term borrowings		
Unsecured:		
Senior Sukuk	-	250,000
Secured:		
Senior Term Facility	193,638	148,308
	193,638	398,308
Long term borrowings		
Unsecured:		
Islamic Medium Term Notes ("IMTN")	3,100,000	3,100,000
Senior Sukuk	250,000	250,000
Secured:		
Senior Term Facility	2,036,142	2,150,007
	5,386,142	5,500,007
	5,579,780	5,898,315

27. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 December 2016.

28. CHANGES IN MATERIAL LITIGATION

There was no other material suit against the Group and its subsidiaries since 31 December 2015 other than those disclosed in note 14.

29. DIVIDEND PAYABLE

There were no other dividends paid or declared during the current quarter and financial year under review other than as disclosed in note 10.

30. EARNINGS PER SHARE (EPS)

Basic EPS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year to Date 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Profit/(Loss) from continuing operations attributable to owners of the Company	37,129	(40,252)	73,174	40,121
Distribution to Perpetual Sukuk Holder	(28,987)	(28,986)	(57,658)	(57,500)
Net profit/(loss) from continuing operations attributable to owners of the Company	8,142	(69,238)	15,516	(17,379)
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,590,754	1,659,192	1,590,754
Profit/(loss) per share attributable to owners of the Company (sen)	0.49	(4.35)	0.94	(1.09)

30. EARNINGS PER SHARE (EPS)

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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	3,919,385	4,012,317
- Unrealised	78,402	95,902
	3,997,787	4,108,219
Total share of retained earnings /(accumulated losses) from associate companies:		
- Realised	58,247	69,632
- Unrealised	(4,204)	(3,836)
	54,043	65,796
Total share of retained earnings /(accumulated losses) from jointly controlled entities:		
- Realised	17,952	14,318
- Unrealised	(10,441)	(5,622)
	7,511	8,696
Less: Consolidation Adjustments	(1,738,154)	(1,733,220)
Total retained earnings as per financial statements	2,321,187	2,449,491

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
28 February 2017