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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2017

		INDIVIDUAL QUARTER	
	Note	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000
Revenue		1,093,619	1,019,469
Cost of inventories sold		(110,021)	(97,025)
Other income		55,006	46,882
Employee benefits expense		(180,348)	(176,937)
Depreciation and amortisation		(227,852)	(249,643)
Other expenses		(360,792)	(339,801)
Operating profits		269,612	202,945
Finance costs		(174,480)	(168,772)
Share of results:			
- associates		1,189	537
- joint ventures		3,598	3,499
Profit before tax and zakat from continuing operations	7	99,919	38,209
Taxation and zakat	22	(36,896)	(21,706)
Profit from continuing operations, net of tax and zakat		63,023	16,503
Profit for the period, net of tax and zakat		63,023	16,503
Attributable to:			
Owners of the Company		62,012	17,013
Non-controlling interests		1,011	(510)
		63,023	16,503
Profit per share attributable to owners of the Company (sen):	31	2.94	0.13

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 2016 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 OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000
Profit for the period, net of tax and zakat	63,023	16,503
Other comprehensive income:		
Available-for-sale financial assets		
- Gain on fair value changes	616	1,189
- Foreign currency translation	827	(162,952)
- Unrealised gain/(loss) on derivative financial instruments	3,908	(20,735)
Other comprehensive income for the period, net of tax and zakat	5,351	(182,498)
Total comprehensive income for the period	68,374	(165,995)
Attributable to:		
Owners of the Company	67,363	(165,485)
Non-controlling interests	1,011	(510)
	68,374	(165,995)

The condensed unaudited consolidated of other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 MARCH 2017

	31.03.2017 RM'000 Unaudited	31.12.2016 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	375,793	381,665
Plantation development expenditure	66,362	66,690
Land use rights	7,115	7,141
Intangible assets	17,038,203	17,230,972
Investment in associates	37,351	36,161
Investment in joint ventures	86,316	82,720
Available-for-sale investments	214,098	234,729
Trade receivables	188	205
Other receivables	431,444	410,906
Staff loans	30,821	31,710
Deferred tax assets	221,295	215,886
	18,508,986	18,698,785
Current Assets		
Inventories	129,707	135,235
Trade receivables	789,412	739,365
Other receivables	122,599	132,190
Tax recoverable	10,770	10,958
Cash and bank balances	1,409,697	1,571,876
	2,462,185	2,589,624
Assets of disposal group classified as held for disposal	151	151
TOTAL ASSETS	20,971,322	21,288,560

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	31.03.2017 RM'000 Unaudited	31.12.2016 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	2,369,021	2,321,187
Fair value adjustment reserve	8,884	8,268
Hedging reserve	(33,509)	(37,417)
Other reserve	6,805	6,801
Foreign exchange reserve	284,662	283,835
	8,748,046	8,694,857
Non-controlling interests	3,042	2,031
Total equity	8,751,088	8,696,888
Non-current Liabilities		
Borrowings	5,391,646	5,386,142
Derivative financial instruments	39,989	43,393
Deferred income	56,762	56,574
Deferred tax liabilities	932,585	935,840
Trade payables	3,651,691	3,962,106
Other payables	410,348	441,853
	10,483,021	10,825,908
Current Liabilities		
Borrowings	195,500	193,638
Derivative financial instruments	3,396	3,389
Trade payables	659,102	781,790
Other payables	823,342	756,781
Income tax payable	55,854	30,147
	1,737,194	1,765,745
Liabilities of disposal group classified as held for disposal	19	19
Total liabilities	12,220,234	12,591,672
TOTAL EQUITY AND LIABILITIES	20,971,322	21,288,560

The condensed unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 PERIOD ENDED 31 MARCH 2017

	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 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 period	-	-	-	1,189	(162,952)	(20,735)	-	17,013	(165,485)	(510)	(165,995)
Legal reserve	-	-	-	-	-	-	(138)	-	(138)	-	(138)
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(14,335)	(14,335)	-	(14,335)
At 31 March 2016	1,659,192	997,842	3,455,149	6,489	119,834	(34,226)	4,945	2,452,169	8,661,394	(1,267)	8,660,127
At 1 January 2017	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
Total comprehensive income for the period	-	-	-	616	827	3,908	-	62,012	67,363	1,011	68,374
Legal reserve	-	-	-	-	-	-	4	-	4	-	4
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(14,178)	(14,178)	-	(14,178)
At 31 March 2017	1,659,192	997,842	3,455,149	8,884	284,662	(33,509)	6,805	2,369,021	8,748,046	3,042	8,751,088

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 2016 and the accompanying explanatory notes attached to the interim financial statement.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

	31.03.2017 RM'000 Unaudited	31.03.2016 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	99,919	38,209
Adjustments for:		
Interest income	(9,496)	(8,777)
Interest expense	173,196	167,941
Loss from derivative instrument	1,284	831
Provision for liabilities	1,083	993
Write-back of provision of liabilities	(6)	-
Amortisation of:		
- Intangible assets	213,446	235,278
- plantation development expenditure	849	800
- land use rights	27	34
Depreciation of property, plant and equipment	13,530	13,531
Reversal of impairment of intangible assets	(1,391)	-
Net allowance for doubtful debts	10,192	5,649
Net bad debt written off	-	536
Net gain on disposal of property, plant and equipment	-	(4)
Property, plant and equipment written off	138	520
Intangible assets written off	1,305	368
Inventories written off	1,611	515
Investment income	(10,126)	(9,040)
Share of results of:		
- associates	(1,189)	(537)
- joint ventures	(3,598)	(3,499)
Operating profit before working capital changes	490,774	443,348
Decrease/(Increase) in inventories	3,907	(2,901)
Increase in receivables	(56,312)	(74,887)
Decrease in payables	(117,516)	(32,135)
Decrease in concession liabilities	(7,363)	(6,970)
Decrease in provision for liabilities	(3,427)	(2,463)
Cash generated from operations	310,063	323,992
Tax and zakat paid	(21,518)	(13,072)
Net cash generated from operating activities	**288,545**	**310,920**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017

	31.03.2017 RM'000 Unaudited	31.03.2016 RM'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(983)	(568)
- intangibles assets	(11,069)	(58,447)
- quoted unit trusts	(126)	(818)
- plantation development expenditure	(970)	(489)
Proceed from disposal of quoted unit trusts	20,600	-
Investment income received	10,126	9,040
Interest received	783	733
Net cash generated/(used in) investing activities	**18,361**	**(50,549)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Concession payment	(452,394)	(423,701)
Interest paid	(59,289)	(68,140)
Net cash used in from financing activities	**(511,683)**	**(491,841)**
Net decrease in cash and cash equivalents	**(204,777)**	**(231,470)**
Effects of foreign currency translation	42,598	(58,826)
Cash and cash equivalents at beginning of year	1,572,027	1,286,886
Cash and cash equivalents at end of period	**1,409,848**	**996,590**
Cash and cash equivalents comprising:		
Cash and bank balances	279,972	307,418
Short term deposits	1,129,876	689,172
	1,409,848	**996,590**
Cash and bank balances - Discontinued operation (Note 13)	(151)	(151)
	1,409,697	**996,439**

The condensed unaudited consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2016. 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 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016, except as follows:

On 1 January 2017, the Group adopted the following new and amended FRS mandatory for annual financial periods beginning on or after 1 January 2017.

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

The new disclosure as per amendments to FRS107 is disclosed in note 27.

The application of the amendments to FRS112 has no material impact on the financial position or disclosure in the Group's financial statements.

Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2018

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Standards issued but not yet effective (Cont'd).

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 : Leases

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, MFRS 15 and MFRS 16 as explained in the Group's 2016 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 2016 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 under review.

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

There were no other unusual items, affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

6. SEGMENT INFORMATION

The Group is organised into business segments and geographical segments which is then 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 (Cont'd.)

	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 period ended 31 March 2017												
Segment Revenue												
External:												
Aeronautical	410,706	-	-	-	-	-	116,064	-	-	526,770	-	526,770
Non-aeronautical:												
Retail	-	204,681	-	-	-	-	-	-	-	204,681	-	204,681
Others	181,563	308	-	-	-	-	105,156	-	-	287,027	-	287,027
Non airport operations	-	-	4,444	23,155	10,484	-	1,830	35,228	-	75,141	-	75,141
Inter-segment sales	69,457	201	15,055	310	1,372	-	16,050	-	(102,445)	-	-	-
Inter-segment dividends	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	661,726	205,190	19,499	23,465	11,856	-	239,100	35,228	(102,445)	1,093,619	-	1,093,619
Segment Results												
Operating profits before depreciation and amortisation	320,269	14,684	6,562	6,702	4,623	24,351	161,989	7,047	(48,763)	497,464	-	497,464
Depreciation and amortisation	(75,806)	(2,546)	(92)	(3,644)	(1,057)	(3,212)	(83,621)	(1,479)	(56,395)	(227,852)	-	(227,852)
Finance costs	(57,987)	14	25	14	17	(37,405)	(122,870)	-	43,712	(174,480)	-	(174,480)
Share of results of:												
- associates	1,189	-	-	-	-	-	-	-	-	1,189	-	1,189
- joint ventures	-	-	-	-	-	3,598	-	-	-	3,598	-	3,598
Profit /(loss) before tax and zakat	187,665	12,152	6,495	3,072	3,583	(12,668)	(44,502)	5,568	(61,446)	99,919	-	99,919
Taxation and zakat	(49,842)	(1,493)	(1,529)	(815)	(986)	1,031	3,863	(501)	13,376	(36,896)	-	(36,896)
Profit/(loss) for the period	137,823	10,659	4,966	2,257	2,597	(11,637)	(40,639)	5,067	(48,070)	63,023	-	63,023
As at 31 March 2017												
Assets and Liabilities												
Segment assets	10,723,763	187,481	127,843	146,593	92,011	11,990,682	6,145,535	92,657	(8,659,061)	20,847,504	151	20,847,655
Investment in associates	37,351	-	-	-	-	-	-	-	-	37,351	-	37,351
Investment in joint ventures	-	-	-	-	-	86,316	-	-	-	86,316	-	86,316
Total assets	10,761,114	187,481	127,843	146,593	92,011	12,076,998	6,145,535	92,657	(8,659,061)	20,971,171	151	20,971,322
Segment liabilities representing												
Total liabilities	6,552,567	138,754	45,318	59,149	18,171	5,804,168	7,347,808	86,336	(7,832,056)	12,220,215	19	12,220,234

6. SEGMENT INFORMATION (Cont'd.)

	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 period ended 31 March 2016												
Segment Revenue												
External:												
Aeronautical	384,796	-	-	-	-	-	118,704	-	-	503,500	-	503,500
Non-aeronautical:												
Retail	-	183,499	-	-	-	-	-	-	-	183,499	-	183,499
Others	164,486	223	-	-	-	-	102,984	-	-	267,693	-	267,693
Non airport operations	-	-	3,911	19,054	6,780	-	2,896	32,136	-	64,777	-	64,777
Inter-segment sales	54,506	73	15,715	45	1,414	-	16,315	-	(88,068)	-	-	-
Inter-segment dividends	-	-	-	-	-	-	-	-	-	-	-	-
	603,788	183,795	19,626	19,099	8,194	-	240,899	32,136	(88,068)	1,019,469	-	1,019,469
Segment Results												
Operating profits before depreciation and amortisation	254,112	19,370	4,932	4,479	1,081	51,332	166,185	2,957	(51,860)	452,588	-	452,588
Depreciation and amortisation	(114,088)	(2,878)	(89)	(4,002)	(1,014)	(3,771)	(71,265)	(194)	(52,342)	(249,643)	-	(249,643)
Finance costs	(60,741)	12	84	6	-	(40,170)	(114,393)	-	46,430	(168,772)	-	(168,772)
Share of results of associates:												
- associates	537	-	-	-	-	-	-	-	-	537	-	537
- joint ventures	-	-	-	-	-	3,499	-	-	-	3,499	-	3,499
Profit /(loss) before tax and zakat	79,820	16,504	4,927	483	67	10,890	(19,473)	2,763	(57,772)	38,209	-	38,209
Taxation and Zakat	(27,161)	(1,085)	(1,139)	(123)	151	(440)	(3,631)	(249)	11,971	(21,706)	-	(21,706)
Profit/(loss) for the period	52,659	15,419	3,788	360	218	10,450	(23,104)	2,514	(45,801)	16,503	-	16,503
As at 31 March 2016												
Assets and Liabilities												
Segment assets	10,792,833	228,760	123,264	154,499	83,890	12,450,050	6,123,233	123,602	(9,163,667)	20,916,464	151	20,916,615
Investment in associates	35,022	-	-	-	-	-	-	-	-	35,022	-	35,022
Investment in joint ventures	-	-	-	-	-	75,169	-	-	-	75,169	-	75,169
Total assets	10,827,855	228,760	123,264	154,499	83,890	12,525,219	6,123,233	123,602	(9,163,667)	21,026,655	151	21,026,806
Segment liabilities representing												
Total liabilities	6,890,766	194,139	54,912	69,535	17,929	6,231,635	7,104,154	86,122	(8,282,532)	12,366,660	19	12,366,679

7. PROFIT BEFORE TAX AND ZAKAT

	CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000
Included in Other Income:		
Interest income:		
-Unquoted investment, quoted bond and staff loan	783	733
-Other loan and receivables	8,241	7,644
-Gain on financial instrument at fair value through profit or loss	472	400
Investment income	10,126	9,040
Net realised foreign exchange gain	782	1,149
Net gain on disposal of property, plant and equipment	-	4
Recoupment of expenses	22,149	17,316
Included in Other Expenses:		
Net allowance of doubtful debts	10,192	5,649
Net bad debt written off	-	536
Reversal of impairment of intangible assets	(1,391)	-
Property, plant and equipment written off	138	520
Intangible assets written off	1,305	368
Net inventories written off	1,611	515
User fee	94,270	83,096
Included in Finance Cost:		
Interest expense:		
- Concession payables and borrowings	59,289	68,140
- Financial liabilities	115,191	100,632

8. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

9. DEBT AND EQUITY SECURITIES

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 under review.

10. DIVIDENDS PAID

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

11. CARRYING AMOUNT OF REVALUED ASSETS

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

12. CHANGES IN COMPOSITION OF THE GROUP

On 6 March 2017, Malaysia Airports Holdings Berhad (MAHB) had incorporated a wholly-owned subsidiary, Malaysia Airports International Sdn Bhd (Malaysia Airports International). The issued and paid-up share capital of Malaysia Airports International amounted to RM2. The principal activity is investment holding.

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

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

On 3 September 2013, K.L. Airport Hotel Sdn. Bhd. (KLAH) issued a notice of termination of the Hotel Management Agreement (HMA) to Sama-Sama Hospitality Management Sdn. Bhd. (SSHM) due to the non-participation and withdrawal of a key individual in the management and operations of the JV Company. On 18 September 2013, pursuant to the terms of the Joint Venture Agreement (JVA), KLAH issued a written notice of termination to ATOZ Hospitality Services Sdn. Bhd. (ATOZ), to terminate the JVA.

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 attempts 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.

As at 31 March 2017, 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 comprehensive income as a discontinued operation.

There were no movements in the statements of profit or loss of the discontinued operation in the current quarter under review.

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

	31.03.2017 RM'000 Unaudited	31.12.2016 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 95.0 million, equivalent to RM449.4 million (Q1 2016: Euro 100.7 million, equivalent to RM446.1 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 0.5 million, equivalent to RM2.4 million for the rental of the hangar operations (Q1 2016: Euro 0.4 million, equivalent to RM2.0 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 RM47.6 million (Q1 2016: QAR36.9 million, equivalent to RM42.4 million)
b) Advance Payment Guarantee totalling to QAR22.0 million, equivalent to RM26.4 million (Q1 2016: QAR31.9 million, equivalent to RM36.6 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.

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 March 2017.

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 246 (Q1 2016 : 227) 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 (Q1 2016: Euro 1.1 million, equivalent to RM4.9 million). The Group recognised a provision for these claims of Euro 1.0 million, equivalent to RM4.7 million (Q1 2016: Euro 0.6 million, equivalent to RM2.7 million) in the consolidated financial statements considering that ISG cannot establish the rest of the claims and that a probable loss will occur.

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

b) Contingent Liability(Cont'd)

ii) 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.

iii) 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. On 13 February 2017, MAP has informed KAFS on the extension of the Operating Agreements and requested KAFS to withdraw the arbitration notice. However, KAFS refused to withdraw the arbitration notice and grants MAP on the extension until 30 May 2017 to facilitate further negotiations on the matter.

iv) 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 case management.

v) On 23 December 2016, ISG received a notice of tax audit on 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:

	Current Year To Date 31.03.2017 RM'000	Preceding Year Corresponding Period 31.03.2016 RM'000
Revenue:		
Associates:		
Lease rental		
- KL Aviation Fuelling System Sdn. Bhd.	1,530	1,489
- MFMA Development Sdn. Bhd.	761	761
Concession Fee		
- MFMA Development Sdn. Bhd.	142	142
Recoupment of water, electricity & sewerage		
- MFMA Development Sdn. Bhd.	1,539	1,119
Joint ventures:		
Lease rental		
- Segi Astana Sdn. Bhd.	318	318
- Airport Cooling Energy Supply Sdn. Bhd.	222	222
Expenses:		
Joint ventures:		
Airport Cooling Energy Supply Sdn. Bhd.		
- Utilities (Fixed)	8,031	8,031
- Utilities (Variable usage)	3,437	3,295
- Less: Rebate	(686)	(1,542)
- Interest on concession payable	5,340	5,340
Segi Astana Sdn. Bhd.		
- Rental of shops and warehouse	166	349
- Recoupment of water and electricity	13	30
Other Transactions:		
Joint ventures:		
Airport Cooling Energy Supply Sdn. Bhd.		
- Payment on concession payable	2,675	2,675
Other Related Party:		
Korn Ferry International (M) Sdn. Bhd.		
- Professional fees	62	265

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

Related Party Balances:

	As at 31.03.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Audited
Amount owing by associated companies	1,621	1,577
Amount owing to joint ventures	6,914	6,986
Amount owing to other related parties	521	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 March 2017 were as follows:

	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Total RM'000
(i) Approved and contracted for:			
Capital expenditure	49,709	-	49,709
(ii) Approved but not contracted for:			
Capital expenditure	602,182	-	602,182
(iii) Other investment:			
Investment in ISG	-	248,467	248,467
Investment in MFMA Development Sdn. Bhd.	-	57,814	57,814
	651,891	306,281	958,172

17. SUBSEQUENT EVENTS

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

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Period 31.03.2016 RM'000
Revenue	1,093,619	1,019,469
Profit before tax and zakat	99,919	38,209

Quarter-on-Quarter

Revenue

The consolidated revenue of the Group for the current quarter under review amounted to RM1,093.6 million and was 7.3% or RM74.1 million higher than the same corresponding quarter last year.

Both revenue from Malaysia and Overseas operations for the current quarter under review recorded a favourable variances against the same corresponding quarter last year by 9.5% or RM72.6 million (Q1 2017: RM835.3 million; Q1 2016: RM762.7 million) and 0.6% or RM1.5 million (Q1 2017: RM258.3 million; Q1 2016: RM256.8 million) respectively.

Malaysia operations

i) Airport operations

Revenue from airport operations for the current quarter under review amounted to RM797.2 million, 8.8% or RM64.3 million higher than the corresponding quarter last year.

18. PERFORMANCE REVIEW (Cont'd.)

Quarter-on-Quarter (Cont'd.)

The favourable variance in the Malaysia airport operations revenue was mainly attributed to the increase in non-aeronautical revenue. Non-aeronautical revenue increased by 11.0% or RM38.4 million (Q1 2017: RM386.6 million; Q1 2016: RM348.2 million). The main contributing factors to the increase was higher passenger growth which has resulted in higher retail and rental revenues by 11.6% or RM21.2 million and 10.4% or RM17.2 million respectively.

The increase in airport operations revenue in Malaysia was also due to the increase in aeronautical revenue. Aeronautical revenue increased by 6.7% or RM25.9 million (Q1 2017: RM410.7 million; Q1 2016: RM384.8 million). This improvement was driven by higher PSC, PSSC and MARCS PSC revenues by 13.1% or RM34.6 million owing to higher passenger growth.

The favourable variance was also negated by lower MARCS ERL by 10.5% or RM2.8 million and higher airline incentives by 40.2% or RM5.1 million.

The passenger traffic for airports operated by MAHB in Malaysia for the current quarter under review increased by 10.5% to 23.4 million passengers as compared to the corresponding quarter last year of 21.2 million passengers. Both international and domestic passenger traffic increased by 12.0% and 9.0% respectively. Passenger traffic at KLIA-Main Terminal increased by 30.4% (international:+27.9%, domestic: +38.9%) while passenger traffic at klia2 decreased by 0.3% (international:-0.3%, domestic:-0.5%).

ii) Non-airport operations

For the current quarter under review, the businesses from the non-airport segment registered an increase in revenue of 27.9% or RM8.3 million (Q1 2017: RM38.1 million; Q1 2016: RM29.8 million).

The increase was largely contributed by revenue from the hotel, agriculture and project and repair maintenance segments which increased by 21.5% or RM4.1 million, 54.4% or RM3.7 million and 12.8% or RM0.5 million respectively.

The increase in hotel revenue was due to the higher occupancy rates (Q1 2017: 88.1%; Q1 2016:72.5%).

The increase in agriculture revenue was due to the increase in average price by 37.7% (Q1 2017: RM708/MT; Q1 2016: RM514/MT) coupled with the increase in Fresh Fruit Bunches (FFB) production by 13.5% (Q1 2017: 14,656 MT; Q1 2016: 12,908 MT).

18. PERFORMANCE REVIEW (Cont'd.)

Quarter-on-Quarter (Cont'd.)

Overseas Operations

i) Airport operations

Revenue from Overseas' airport operations for the current quarter under review was 0.2% or RM0.5 million lower than the corresponding quarter last year (Q1 2017: RM221.3 million; Q1 2016: RM221.8 million) representing revenue from ISG and LGM. The unfavourable variance was due to lower aeronautical and non-aeronautical revenues.

The passenger traffic for ISGIA for the current quarter under review decreased by 1.9% to 6.6 million passengers as compared to the corresponding quarter last year of 6.7 million passengers. Both international and domestic traffic decreased by 2.7% and 1.6% respectively.

ii) Non-airport operations

For the current quarter under review, the businesses from overseas' non-airport segment registered an increase in revenue of 5.4% or RM1.9 million (Q1 2017: RM36.9 million; Q1 2016: RM35.0 million) mainly contributed by revenue from the project and repair maintenance of MACS ME by 9.3 % or RM3.0 million (Q1 2017: RM35.1 million; Q1 2016: RM32.1 million) and negated by lower hotel revenue in LGM which decreased by 37.9% or RM1.1 million (Q1 2017: RM1.8 million; Q1 2016: RM2.9 million) respectively.

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

Profit before tax and zakat

The Group profit before taxation and zakat (PBT) for the current quarter under review amounted to RM99.9 million and was 161.5% or RM61.7 million higher than the same corresponding quarter last year.

The favourable variance was contributed by the Malaysia operations but negated by higher loss before taxation (LBT) from Overseas operations.

Malaysia Operations

For the current quarter under review, Malaysia operations recorded a PBT of RM200.3 million and was 77.9% or RM87.7 million higher than the same corresponding quarter last year.

The favourable variance was mainly due to higher revenue, higher other income and lower total costs, by 9.5% or RM72.6 million, 17.3% or RM7.6 million and 1.0% or RM6.7 million respectively.

The decrease in total costs was mainly due to the decrease in amortisation and depreciation by 31.3% or RM39.4 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. However, this was offset against higher costs of inventories sold by 13.4% or RM13.0 million, increase in user fees by 13.4% or RM11.2 million as well as repair and maintenance cost by 11.0% or RM5.8 million.

18. PERFORMANCE REVIEW (Cont'd.)

Quarter-on-Quarter (Cont'd.)

Overseas Operations

For the current quarter under review, Overseas operations recorded a LBT of RM100.4 million higher by 34.9% or RM26.0 million from a LBT of RM74.4 million recorded in the corresponding quarter last year. The unfavourable variance was contributed by ISG & LGM by 37.3% or RM28.8 million (Q1 2017: -RM106.0 million; Q1 2016: RM-77.2 million), cushioned by higher PBT from MACS ME by 100.0% or RM2.8 million (Q1 2017: RM5.6 million; Q1 2016: RM2.8 million).

ISG and LGM registered an increase in LBT by RM25.0 million (Q1 2017: -RM44.5 million; Q1 2016:-RM19.5 million) prior to taking into account the loss of RM61.5 million (Q1 2016: RM57.8 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 and finance costs by 17.3% or RM12.4 million and 7.4% or RM8.5 million respectively.

MACS ME registered a favourable PBT variance due to higher revenue in the current quarter under review.

Share of results of Associates and Joint Ventures (JV)

Share of associate profit in the current quarter under review amounted to RM1.2 million as compared to RM0.5 million for the corresponding quarter last year. The favourable variance was due to higher contribution from MFMA Development Sdn Bhd (MFMA) by 199.2% or RM0.7 million but negated by lower contribution from KAFS by 7.9% or RM0.1 million.

Share of JV profit in the current quarter under review amounted to RM3.6 million, higher than RM3.5 million recognised for the corresponding quarter last year. The favourable variance was due to higher contribution from Airport Cooling Energy Supply Sdn Bhd (ACES) by 25.3% or RM0.4 million but negated by lower contribution by SASB by 18.2% million or RM0.3 million.

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

18. PERFORMANCE REVIEW (Cont'd.)

a) Economic Profit (EP) Statement

	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.		
Earnings before interest and tax (EBIT*)	260,588	194,569
Adjusted Tax	(65,147)	(48,642)
NOPLAT	195,441	145,927
Economic charge computation		
Average invested capital	17,245,436	17,608,478
Weighted average cost of capital per annum	7.46%	7.09%
Economic Charge	321,627	312,110
Economic loss	(126,186)	(166,183)

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

The favourable variance in EBIT was mainly due to higher revenue and 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 RM126.2 million for the current quarter under review lower than RM166.2 million recorded in the corresponding quarter last year. The lower economic loss in the current quarter under review was due to the higher EBIT.

18. PERFORMANCE REVIEW (Cont'd.)

b) Headline key performance indicators (KPIs)

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

		Headline KPIs for year 2017		Actual achievements 31 March 2017	
		Malaysia Operatios	Overseas Operations	Malaysia Operations	Overseas Operations
i)	EBITDA (RM'000)	980,028	816,604	325,925	169,036
ii)	Airport Service Quality Survey Ranking	Above 40 million passenger size category: KLIA Ranking Top 12		Above 40 mppa - ranking at no.11	

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

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.03.2017 RM'000	Immediate Preceding Quarter 31.12.2016 RM'000
Revenue	1,093,619	1,080,034
Profit before tax and zakat	99,919	84,633

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

Revenue

The consolidated revenue of the Group for the current quarter under review increased by 1.3% or RM13.6 million as compared to the immediate preceding quarter due to higher revenue from both Malaysia operations and Overseas operations by 0.9% or RM7.7 million (Q1 2017: RM835.3 million; Q4 2016: RM827.6 million) and 2.3% or RM5.9 million (Q1 2017: RM258.3 million; Q4 2016: RM252.4 million).

Malaysia Operations

a) Airport operations

For the current quarter under review, revenue from the Malaysia airport operations was higher by 1.4% or RM11.2 million as compared to the immediate preceeding quarter (Q1 2017: RM797.2 million; Q4 2016: RM786.0 million).

The favourable variance was mainly due to the increase of non-aeronautical revenue by 3.6% or RM13.3 million (Q1 2017: RM386.6 million; Q4 2016: RM373.3 million) mainly attributable to the rental segment which increased by 9.4% or RM15.7 million.

The favourable variance was negated by the decrease in aeronautical revenue by 0.5% or RM2.1 million (Q1 2017: RM410.7 million; Q4 2016: RM412.8 million). The main contributing factors to the decrease in revenue was the decrease in landing, aerobridge and other aeronautical revenue by 3.0% or RM2.8 million, 25.3% or RM1.9 million and 42.2% or RM1.9 million respectively. However the impact was cushioned by higher total PSC, PSSC and MARCS PSC by 1.6% or RM4.8 million.

The passenger traffic for airports operated by MAHB in Malaysia for the current quarter under review decreased by 1.6% as compared to the immediate preceding quarter, in which domestic passenger traffic decreased by 4.1% while international passenger traffic increased by 1.1%. Passenger traffic decreased at KLIA-Main Terminal by 3.5% (international: -0.7%, domestic: -11.0%) while increased in klia2 by 2.3% (international: +2.8%, domestic: 1.2%).

b) Non-airport operations

For the current quarter under review, non-airport operations revenue in Malaysia was lower by 8.4% or RM3.5 million as compared to the immediate preceeding quarter (Q1 2017: RM38.1 million; Q4 2016: RM41.6 million).

The unfavourable variance in Malaysia operations was mainly due to the lower revenue recorded by the project and repair maintenance, hotel and agriculture segments by 25.4% or RM1.5 million, 5.3% or RM1.3 million and 6.3% or RM0.7 million respectively.

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

Overseas Operations

a) Airport operations

Revenue from Overseas' airport operations for the current quarter under review amounted to RM221.3 million, 3.4% or RM7.8 million lower than the immediate preceding quarter of RM229.1 million mainly due to lower passenger numbers at ISGIA.

The decrease in revenue was mainly from aeronautical revenue by 4.4% or RM5.3 million (Q1 2017: RM116.1 million; Q4 2016: RM121.4 million) due to lower PSC revenue by 4.8% or RM4.6 million.

The decrease in revenue was also contributed by non-aeronautical revenue by 2.3% or RM2.5 million (Q1 2017: RM105.2 million; Q4 2016: RM107.7 million).

The passenger traffic for ISGIA for the current quarter under review decreased by 7.5% to 6.6 million passengers. Both the international and domestic passenger traffic decreased by 4.3% and 9.0% respectively.

b) Non-airport operations

For the current quarter under review, the businesses from the overseas' non-airport segment registered an increase in revenue of 58.4% or RM13.6 million (Q1 2017: RM36.9 million; Q4 2016: RM23.3 million) mainly contributed by revenue from the project and repair maintenance of MACS ME which increased by 65.6% or RM13.9 million (Q1 2017: RM35.1 million; Q4 2016: RM21.2 million).

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

Profit before tax and zakat

The Group recorded a PBT of RM99.9 million in the current quarter under review, a favourable variance of 17.9% or RM15.2 million as compared to the PBT of RM84.7 million recorded in the immediate preceding quarter.

Malaysia Operations

For the current quarter under review, Malaysia operations recorded a decrease in PBT by 3.4% or RM7.1 million (Q1 2017: RM200.3 million; Q4 2016: RM207.4 million). The unfavourable variance was mainly due to higher total cost by 1.9% or RM12.8 million and lower other income by 8.5% or RM4.8 million despite higher revenue by 0.9% or RM7.7 million.

The significant increase in total costs was mainly due to the increase in amortisation and depreciation by 262.0% or RM139.7 million, included in the immediate preceding quarter was an adjustment for the lower depreciation arising from 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 increase in costs was cushioned by the decrease in staff costs by 19.7% or RM37.9 million, repair and maintenance costs by 35.5% or RM32.2 million, user fees by 16.2% or RM18.2 million, finance cost by 27.8% or RM17.0 million, administrative costs by 32.3% or RM15.4 million and utilities by 10.4% or RM8.9 million.

Overseas Operations

For the current quarter under review, Overseas operations recorded a decrease in LBT by 18.2% or RM22.3 million (Q1 2017: -RM100.4 million; Q4 2016: -RM122.7 million) which was contributed by MACS ME by 135.7% or RM21.3 million (Q1 2017: RM5.6 million; Q4 2016: -RM15.7 million) and ISG & LGM by 0.9% or RM1.0 million (Q1 2017: -RM106.0 million; Q4 2016: -RM107.0 million).

MACS ME's favourable variance was due to higher revenue and lower total costs.

For the current quarter under review, ISG and LGM registered a LBT of RM44.5 million, a favourable variance of 2.0% or RM0.9 million as against a LBT of RM45.4 million in the immediate preceding quarter prior to taking into account the loss of RM61.5 million (Q4 2016: RM60.9 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 favourable variance was mainly due to lower total costs despite lower revenue and other income by 4.0% or RM11.2 million, 3.6% or RM8.1 million and 67.7% or RM2.2 million respectively. The decrease in costs were attributed to the decrease in depreciation and amortisation and finance cost costs by 6.8% or RM6.1 million and 2.8% or RM3.6 million respectively.

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

Share of results of Associates and JV

Share of associate profit in the current quarter under review amounted to RM1.2 million as compared to loss of RM0.8 million for the immediate preceding quarter. The favourable variance was due to higher contribution from KAFS and MFMA by RM1.6 million and RM0.4 million respectively.

Share of JV profit in the current quarter under review amounted to RM3.6 million as compared to RM2.8 million for the immediate preceding quarter. The favourable variance was due to higher contribution from SASB and ACES by RM0.5 million and RM0.4 million respectively.

20. COMMENTARY ON PROSPECTS

MAHB's network of airports (including Istanbul SGIA) recorded 30.0 million passengers in Q1 2017 representing a growth of 7.5% over Q1 2016. International traffic improved by 9.5% to 13.8 million passengers while domestic passengers increased by 5.9% with 16.1 million passengers. Correspondingly, aircraft movements improved by 1.3% with international and domestic increasing by 2.1% and 0.9% respectively.

Malaysia Operations

Airports in Malaysia registered a 10.5% growth with 23.4 million passenger traffic. Passenger numbers were evenly proportioned between international and domestic with 11.7 million each, representing growth of 12.0% and 9.0% respectively. Aircraft movements grew by 3.5% in Q1 2017 with international movements improving by 5.1% and domestic movements growing by 2.6% respectively.

Growth for airports in Malaysia was mainly contributed by KLIA with 12.7% growth (14.1 million passengers) in Q1 2017. International traffic stood at 10.1 million passengers representing a 12.6% growth over Q1 2016. ASEAN traffic grew by 12.4% with 4.7 million passengers while non-ASEAN increased by 12.7% with 5.4 million passengers. Domestic traffic registered 13.1% improvement with 4.0 million passengers.

Malaysia's economy is forecast to grow between 4.3% and 4.8% in 2017, compared with 4.2% in 2016. The Malaysian based carriers, Malindo Air, AirAsia and Malaysia Airlines, are offering more seat capacity, reflecting a confidence in the industry outlook. The level of tourism interest in Malaysia itself is expected to increase as the country hosts the South East Asian Games in August and September 2017, as well as participate in the Visit ASEAN@50 tourism campaign. The government's continued initiatives to attract greater tourist arrivals from China and India also bodes well. With the current trend of traffic, the budgeted 6.5% passenger traffic increase for Malaysia operations is attainable.

20. COMMENTARY ON PROSPECTS (Cont'd.)

Overseas Operations

Passenger traffic at Istanbul SGIA decreased in Q1 2017. Total passenger traffic stood at 6.6 million, a 1.9% reduction over Q1 2016. International traffic declined by 2.7% with 2.1 million passengers while domestic declined by 1.6% with 4.5 million. However, there are some positive developments in March for Turkey which reflects an encouraging outlook for Istanbul SGIA's traffic growth.

21. PROFIT FORECAST

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

22. TAXATION AND ZAKAT

INDIVIDUAL QUARTER

	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000
Current tax	47,361	32,160
Deferred taxation	(10,465)	(10,454)
	36,896	21,706

23. SALE OF PROPERTIES

There were no sales of properties since 31 December 2016.

24. INVESTMENTS IN QUOTED SECURITIES

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

25. STATUS OF CORPORATE PROPOSALS

There are no ongoing corporate proposals announced by the Group but not completed as at 27 April 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 31.03.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Audited
Short term borrowings		
Secured:		
Senior Term Facility	195,500	193,638
	195,500	193,638
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	2,041,646	2,036,142
	5,391,646	5,386,142
	5,587,146	5,579,780

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 31.12.2016 RM'000 Audited	Non-cash changes		As at 31.03.2017 RM'000 Unaudited
		Foreign Exchange Movements	Fair Value Changes/ Others	
Unsecured:				
Islamic Medium Term Notes (IMTN)	3,100,000	-	-	3,100,000
Senior Sukuk	250,000	-	-	250,000
Secured:				
Senior Term Facility	2,229,780	4,724	2,642	2,237,146
Derivative financial instruments	46,782	99	(3,496)	43,385
	5,626,562	4,823	(854)	5,630,531

28. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

29. CHANGES IN MATERIAL LITIGATION

There were no other material suits against the Group and its subsidiaries since 31 December 2016 other than those disclosed in note 14.

30. DIVIDEND PAYABLE

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

31. EARNINGS PER SHARE (EPS)

Basic EPS

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

	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000
Profit from continuing operations attributable to owners of the Company	63,023	16,503
Distribution to Perpetual Sukuk Holder	(14,178)	(14,335)
Net profit from continuing operations attributable to owners of the Company	48,845	2,168
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,659,192
Basic earning per share for (sen):		
Profit from continuing operations	2.94	0.13
Profit from discontinued operation	-	-
Profit per share attributable to owners of the Company (sen)	2.94	0.13

31. 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.

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

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	3,958,578	3,919,385
- Unrealised	87,391	78,402
	4,045,969	3,997,787
Total share of retained earnings /(accumulated losses) from associate companies:		
- Realised	58,247	58,247
- Unrealised	(4,388)	(4,204)
	53,859	54,043
Total share of retained earnings /(accumulated losses) from jointly controlled entities:		
- Realised	17,952	17,952
- Unrealised	(11,576)	(10,441)
	6,376	7,511
Less: Consolidation adjustments	(1,737,183)	(1,738,154)
Total retained earnings as per financial statements	2,369,021	2,321,187

33. 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 April 2017