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

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
		RM'000	RM'000	RM'000	RM'000
Revenue		1,246,806	1,080,034	4,652,338	4,172,768
Cost of inventories sold		(120,012)	(109,371)	(448,977)	(396,917)
Other income		73,940	64,024	230,935	220,741
Employee benefits expense		(260,482)	(216,795)	(852,144)	(770,263)
Construction costs		(57,905)	-	(57,905)	-
Depreciation and amortisation		(192,764)	(94,533)	(880,824)	(852,540)
Other expenses		(449,907)	(445,295)	(1,613,378)	(1,516,420)
Operating profits		239,676	278,064	1,030,045	857,369
Finance costs		(193,385)	(195,387)	(716,185)	(689,769)
Share of results:					
- associates		1,726	(800)	5,801	1,676
- joint ventures		3,515	2,756	14,824	14,055
Profit before tax and zakat from continuing operations	7	51,532	84,633	334,485	183,331
Taxation and zakat	22	(23,674)	(47,504)	(97,387)	(110,157)
Profit from continuing operations, net of tax and zakat		27,858	37,129	237,098	73,174
Attributable to:					
Owners of the Company		27,858	33,322	236,486	70,386
Non-controlling interests		-	3,807	612	2,788
		27,858	37,129	237,098	73,174
(Loss)/profit per share attributable to owners of the Company (sen):	31	(0.07)	0.49	10.82	0.94

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.

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2017 RM'000	**Preceding Year Corresponding Quarter 31.12.2016 RM'000**	**Current Year To Date 31.12.2017 RM'000**	**Preceding Year Corresponding Period 31.12.2016 RM'000**
Profit for the year, net of tax and zakat	27,858	37,129	237,098	73,174
Other comprehensive income:				
Available-for-sale financial assets				
- Gain/(loss) on fair value changes	267,465	(3,442)	266,652	2,968
- Foreign currency translation	(80,771)	52,244	41,955	1,049
- Unrealised gain/(loss) on derivative financial instruments	8,268	7,046	8,826	(23,926)
Other comprehensive income/(loss) for the year, net of tax and zakat	194,962	55,848	317,433	(19,909)
Total comprehensive income for the year	222,820	92,977	554,531	53,265
Attributable to:				
Owners of the Company	222,820	89,170	553,919	50,477
Non-controlling interests	-	3,807	612	2,788
	222,820	92,977	554,531	53,265

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.

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

	31.12.2017 RM'000 Unaudited	31.12.2016 RM'000 Audited
ASSETS		
Non-current Assets		
Property, plant and equipment	354,416	381,665
Plantation development expenditure	67,236	66,690
Land use rights	7,034	7,141
Intangible assets	17,405,069	17,230,972
Investment in associates	44,963	36,161
Investment in joint ventures	92,031	82,720
Available-for-sale investments	421,033	234,729
Trade receivables	48,536	205
Other receivables	389,732	410,906
Employee loans	27,711	31,710
Deferred tax assets	237,831	215,886
	19,095,592	18,698,785
Current Assets		
Inventories	140,591	135,235
Trade receivables	617,686	739,365
Other receivables	174,213	132,190
Tax recoverable	10,181	10,958
Cash and bank balances	2,460,980	1,571,876
	3,403,651	2,589,624
Assets of disposal group classified as held for disposal	-	151
TOTAL ASSETS	22,499,243	21,288,560

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

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

	31.12.2017 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	2,320,249	2,321,187
Fair value adjustment reserve	274,920	8,268
Hedging reserve	(28,591)	(37,417)
Other reserve	6,891	6,801
Foreign exchange reserve	325,790	283,835
	9,011,442	8,694,857
Non-controlling interests	-	2,031
Total equity	9,011,442	8,696,888
Non-current Liabilities		
Borrowings	5,126,028	5,386,142
Derivative financial instruments	37,462	43,393
Deferred income	156,678	56,574
Deferred tax liabilities	917,773	935,840
Trade payables	4,605,296	3,962,106
Other payables	410,914	441,853
	11,254,151	10,825,908
Current Liabilities		
Borrowings	423,258	193,638
Derivative financial instruments	8,644	3,389
Trade payables	867,489	781,790
Other payables	884,873	756,781
Income tax payable	49,386	30,147
	2,233,650	1,765,745
Liabilities of disposal group classified as held for disposal	-	19
Total liabilities	13,487,801	12,591,672
TOTAL EQUITY AND LIABILITIES	22,499,243	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 YEAR ENDED 31 DECEMBER 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 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
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 year	-	-	-	266,652	41,955	8,826	-	236,486	553,919	612	554,531
Legal reserve	-	-	-	-	-	-	90	-	90	-	90
Distribution to perpetual sukuk holder	-	-	-	-	-	-	-	(57,500)	(57,500)	-	(57,500)
Transaction with owners											
Dividends	-	-	-	-	-	-	-	(182,511)	(182,511)	-	(182,511)
Effect arising from acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	2,612	2,612	(2,612)	-
Effect arising from liquidation of subsidiary	-	-	-	-	-	-	-	(25)	(25)	(31)	(56)
Total transactions with owners	-	-	-	-	-	-	-	(179,924)	(179,924)	(2,643)	(182,567)
At 31 December 2017	1,659,192	997,842	3,455,149	274,920	325,790	(28,591)	6,891	2,320,249	9,011,442	-	9,011,442

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 YEAR ENDED 31 DECEMBER 2017

	31.12.2017 RM'000 Unaudited	31.12.2016 RM'000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax and zakat from:		
Continuing operations	334,485	183,331
Adjustments for:		
Interest income	(43,736)	(36,831)
Interest expense	707,785	686,332
Loss from derivative instrument	8,400	3,437
Provision for liabilities	12,461	7,909
Write-back of provision of liabilities	(9,999)	(5,692)
Amortisation of:		
- Intangible assets	820,021	786,965
- plantation development expenditure	3,473	3,227
- land use rights	108	105
Depreciation of property, plant and equipment	57,223	62,243
(Reversal)/additional impairment of:		
- intangible assets	(1,391)	1,305
- property, plant & equipment	-	394
Net allowance for doubtful debts	48,005	13,020
Net bad debts written off	413	2,120
Net gain on disposal of:		
-property, plant and equipment	(8)	-
- intangible assets	-	(35)
- quoted unit trusts	-	(2,742)
Property, plant and equipment written off	1,550	1,263
Intangible assets written off	3,631	8,254
Plantation development expenditure written off	-	54
Inventories written off	3,730	4,987
Investment income	(41,412)	(27,647)
Share of results of:		
- associates	(5,801)	(1,676)
- joint ventures	(14,824)	(14,055)
Operating profit before working capital changes	1,884,114	1,676,268
Increase in inventories	(9,204)	(22,550)
Decrease in receivables	38,501	303,313
Increase/(decrease) in payables	256,571	(76,946)
Decrease in concession liabilities	(30,070)	(28,465)
Decrease in provision for liabilities	(4,748)	(3,595)
Cash generated from operations	2,135,164	1,848,025
Tax and zakat paid	(135,084)	(77,174)
Net cash generated from operating activities	**2,000,080**	**1,770,851**

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	31.12.2017 RM'000 Unaudited	31.12.2016 RM'000 Audited
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of:		
- property, plant and equipment	(15,997)	(62,135)
- intangibles assets	(262,196)	(368,379)
- quoted unit trusts	(12,125)	(2,844)
- quoted bonds	(3,000)	-
- plantation development expenditure	(4,887)	(6,273)
Proceed from disposals of:		
- intangible assets	-	70
- quoted unit trusts	91,122	111,200
Additional investment in an associate	(3,000)	-
Investment income received	41,412	27,647
Interest received	5,428	3,826
Dividend received from joint ventures	5,512	3,006
Net cash used in investing activities	**(157,731)**	**(293,882)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan	(72,600)	(342,000)
Swap payment	(6,543)	(3,437)
Concession payment	(462,915)	(423,701)
Interest paid	(241,105)	(247,474)
Dividends paid to shareholders of the Company	(182,511)	(141,032)
Distribution paid to Perpetual Sukuk Holder	(57,500)	(57,658)
Net cash used in from financing activities	**(1,023,174)**	**(1,215,302)**
Net decrease in cash and cash equivalents	**819,175**	**261,667**
Effects of foreign currency translation	69,778	23,473
Cash and cash equivalents at beginning of year	1,572,027	1,286,887
Cash and cash equivalents at end of year	**2,460,980**	**1,572,027**
Cash and cash equivalents comprising:		
Cash and bank balances	378,100	272,416
Short term deposits	2,082,880	1,299,611
	2,460,980	**1,572,027**
Cash and bank balances - Discontinued operation (Note 13)	-	(151)
	2,460,980	**1,571,876**

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.

<u>Effective for financial periods beginning on or after 1 January 2017</u>

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.

<u>Standards issued but not yet effective</u>

<u>Effective for financial periods beginning on or after 1 January 2018</u>

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

<u>Effective for financial periods beginning on or after 1 January 2019</u>

MFRS 16 : Leases

<u>Effective for financial periods beginning on or after 1 January 2021</u>

MFRS 17 : Insurance Contracts

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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

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 and financial period-to-date 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 and financial period-to-date 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:-

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

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

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

d) Others
Investment holding 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 year ended 31 December 2017												
Segment Revenue												
External:												
Aeronautical	1,689,426	-	-	-	-	-	564,199	-	-	2,253,625	-	2,253,625
Non-aeronautical:												
Retail	-	853,679	-	-	-	-	-	-	-	853,679	-	853,679
Others	733,106	1,531	-	-	-	-	454,879	-	-	1,189,516	-	1,189,516
Construction		-	-	-	-	-	57,905	-	-	57,905	-	57,905
Non airport operations	-	-	17,694	94,457	39,213	-	8,694	137,555	-	297,613	-	297,613
Inter-segment sales	272,142	1,119	71,235	1,828	6,430	-	73,139	-	(425,893)	-	-	-
Inter-segment dividends	-	-	-	-	-	254,000	-	-	(254,000)	-	-	-
Total Revenue	2,694,674	856,329	88,929	96,285	45,643	254,000	1,158,816	137,555	(679,893)	4,652,338	-	4,652,338
Segment Results												
Operating profits before depreciation and amortisation	1,077,901	51,616	31,179	25,405	12,209	397,234	770,666	6,121	(461,462)	1,910,869	-	1,910,869
Depreciation and amortisation	(302,172)	(10,204)	(401)	(15,119)	(4,291)	(16,104)	(337,537)	(3,748)	(191,248)	(880,824)	-	(880,824)
Finance costs	(233,942)	14	(1)	5	7	(151,022)	(508,458)	-	177,212	(716,185)	-	(716,185)
Share of results of:												
- associates	5,801	-	-	-	-	-	-	-	-	5,801	-	5,801
- joint ventures	-	-	-	-	-	14,824	-	-	-	14,824	-	14,824
Profit /(loss) before tax and zakat	547,588	41,426	30,777	10,291	7,925	244,932	(75,329)	2,373	(475,498)	334,485	-	334,485
Taxation and zakat	(142,621)	(11,144)	(5,017)	(2,767)	(1,837)	(3,923)	24,711	(147)	45,358	(97,387)	-	(97,387)
Profit/(loss) for the year	404,967	30,282	25,760	7,524	6,088	241,009	(50,618)	2,226	(430,140)	237,098	-	237,098
As at 31 December 2017												
Assets and Liabilities												
Segment assets	10,588,599	219,132	145,940	129,119	94,499	12,410,719	7,420,841	94,343	(8,740,943)	22,362,249	-	22,362,249
Investment in associates	44,963	-	-	-	-	-	-	-	-	44,963	-	44,963
Investment in joint ventures	-	-	-	-	-	92,031	-	-	-	92,031	-	92,031
Total assets	10,633,562	219,132	145,940	129,119	94,499	12,502,750	7,420,841	94,343	(8,740,943)	22,499,243	-	22,499,243
Segment liabilities representing												
Total liabilities	6,416,496	149,344	55,036	36,409	21,169	5,950,757	8,559,426	88,912	(7,789,748)	13,487,801	-	13,487,801

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 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)	-	-	-
	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:										-		
- associates	1,676	-	-	-	-	-	-	-	-	1,676	-	1,676
- joint ventures	-	-	-	-	-	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
Taxation 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 joint ventures	-	-	-	-	-	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

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
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Included in Other Income:				
Interest income:				
-Unquoted investment, quoted bond and staff loan	3,271	1,642	5,428	3,826
-Other loan and receivables	11,262	8,973	38,122	32,701
-(Loss)/Gain on financial instrument at fair value through profit or loss	(114)	114	186	304
Investment income	22,661	13,202	41,412	27,647
Net realised foreign exchange gain	1,033	1,031	3,372	1,838
Net (loss)/gain on disposal of :				
- Property,plant and equipment	-	(4)	8	-
- Intangible assets	-	35	-	35
- Quoted unit trust	-	-	-	2,742
Recoupment of expenses	26,181	27,336	90,519	92,653
Included in Other Expenses:				
Net allowance of doubtful debts	4,325	73	48,005	13,020
Net bad debt written off	-	-	413	2,120
Reversal of impairment of intangible assets	(1,391)	1,305	(1,391)	1,305
Impairment of property, plant and equipment	-	394	-	394
Property, plant and equipment written off	436	386	1,550	1,263
Intangible assets written off	2,304	1,280	3,631	8,254
Plantation development expenses written off	-	54	-	54
Inventories written off	(542)	2,521	3,730	4,987
User fee	104,922	112,454	391,780	362,431
Included in Finance Cost:				
Interest expense:				
- Concession payables and borrowings	60,559	60,553	241,105	247,474
- Financial liabilities	132,826	134,834	475,080	442,295

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 and financial period-to-date under review.

9. DEBT AND EQUITY SECURITIES

On 23 June 2017, the Group has paid Euro 5.0 million, equivalent to RM24.5 million of the Senior Term Facility which matured on 26 June 2017.

On 27 Dec 2017, the Group has paid Euro 10.0 million, equivalent to RM48.4 million of the Senior Term Facility which matured on 28 December 2017.

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 period-to-date under review.

10. DIVIDENDS PAID

A single-tier final dividend of 6.00 sen per ordinary share amounting to RM99.6 million in respect of the financial year ended 31 December 2016 was approved by the Shareholders at its Annual General Meeting held on 25 May 2017. The final dividend was paid on 16 June 2017.

A single-tier interim dividend of 5.00 sen per ordinary share in respect of the financial year ended 31 December 2017 amounting to RM82.9 million was paid in 25 August 2017.

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

11. CARRYING AMOUNT OF REVALUED ASSETS

The Group do not have any revalued assets as its 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.

On 13 June 2017 the Group acquired the minority interest of 39.2% of İstanbul Sabiha Gökçen Uluslararası Havalimanı Yer Hizmetleri Anonim Şirketi (ISGGH) for total consideration of TL 3, therefore owning 100%.

On 31 August 2017, ISGGH and LGM Havalimani Isletmeleri Ticaret ve Turizm A.S (LGM) merge under LGM.

12. CHANGES IN COMPOSITION OF THE GROUP (Cont'd.)

On 31 October 2017, MAHB had incorporated a wholly-owned subsidiary, MA eLogistics Sdn Bhd (MA eLogistics). The issued and paid-up share capital of MA eLogistics amounted to RM100. The principal activity is investment holding.

On 2 November 2017, MA eLogistics has entered into a Shareholders' Agreement with Cainiao HK, to participate in a joint venture company under the name of Cainiao KLIA Aeropolis Sdn Bhd (JV Company) for the purpose of implementing and carrying out the development of a regional e-Commerce and logistic hub, comprising the development of cargo terminals, sorting centres, warehouses and fulfillment centres and other facilities for e-commerce industry, in the KLIA Aeropolis as part of the Digital Free Trade Zone initiative.

The issued share capital of the JV Company amounting to RM206,667,000 in which 30% is held by MA eLogistics and 70% for Cainiao HK.

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

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

On 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. On 6 November 2017, final creditors meeting will be held as part of the process to conclude the liquidation process.

As at 30 September 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.

The liquidator has appointed solicitor to apply for/obtain the vesting order from the Court. Liquidation will only be completed upon issuance of the Vesting Order from the Court.

The Liquidator already release the final report to Solicitor for Vesting Order Application on 10 January 2018. The process may take few months to obtain Court Order to release Liquidator from the office and close the case.

There were no movements in the statements of profit or loss of the discontinued operation in the current quarter and financial period-to-date under review.

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

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

	31.12.2017 RM'000 Unaudited	31.12.2016 RM'000 Audited
Assets		
Cash & bank balances	-	151
Liabilities		
Other payables	-	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 five letters of guarantee, totalling to Euro 115.4 million, equivalent to RM558.5 million (2016: Euro 100.7 million, equivalent to RM475.3 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 0.4 million, equivalent to RM1.9 million for the rental of the hangar operations (2016: Euro 0.5 million, equivalent to RM2.2 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 RM44.2 million (2016: QAR39.7 million, equivalent to RM50.0 million)
b) Advance Payment Guarantee totalling to QAR20.9 million, equivalent to RM23.3 million (2016: QAR22.0 million, equivalent to RM27.7 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 December 2017.

Save for the above, there were no other guarantees.

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

b) Contingent Liability

i) ISG is involved in, and may from time to time be involved in a number of legal proceedings. There are 213 (2016: 239) employee lawsuits filed against ISG either directly or indirectly via sub-contractors. The total amount of claims against the Group is Euro 0.9 million, equivalent to RM4.4 million (2016: Euro 1.1 million, equivalent to RM5.2 million). The Group recognised a provision for these claims of Euro 0.9 million, equivalent to RM4.4 million (2016: Euro 1.0 million, equivalent to RM4.9 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 Authorities of Turkey had informed ISG to revise the Value Added Tax (VAT) refund request in respect of the VAT Circular number 60 dated 8 August 2011 for the periods from 1 July 2012 to 31 May 2013. ISG has submitted the revised refund request amounting to EUR 3.1 million, equivalent to RM15.0 million. ISG has contested the claim arising out of the revised refund request in the designated Courts of Turkey as the management of ISG is of the opinion that the initial refund request for the said period is valid as it is in line with the refund requests already accepted by the Tax Authorities for the periods from 1 August 2011 to 30 June 2012 amounting to EUR 3.9 million equivalent to RM18.9 million. ISG booked the EUR 3.1 million, equivalent to RM15.0 million as VAT receivables and tax payable in the consolidated financial statements as of 31 December 2013. EUR 1.0 million equivalent to RM4.8 million was paid to the tax office in January 2014 leaving a payable of EUR 2.1 million, equivalent to RM10.2 million as of 31 December 2014. ISG has won the lawsuit and therefore no longer has a payable of EUR 2.1 million, equivalent to RM10.2 million in the statutory books. The amount paid of EUR 1.0 million, equivalent to RM4.8 million has been offset against VAT payable to the government.

In the meantime, the Tax Authorities of Turkey has requested ISG to revise the VAT refund requests and apply a different methodology for the periods from 1 July 2012 to 30 September 2014. Since ISG has won the court case for the periods from 1 July 2012 to 31 May 2013 no further action is required. For the periods from 1 June 2013 to 30 September 2014, ISG has submitted the revised refund request amounting to EUR 0.7 million, equivalent RM3.4 million. ISG booked the EUR 0.7 million, equivalent RM3.4 million as VAT receivables and tax payable in the consolidated financial statements. ISG has paid EUR 0.7 million, equivalent RM3.4 million to the government and file the court case contesting the claim arising out of the revised refund request in the designated Courts of Turkey as the management of ISG is of the opinion that the initial refund request for the said period is valid as also shown in the court case for the periods 1 July 2012 to 31 May 2013. The tax office has initiated a tax audit on 23 December 2016 in respect of the period 1 July 2012 to 31 May 2013 and on 13 April 2017 in respect of the period 1 January 2014 to 31 December 2014 for the VAT referred to above. The Tax Auditor initially accepted the method applied by ISG and did not raise a criticism and wrote a clean report. However, the report of the auditor was evaluated by the Report Reading Committee and the Committee did not agree with the auditor and asked him to rewrite his report and apply the method the Tax Office has asked ISG to adopt. ISG received the final report on 24 November 2017.

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

b) Contingent Liability (cont'd)

ISG has booked a provision of late payment interest calculated TL 5.5 million, equivalent to Euro 1.2 million or RM5.8 million for that tax issue mentioned above. The tax charge of principle is not an expense since it will increase VAT receivables carried forward.

In addition to that, on 23 December 2016, a Special Consumption Tax (SCT) audit has started for the periods 2011, 2012, 2013 against the ISG jet fuel sales. ISG is not a SCT payer since jet fuel is exempt from SCT. ISG did not therefore expect any issues to arise from this tax audit. The Tax Auditor initially wrote a clean report. However, the report of the auditor was evaluated by the Report Reading Committee and the Committee did not agree with the auditor and asked to rewrite the report. ISG has experienced cases of jet fuel theft in 2012 and was challenged by the tax authorities that stolen jet fuel shall be regarded as a SCT base fuel. As a result of that, Special Consumption Tax exposure inclusive of tax base charge, late payment interest charges and tax penalties amount to TL 0.7 million, equivalent to Euro 0.1 million or RM0.5 million has been booked as a provision in the ISG's accounts.

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 hearing session for the arbitration has been conducted from 2 to 6 October 2017. The Arbitrator has further instructed the parties to file the Closing Submission by 8 December 2017. Oral Hearing which was fixed on 11 January 2018 was rescheduled to 22 January 2018. The Hearing was concluded on 22 January 2018 and decision is expected within three-four months.

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. 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. MAP requested from KAFS for further extension to 30 December 2017. On 9 August 2017, KAFS agreed to withhold the arbitration proceedings until 30 June 2018 pending the negotiations between MAHB and Government.

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

b) Contingent Liability (Cont'd)

v) Syarikat Pembinaan Anggerik Sdn Bhd. (SPASB) via a Writ of Summons claims from MAHB for the sum of RM44.0 million for damages and other claims and interest in respect of the alleged losses and damages pertaining to the works carried out by SPASB for the 'Proposed Development and Upgrading Works at Penang International Airport, Bayan Lepas, Pulau Pinang' and the 'Proposed Construction and Completion of Site Office, Central Utilities Building and Airside Drainage Works at Penang International Airport'.

MAHB has filed an application for stay of proceedings in light of the arbitration provisions in the Contract. The Court has fixed the hearing for the 'Stay Application' on 2 August 2017. On 23 August 2017, the Court had allowed MAHB's 'Stay Application' with cost of RM10,000 to be paid by SPASB to MAHB. In light of the Court's order, SPASB now has 2 options, namely (i) appeal to the Court of Appeal on the decision within 30 days from 23 August 2017, or (ii) initiate an action via arbitration if they wish to continue making claims against MAHB under the Contract.

On 15 September 2017, SPASB had served upon MAHB a Letter of Demand under the Construction Industry Payment and Adjudication Act 2012 (CIPAA 2012) for its Payment Claim. MAHB has responded to this Demand on 29 September 2017.

On 21 September 2017, SPASB filed its Notice of Appeal in respect of the Court's decision on the Stay Application. The first case management was done on 30 October 2017. The Court fixed the next case management date on 27 November 2017.

On 24 October 2017, SPASB had served upon MAHB its 2nd Letter of Demand under CIPAA 2012 for its Payment Claim. MAHB has responded to this via letter dated 7 November 2017.

On 21 November 2017, MAHB received another four claims from SPASB. MAHB has responded to these demands via letter dated 6 December 2017.

In respect of the Notice of Appeal, the Hearing has been fixed on 30 March 2018. In respect of the Payment Claim, there has been no response to date to our reply letter dated 7 November 2017.

On 5 February 2018, MAHB further received two payment claims from SPASB, each in the sum of RM1.8 million and RM0.7 million respectively. MAHB have until 20 February 2018 to respond to the said payment claims.

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

b) Contingent Liability (Cont'd)

vi) Termination of contract between MAHB and SPAZ Sdn Bhd (SPAZ) for Proposed Development of Malaysia Airports Academy (MAA) due to the termination, compensation had to be made to the contractors.

MAHB had on 6 July 2017 received a claim made under the Construction Industry Payment and Adjudication Act 2012 (CIPAA) from SPAZ's appointed solicitor for the amount of RM9.24 million claimed by SPAZ against MAHB.

On 20 July 2017, MAHB's solicitor had submitted the response to the payment claim, stating that MAHB denies that the amount under the alleged payment claim are due and payable to SPAZ by MAHB. SPAZ has yet to serve the Notice of Adjudication. Adjudicator has been appointed by Kuala Lumpur Regional Centre for Arbitration (KLRCA). Parties are in the midst of agreeing to the terms of appointment.

The adjudication decision was delivered on 26 December 2017 and SPAZ's claim was rejected. The Adjudicator made the following determination:

i. MAHB shall pay to SPAZ the sum of RM3.6 million ('the Adjudicated Sum');
ii. The Adjudicated Sum shall be paid within ten (10) working days from 26 December 2017;
iii. The rate of interest payable is the simple interest of 5% per annum on yearly rest from 2 August 2017 on the Adjudicated Sum until the full payment of the Adjudicated Sum; and
iv. MAHB shall bear the costs of RM61,000 being the costs of this adjudication and MAHB shall pay the sum of RM61,000 to SPAZ within ten (10) working days from 26 December 2017.

MAHB has made the above payments to SPAZ on 5 January 2018.

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
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Revenue:				
Associates:				
Lease rental				
- KL Aviation Fuelling System Sdn. Bhd.	1,529	1,570	6,118	6,036
- MFMA Development Sdn. Bhd.	761	761	3,044	3,044
Concession fee				
- MFMA Development Sdn. Bhd.	142	142	568	568
Recoupment of water, electricity & sewerage				
- MFMA Development Sdn. Bhd.	1,627	1,800	6,263	5,933
Joint ventures:				
Lease rental				
- Segi Astana Sdn. Bhd.	318	318	1,273	1,273
- Airport Cooling Energy Supply Sdn. Bhd.	222	222	888	888
Expenses:				
Joint ventures:				
Airport Cooling Energy Supply Sdn. Bhd.				
- Utilities (Fixed)	8,031	8,031	32,125	32,125
- Utilities (Variable usage)	3,704	3,518	14,404	14,371
- Less: Rebate	(65)	(686)	(4,414)	(3,233)
- Interest on concession payable	5,340	5,340	21,362	21,362
Segi Astana Sdn. Bhd.				
- Rental of shops and warehouse	-	370	447	1,421
- Recoupment of water and electricity	-	36	46	133
- Car park	-	-	10	35
Other Transactions:				
Joint ventures:				
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	450	214	815	635

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

Related Party Balances:

	As at 31.12.2017 RM'000 Unaudited	As at 31.12.2016 RM'000 Audited
Amount owing by associated companies	1,857	1,577
Amount owing to joint ventures	14,013	6,986
Amount owing to other related parties	450	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 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 but not contracted for:			
Capital expenditure	1,120,657	-	1,120,657
Investment in ISG	58,080	138,085	196,165
Investment in MFMA Development Sdn. Bhd.	45,056	-	45,056
	1,223,793	138,085	1,361,878

17. SUBSEQUENT EVENTS

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

18. PERFORMANCE REVIEW

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To Date	Preceding Year Corresponding Period	Changes	
	31.12.2017 RM'000	31.12.2016 RM'000	RM'000	%	31.12.2017 RM'000	31.12.2016 RM'000	RM'000	%
Revenue	1,246,806	1,080,034	166,772	15.4%	4,652,338	4,172,768	479,570	11.5%
Profit before tax and zakat	51,532	84,633	(33,101)	-39.1%	334,485	183,331	151,154	82.4%

<u>Quarter-on-Quarter</u>

<u>Revenue</u>

The Group's revenue for the current quarter under review grew 15.4% over the corresponding quarter last year to RM1,246.8 million. Both airport and non-airport operations registered growth compared to the same corresponding quarter last year.

Airport operations recorded revenue growth of 9.5% to RM1,111.8 million, mainly driven by both the aeronautical and non-aeronautical segment.

Underpinned by strong passenger growth, aeronautical segment grew 8.7% to RM580.7 million over the same corresponding quarter last year. Malaysia operations recorded passenger growth of 4.2% (international: 12.9%, domestic: -4.1% growth) to 24.8 million passengers as compared to the corresponding quarter last year of 23.8 million passengers. The growth in international passenger traffic was fuelled by strong travel demand, visa relaxation measures for Chinese and Indian tourists, increased in Umrah traffic and tourism promotion.

The passenger traffic for the Turkey operations increased by 9.9% to 7.8 million passengers as compared to the corresponding quarter last year of 7.1 million passengers. Both international and domestic traffic increased by 13.6% and 8.2% respectively.

The non-aeronautical segment also recorded almost equally strong revenue growth of 10.5% to RM531.1 million, driven by stronger sales registered by the concessionaires and retailers.

Non-airport operations contributed 18.9% revenue growth to the Group over the corresponding quarter last year to RM77.1 million, mainly contributed by project and repair maintenance from Qatar operations.

Overall, Malaysia operations recorded revenue of RM901.4 million with growth rate of 8.9%, whilst Turkey and Qatar operations recorded revenue growth of 34.4% to RM310.5 million and 63.8% to RM34.9 million respectively. Included in revenue for the Turkey operations is RM57.9 million in respect of construction revenue. This construction revenue relates to the boarding hall expansion of ISGIA.

18. PERFORMANCE REVIEW (Cont'd.)

Quarter-on-Quarter (Cont'd.)

Profit before tax and zakat (PBT)

The Group recorded a PBT amounted to RM51.5 million as compared to RM84.6 million in the previous corresponding quarter, an unfavourable variance of 39.1% or RM33.1 million. The unfavourable variance was mainly due to higher total costs of RM155.1 million or 14.6% cushioned by higher revenue of RM108.9 million or 10.1%.

The significant increase in total cost especially for Malaysia operations was mainly due to an increase in amortisation and depreciation of RM145.5 million (Q4 2017: +RM92.1 million ; Q4 2016 : -RM 53.4 million) which was due to the adjustment of rate made in 2016 based on longer operating period from 25 years ending 2034 to an additional 35 years ending 2069.

PBT of the Malaysia operations decline by 45.8% to RM112.4 million. Turkey registered a LBT of RM61.7 million meanwhile Qatar operations PBT RM0.8 million.

Share of results of Associates and Joint Ventures (JV)

Share of associate profits in the current quarter amounted to RM1.7 million as compared to loss of RM0.8 million for the corresponding quarter last year, mainly due to an increase in contribution from Kuala Lumpur Aviation Fuelling System Sdn Bhd (KAFS) and MFMA Development Sdn Bhd (MFMA) by RM1.8 million and RM0.7 million respectively.

Share of JV profits in the current quarter was higher by RM0.6 million mainly due to higher contributions from Segi Astana Sdn Bhd (SASB) of RM0.8 million negated by lower contribution from Airport Cooling Energy Supply Sdn Bhd (ACES) of RM0.2 million.

Year-on-Year

Revenue

Sustained growth in passenger and aircraft movements continued to impact positively to the Group's earnings. The Group's revenue for the financial year-to-date under review grew by RM479.6 million or 11.5% over 2016 to RM4,652.3 million. The strong results was mainly contributed by growth in both airport and non-airport operations as compared with the same corresponding period last year.

Airport operations recorded revenue growth of 9.8% to RM4,296.8 million, mainly driven by the aeronautical and non-aeronautical segment.

Supported by strong passenger growth, aeronautical revenue segment grew by 9.3% to RM2,253.6 million over 2016. Malaysia operations recorded passenger growth of 8.7% (international: 14.6%, domestic: 3.1%) to 96.6 million passengers as compared to the corresponding period last year of 88.9 million passengers. Passenger traffic at KLIA-Main Terminal increased by 11.0% (international: 16.9%, domestic: -6.1%) as well as passenger traffic at klia2 increased by 11.8% (international: 12.1%, domestic: 11.2%). The increase in the passenger traffic mainly in its international traffic was driven by the visa relaxation measures for Chinese and Indian tourists, increased in Umrah traffic and tourism promotion.

18. PERFORMANCE REVIEW (Cont'd.)

Year-on-Year (Cont'd.)

The passenger traffic for Turkey operations increased by 5.7% to 31.3 million passengers as compared to the corresponding period last year. Both international and domestic traffic increased by 8.4% and 4.5% respectively.

The non-aeronautical segment also recorded strong revenue growth of 10.4% to RM2,043.2 million. Non-aeronautical revenue per pax rose by 4.4% to RM16.4 driven by stronger sales registered by the concessionaires and retailers.

Non-airport operations revenue grew 14.4% over the same period last year to RM297.6 million, mainly contributed by hotel, agriculture and project and repair maintenance business segments.

Overall, Malaysia operations recorded revenue of RM3,429.1 million with growth of 10.6%, whilst Turkey and Qatar operations recorded revenue growth of 13.2% to RM1,085.7 million and 19.9% to RM137.5 million respectively. Included in revenue for the Turkey operations is RM57.9 million in respect of construction revenue. This construction revenue relates to the boarding hall expansion of ISGIA.

Profit before tax and zakat (PBT)

The double digit revenue growth had resulted in a net increase in the Group's PBT of 82.4% to RM334.5 million against 2016, despite a 6.8% increase in costs. The increase in the Group's cost during the period under review were mainly due increase in costs of inventories sold, user fees, repair and maintenance cost, employee benefit expenses as well as provision for doubtful debts.

The PBT of Malaysia operations grew 27.4% to RM611.9 million. Turkey registered a LBT of RM287.5 million meanwhile Qatar operations PBT RM10.1 million.

Share of results of Associates and Joint Ventures (JV)

Share of associate profit in the financial year-to-date amounted to RM5.8 million as compared to RM1.7 million for the corresponding period last year. The favourable variance was due to higher contribution from KAFS and MFMA by RM2.4 million and RM1.7 million respectively.

Share of JV profit in the current year under review amounted to RM14.8 million. The higher contributions from SASB by RM1.1 million was negated by lower contribution by ACES by RM0.4 million.

ECONOMIC PROFIT (EP) STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2017 RM'000	Preceding Year Corresponding Quarter 31.12.2016 RM'000	Current Year To Date 31.12.2017 RM'000	Preceding Year Corresponding Period 31.12.2016 RM'000
Net Operating Profit Less Adjusted Tax (NOPLAT) computation.				
Earnings before interest and tax (EBIT*)	225,258	267,449	986,309	820,841
Adjusted Tax	(54,062)	(66,862)	(236,714)	(205,210)
NOPLAT	171,196	200,587	749,595	615,631
Economic charge computation				
Average invested capital	17,187,581	17,567,332	17,187,581	17,567,332
Weighted average cost of capital per annum	8.29%	7.27%	8.29%	7.27%
Economic Charge	356,213	319,286	1,424,850	1,277,145
Economic loss	(185,017)	(118,699)	(675,255)	(661,514)

* 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 RM185.0 million for the current quarter higher than RM118.7 million recorded in the corresponding quarter last year due to lower EBIT.

Similarly, the Group recorded economic loss of RM675.3 million for the financial period-to-date as compared to RM661.5 million recorded in the coresponding period last year was due to higher EBIT and weighted average cost of capital.

18. PERFORMANCE REVIEW (Cont'd.)

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 December 2017	
		Malaysia Operations	Overseas Operations	Malaysia Operations	Overseas Operations
i)	EBITDA (RM'000)	980,028	816,604	1,116,131	784,435
ii)	Airport Service Quality Survey Ranking	Above 40 million passenger size category: KLIA Ranking Top 12		Above 40 mppa - ranking at no.12 out of 35	

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

	INDIVIDUAL QUARTER			
	Current Year Quarter 31.12.2017 RM'000	Immediate Preceding Quarter 30.09.2017 RM'000	Changes RM'000	%
Revenue	1,246,806	1,211,956	34,850	2.9%
Profit before tax and zakat	51,532	90,719	(39,187)	-43.2%

<u>Revenue</u>

The Group's revenue for the current quarter under review decreased by RM34.9 million or 2.9% to RM1,246.8 million against RM1,211.9 million in the immediate preceeding quarter mainly contributed by airport operations.

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

Airport operations recorded decline in revenue by 2.1% to RM1,111.8 million, mainly from the aeronautical revenue by 4.0% to RM580.7 million over the immediate preceeding quarter.

Lower aeronautical revenue mainly from Turkey operations due to lower passenger growth of 13.3% over the immediate preceeding quarter. Malaysia operations on the other hand recorded passenger growth of 0.4%.

The non-aeronautical segment also recorded decline in revenue by RM0.1 million to RM531.1 million mainly from Turkey operations of RM27.7 million or 19.8% due to a revision in the terms of the concession with Setur, the operator of duty-free and cushioned by an increase in Malaysia operations of RM27.6 million or 7.1% which driven by stronger sales registered by the concessionaires and retailers.

Non-airport operations revenue grew by 1.4% over the immediate preceeding quarter to RM77.1 million, mainly contributed by project maintenance.

Overall, Malaysia operations recorded revenue of RM901.4 million with a growth rate of 4.7%, whilst Turkey and Qatar operations recorded decline in revenue growth of 1.6% to RM310.5 million and 1.7% to RM34.9 million respectively. Included in revenue for the Turkey operations is RM57.9 million in respect of construction revenue. This construction revenue relates to the boarding hall expansion of ISGIA.

Profit before tax and zakat (PBT)

The Group recorded a PBT of RM51.5 million in the current quarter, lower by RM39.2 million as compared to the PBT of RM90.7 million recorded in the immediate preceeding quarter.

Lower Group PBT was mainly due to higher total cost by 3.6% or RM42.1 million during the immediate preceeding quarter under review as a result of higher in employee benefit expenses, provision for doubtful debts, maintenance, depreciation, finance cost and exchange rate.

The PBT for Malaysia operations declined by 15.0% or RM20.0 million to RM112.4 million, whilst Turkey operations registered an increase in LBT of RM14.4 million and Qatar operations PBT declined by RM4.8 million due to lower revenue.

Share of results of Associates and JV

Share of associate profit in the current quarter amounted to RM1.7 million as compared to RM0.9 million for the immediate preceding quarter. The favourable variance was due to higher contribution from KAFS and MFMA by RM0.5 million and RM0.3 million respectively.

Share of JV profit in the current quarter amounted to RM3.5 million as compared to RM3.6 million in the immediate preceding quarter. The unfavourable variance was due to lower contribution from ACES by RM0.3 million negated by higher contribution from SASB by RM0.2 million.

20. COMMENTARY ON PROSPECTS

MAHB's network of airports (including Istanbul SGIA) recorded 127.9 million passengers in 2017, representing a growth of 7.9% over 2016. International passengers traffic improved by 13.5% while domestic passengers traffic increased by 3.5%. Correspondingly, aircraft movements improved by 2.6% with international aircraft movements increased by 7.7% and domestic reduced by 0.3%.

Malaysia Operations

Airports in Malaysia registered 8.7% growth with 96.6 million passenger traffic in 2017. Passenger numbers for international is at 49.5 million, higher than domestic passengers at 47.1 million passengers, both representing growth of 14.6% and 3.1% respectively. The air travel demand for domestic sector remained robust based on a high average load of 75.1%, the highest recorded since 2012.

Aircraft movements grew by 4.5% over the same period with international movements improving by 11.0% and domestic movements growing by 0.7% over 2016.

Overseas Operations

Istanbul SGIA total passengers surpassed the 30 million mark for the first time in 2017, registering 31.3 million passengers, an increase of 5.7% over 2016. The passenger traffic has picked up momentum after February 2017. International passengers increased by 8.4% while domestic passengers increased by 4.5%. The international sector recorded monthly double-digit growth from June 2017 onwards. About 96% of the overall traffic was contributed by three major carriers, namely Pegasus Airlines, Turkish Airlines and Anadolujet. Pegasus Airlines, Qatar Airways and Flynas recorded more than 20% international traffic growth over 2016.

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**
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax	38,895	27,451	152,624	84,880
Deferred taxation	(15,193)	20,053	(59,676)	20,537
Zakat	(28)	-	4,439	4,740
	23,674	47,504	97,387	110,157

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 and financial year-to-date under review.

25. STATUS OF CORPORATE PROPOSALS

There are no ongoing corporate proposals announced by the Group but not completed as at 20 February 2018 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 31.12.2017 Unaudited		As at 31.12.2016 Audited	
	Euro'000	RM'000	Euro'000	RM'000
Short term borrowings				
Secured:				
Senior Sukuk	-	250,000	-	-
Senior Term Facility	35,797	173,258	41,025	193,638
	35,797	423,258	41,025	193,638
Long term borrowings				
Unsecured:				
Islamic Medium Term Notes (IMTN)	-	3,100,000	-	3,100,000
Senior Sukuk	-	-	-	250,000
Secured:				
Senior Term Facility	418,601	2,026,028	431,386	2,036,142
	418,601	5,126,028	431,386	5,386,142
	454,398	5,549,286	472,411	5,579,780

27. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 31.12.2016 RM'000 Audited	Cash Flows	Non-cash changes: Foreign Exchange Movements	Non-cash changes: Fair Value Changes	As at 31.12.2017 RM'000 Unaudited
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	(72,600)	56,689	(14,583)	2,199,286
Derivative financial instruments	46,782	-	2,304	(2,980)	46,106
	5,626,562	(72,600)	58,993	(17,563)	5,595,392

28. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 31 December 2017.

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 and financial year-to-date under review other than as disclosd 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 and financial year-to-date under review.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2017 RM'000	Preceding Year Corresponding Quarter 31.12.2016 RM'000	Current Year To Date 31.12.2017 RM'000	Preceding Year Corresponding Period 31.12.2016 RM'000
Profit from continuing operations attributable to owners of the Company	27,858	37,129	237,098	73,174
Distribution to Perpetual Sukuk Holder	(28,986)	(28,987)	(57,500)	(57,658)
Net (loss)/profit from continuing operations attributable to owners of the Company	(1,128)	8,142	179,598	15,516
Weighted average number of ordinary shares in issue ('000)	1,659,192	1,659,192	1,659,192	1,659,192
Profit/(loss) per share attributable to owners of the Company (sen)	(0.07)	0.49	10.82	0.94

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. 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

Azni Ariffin
Company Secretary
Sepang
21 February 2018